



Sustainability report 2023

Phoenix Contact





Contents

Foreword by the Group Executive Board	3	Loading bins	37
General	5	Logistics	38
Phoenix Contact	6	Disposal	38
The All Electric Society	10	Corporate carbon footprint	39
Sustainable products and services	12	Product responsibility	41
Corporate responsibility	14	Social	44
About this report	15	Working in the company	46
Materiality analysis	17	Employee development	49
Involvement of stakeholders	20	Diversity and inclusion	53
Environmental	23	Occupational health and safety	57
Protection of environment and climate	24	Social commitment	60
Energy and direct emissions	25	Governance	64
Increasing energy efficiency	26	Risk management	65
Purchase of green electricity	28	Corporate compliance	66
Supply with renewable energies	29	Tax compliance	68
Compensating carbon emissions	30	Cybersecurity	71
Materials, transport, and disposal	31	Phoenix Contact in numbers	72
Alternative materials and concepts for new buildings	31	GRI content index	80
Sustainable procurement	32		
Use of plastics	35		
Packaging	36		

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Foreword by the Group Executive Board

Dear readers,

With this current 2023 edition, we are publishing the Phoenix Contact Group sustainability report for the second time. The year 2023 marked the 100th anniversary of the company. The company founder and following generations have always anchored sustainability as a value in their corporate culture – for ten entire decades.

Since 1923, we have lived this value-oriented attitude and acted responsibly in the interest of our customers, employees, and society. The efficient use of resources and long-term business operations have been an unchanging guiding principle for the shareholders and General Managers. We therefore see the sustainability report less as a duty than as an opportunity to document our actions in favor of protecting nature and the environment as well as the climate and social justice.

Since 2020, our actions have been aligned with a guiding principle of our strategy: “Empowering the All Electric Society”. As a manufacturer of components and a provider

of solutions for electrification, networking, and automation, we contribute significantly to the transformation of all sectors. Our products make it possible to connect these sectors and manage them more efficiently. In this way, we are tapping into the enormous potential for decarbonization, which ultimately helps to slow down global warming.

As an employer offering a wide range of vocational training programs, we create new employment opportunities for many people around the world. Social responsibility is reflected in our commitment to extensive continuing education, high-quality workstations, exemplary occupational health and safety, and an appreciation of diversity and inclusion among our workforce. Our passion for technology and innovation is clearly anchored in our corporate strategy with a commitment to sustainability in practice. It accompanies us on the transformative journey we are embarking on with boldness, heart, and conviction. This report is an invitation for you to accompany us in this.

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80



Phoenix Contact Group Executive Board (from left to right): Ulrich Leidecker, Torsten Janwlecke, Frank Stührenberg, Dirk Görlitzer, Axel Wachholz, and Frank Possel-Dölken



General

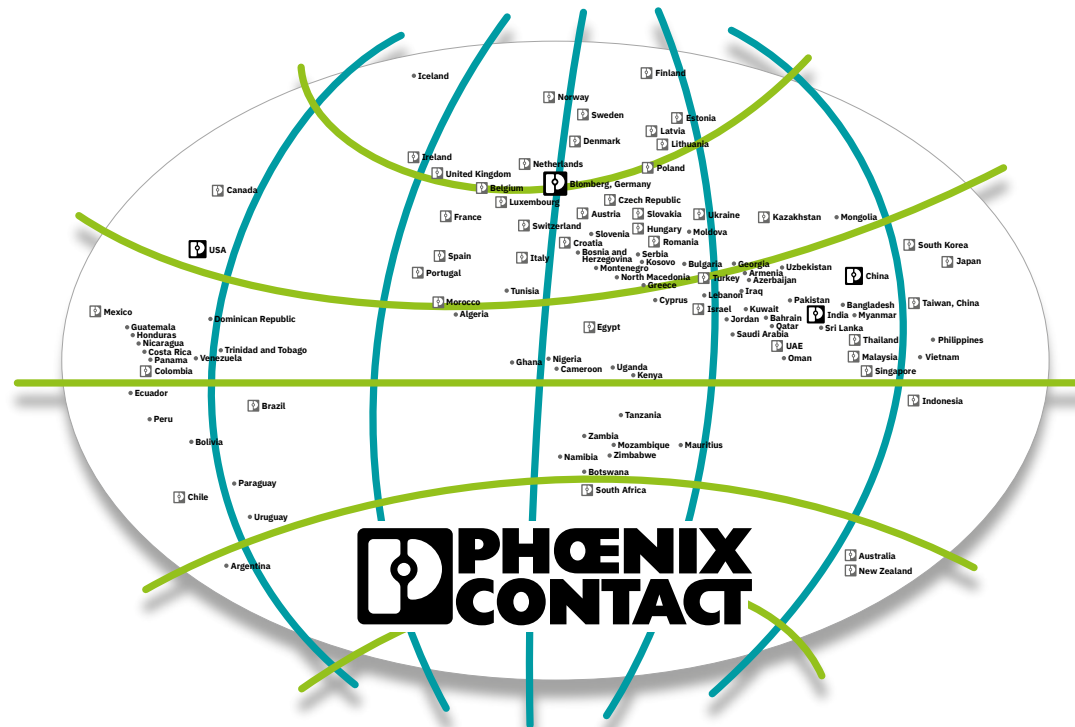
Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

General

Phoenix Contact (GRI 102)

Under a global umbrella brand, Phoenix Contact offers innovative products, solutions, and digitalization expertise for the electrification, networking as well as automation of all sectors of the economy and infrastructure. With this approach, we empower industry and society to

transform into a sustainable world with long-term growth prospects for everyone. The Group's core business is organized into three Business Areas. Furthermore, we are opening up new business fields and therefore tapping into the potential of increasing digitalization, electrification, and the mobility revolution.



1923

Founded in Germany

>50

Sales subsidiaries worldwide

Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Phoenix Contact manufactures products with varying levels of vertical integration in a production network spanning 11 countries throughout the Group. The Group includes more than 50 sales subsidiaries. These ensure proximity to our markets and customers. With trend-setting connection and automation technology, we work together with our customers and partners to develop solutions for the world of tomorrow – sustainable technology, for example, for the transportation infrastructure, e-mobility, clean water, and renewable energies as well as for intelligent power supply networks, or 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. 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 humans, 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. Markets in the production, renewable energies, mobility, and smart building industries are supported with comprehensive concepts including engineering and services geared towards their specific needs.

Phoenix Contact supports efforts towards digital transformation with products, systems, and solutions. With experience gained from in-house machine building, the company is familiar with the requirements of digitalization and continuous data flow, from engineering and production to installation and maintenance, providing support and services in each step of the product lifecycle.

Product innovations and custom solutions for specific customer requirements are created in the development facilities in our international locations. Numerous patents underscore the unparalleled character of many of Phoenix Contact's developments. Working closely with universities and scientific institutes, Phoenix Contact researches technologies of the future such as e-mobility and digitalization, transformed into marketable products, systems, and solutions.

Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

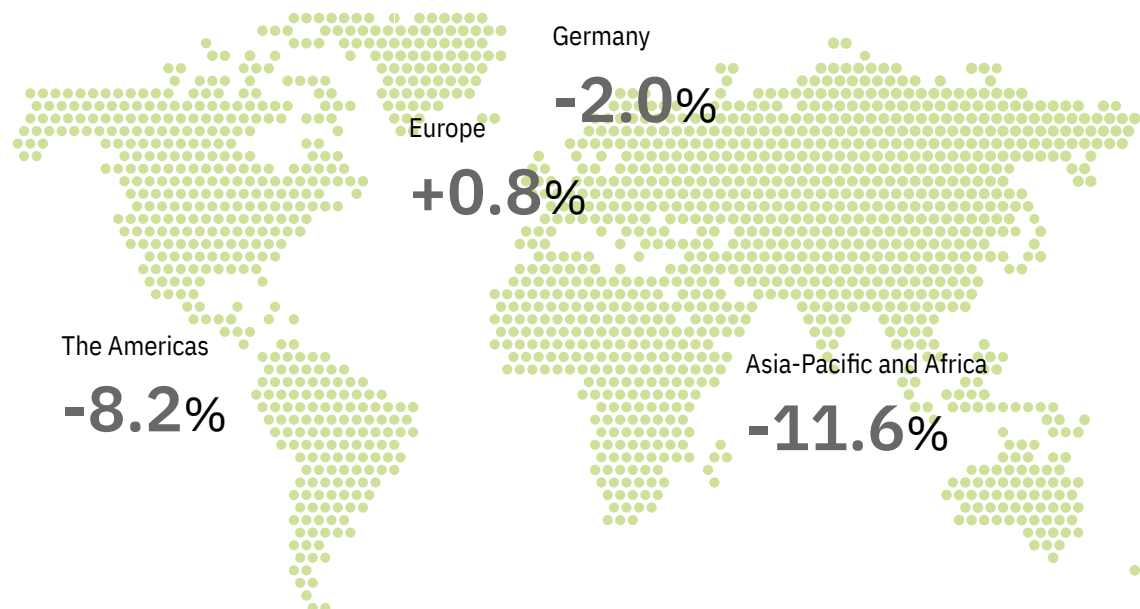
Fiscal year 2023

Group sales in 2023 decreased by 4.7% year-on-year to 3,432 million euros. In 2023, the share of revenue from international subsidiaries was 41%.

The elimination of the earnings effects from the deconsolidation of the Russian subsidiaries

in the previous year has led to an improvement in other operating results. The EBIT margin fell by -6.1 percentage points to 2.6% compared to the previous year. Expenses for R&D increased by 12.1% within the group to 242.7 million euros. The number of employees in the reporting period was more than 20,000, of which around half work

Sales development in all regions of the world in euros



3.4 billion
consolidated revenue
in euros

-4.7%
sales development
in percent

Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80


in Germany. Payroll costs in 2023 were reported at around 1,318 million euros. Investments in tangible and intangible fixed assets (buildings, machines, systems, and software) were reported as 309 million euros, which is equivalent to about

9% of revenue. Liquid assets were reported at 291 million euros worldwide.

For the current fiscal year 2024, we once again expect the uncertain economic and geopolitical conditions to continue.

21,734

employees worldwide as of December 31,
including temporary workers



Female to male employee ratio: 30% to 70%

11,011

employees in Germany

10,723

employees abroad

Investments in million euros

309


in tangible and
intangible assets

243

in research and
development

>3,000

patents and property rights



Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

The All Electric Society (GRI 102)

At first glance, the two big issues facing humanity today – the fight against climate change as well as the millions of people striving for prosperity and development – seem to be contradictory and irreconcilable. Bringing both subjects into line

means developing solutions for the sustainable energy transition, with an energy system built on electricity from renewable sources across all sectors. That is why our vision of the All Electric Society can be aptly described as the basis for a carbon-neutral future. In this society,



Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

there is enough energy available to achieve global growth and prosperity. At the same time, the environment and climate are protected.

We are convinced that the realization of this vision of the future will create considerable investment and growth opportunities over the next two to three decades. The implementation will be based on the intelligent coupling of all sectors involved in the energy cycle. The key to this is electrification, digitalization, and automation. Industry holds this key in its hands. Together with our partners, Phoenix Contact wants to blaze new, sustainable trails in order to fully take advantage of the huge opportunities available for a sustainable, resource-friendly development of the energy, infrastructure, construction, mobility, and industry sectors.

Empowering the All Electric Society

The All Electric Society is a society whose whole energy cycle is based on electricity generated entirely from renewable sources. Sustainably generated electricity is seen as the primary source, from which other energy sources are generated. Security of supply and a comprehensive coupling of the electricity,

construction, mobility, infrastructure, and industrial sectors will only become reality if electrical energy is also used as the basis for the production of synthetic fuels (e-fuels) through power-to-gas and power-to-liquid technologies.

The All Electric Society vision of the future therefore describes a comprehensive and sustainable energy transition of the near future. Electrical energy can be generated from natural regenerative sources almost indefinitely and at low generation costs. E-fuels can solve storage and transport issues. In turn, this will help us overcome the risks involved with renewable energy volatility successfully. Another advantage is that existing technologies and infrastructures can continue to be used powered by e-fuel without any major changes. > [The All Electric Society](#)

Phoenix Contact feels committed to the sustainable development of places to live and work. We know our role in society and the environment. Consequently, it goes without saying that we comply with laws, general values and principles, integrity, and professionalism as part of our Corporate Social Responsibility (CSR) and Corporate Compliance (CC). The Group also promotes sustainable social commitment.

Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Our “Strategy 2030 – Empowering the All Electric Society” has led to the further development of our corporate policies and corporate principles:

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

At Phoenix Contact, sustainability is part of our daily actions. The protection of resources and the environment begins with the development of new products and is later reflected in production. We began to systematically consider sustainability and climate protection in our value chain at an early stage. This work can be verified by external evaluations and certifications.

Sustainable products and services

With its broad range of technical expertise and its strong innovative power, Phoenix Contact continuously develops new products, sustainable solutions, and applications. In this way, our products are contributing to achieving the Sustainable Development Goals of the United Nations. Digitalization is key to connecting the various solutions and sectors and bundling individual applications to form an intelligent network of applications. In the All Electric Society Park in Blomberg, Germany, which opened in 2023, we are also showing the general public what path can look like in practical terms.

The All Electric Society Park

In the All Electric Society Park, interactive stations demonstrate how renewable energy can be generated, converted, stored, distributed, and used. To do this, we use renewable electricity from the sun and wind as well as heat energy from heat pumps and conversion processes.

We show our visitors the roles that battery storage systems and hydrogen electrolysis play

Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

in making electrical energy storable. We provide hands-on demonstrations of how this can then be used efficiently later in the fields of e-mobility, smart buildings, transportation infrastructure, and production systems. Visitors also learn how we can work together to use the precious resource of water sustainably. The All Electric Society Park is designed with glass subject cubes, which are self-explanatory

in the interior and, above all, invite visitors to join in and learn. Our message is: “Let yourself be drawn into the exciting world of energy and learn about the technical possibilities that already exist today to solve the major tasks of tomorrow and shape our world so that it will be more livable and sustainable for all of us in the future”.



Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Resource-efficient design of new products

Beyond the application and benefits of the products, sustainability is already playing a decisive role in the development and manufacture of new products.

One goal is to reduce 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.

The applications and solutions of the products on the market are generally diverse. More information and insights are available in the CSR report. It also contains further information on how we work together with our customers to create technological solutions that advances us on our journey towards the All Electric Society.

This link will lead you directly to the CSR report: [> CSR report](#)

Corporate responsibility

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.

As a family business, we feel it is important to preserve what has been created for future generations and to contribute towards a sustainable world.

The corporate guidelines, Corporate Principles, and Group's Code of Conduct provide customers, business partners, and employees alike a basis for taking sustainable action, supplemented by the principle of dealing with one another in a spirit of partnership and trust.

Independent. Innovative and creative. Trusting partnerships.

The Corporate Principles and the Code of Conduct apply to all employees, regardless of their position or other personal characteristics.

Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Every employee receives an introduction into our Corporate Principles and the Code of Conduct. They define the legal and moral guidelines for daily actions in all areas of the company. Fair working conditions and social responsibility, quality and product safety, environmental protection and ecology, integrity and fairness in business dealings, and the focus on employees and customers are all shaped by this.

In addition to its own guidelines in the Code of Conduct, 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. As a corporation, Phoenix Contact is committed to upholding human rights and advocates the abolition of all forced labor 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 is fundamentally important. We strongly oppose inappropriate behavior towards other people and do not tolerate discrimination. For Phoenix Contact, responsibility does not stop at the factory gates. It is also reflected in the company's efforts to ensure compliance with the appropriate standards in the supply chain.

[> Sustainable procurement](#)

About this report (GRI 102)

The report focuses primarily on the topics that were determined to be fundamental.

[> Materiality analysis](#)

In preparing the report, Phoenix Contact used the standards of the Global Reporting Initiative (GRI) as a guideline. 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. All measures and key figures are so well established

WE SUPPORT



Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

in the Group at this time that more than 80 percent of internal revenue is covered. By the time the 2024 report is published, 100% of the companies will be involved.

The collected data is based on the finalized company data from 2022 and 2023. A detailed list of the key figures can be found in the section > [Phoenix Contact in numbers](#) at the end of the

report. All forecasts in this report are based on assumptions valid at the editorial deadline (2024-05). 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.



Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

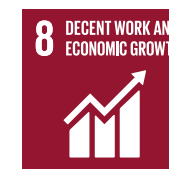
Materiality analysis (GRI 102, 103)

In 2015, 193 United Nations member states adopted the 2030 Agenda for Sustainable Development. It provides a shared blueprint for peace and prosperity for people on Earth, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership. Achieving these goals means preserving a dignified and resource-efficient life for all while protecting the planet and its climate.

The path to global sustainability is not just a task for politicians. Rather, the cooperation of society, science, and industry are also required. We have always understood that sustainable business practices, the careful use of resources, innovative product development, and social commitment are not just the special duty of the company, but are the basis for successful growth.

Five SDGs are directly supported by the Phoenix Contact product and innovation portfolio.

1. The key to realizing the All Electric Society is Goal 7: affordable and clean energy. Energy has also been the hub of the Phoenix Contact product portfolio since 1923. Many products and systems are already poised for the realization of the energy transition.
2. As a family-owned company with global operations, Phoenix Contact makes an important contribution in many countries to Goal 8: human dignity at the workplace and economic growth. Within the Group, employees can expect fair working conditions, respectful treatment of each other, and the development of all employees.
3. The objective of Goal 9 is to build a resilient infrastructure, while promoting widespread and sustainable industrialization and innovation. Phoenix Contact continuously develops new products with its broad range of technical expertise and innovative strength.



Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

With our technological solutions, we are one of the leaders in empowering the successful implementation the digital transformation.

4. Phoenix Contact practices a careful and considerate approach to using resources, based on the Group's own drive and conviction. Goal 12, responsible consumption and sustainable production, is supported by active practice and conduct. In machine building, for example, steps are taken to ensure the efficient use of compressed air. Lead-free¹⁾ production and maximum recycling of valuable materials relieve the burden on the environment and are seen by employees as their personal responsibility. All areas of manufacturing, as well as the operating technology, servicing, and maintenance operations, are subject to a continuous improvement process (CIP).



5. As a family business, it is important to Phoenix Contact to preserve what has been created for future generations. Goal 13, to take measures to protect the climate, is important to Phoenix Contact. The need to



preserve resources, protect the environment, and reduce our impact on the climate is kept in mind when developing new products, when manufacturing, and when considering costs. In addition, Phoenix Contact promotes the SDGs with its good working conditions and social commitment. More about this later in the report.

Based on a materiality analysis by experts and stakeholders, key measures and reporting areas were defined for the Phoenix Contact Group in line with the standards of the Global Reporting Initiative (GRI) – which ultimately also lead to the targeted management of activities in the coming years.

Given the high percentage of revenue from exports, accounting for the different expectations of the stakeholders of our subsidiaries with their own national cultures is also important. At the time reporting activities were taken up, the materiality analysis was conducted at the headquarters in Blomberg with selected representatives of all stakeholder groups.

¹⁾ With regard to the RoHS Directive: less than 0.1%

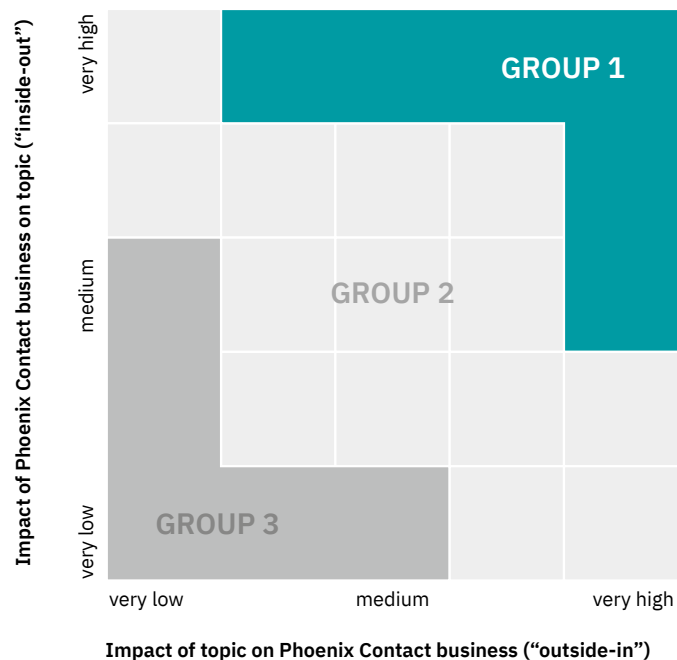
Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

We then involved the national subsidiaries, which together generate more than 80% of the Group's total revenue. The analysis results were incorporated in the materiality matrix, in which the perspectives "Impact of topic on Phoenix Contact" on the horizontal axis and "Impact of Phoenix Contact on topic" on the vertical axis are interrelated.

The upper right quadrant under Group 1 includes topics defined as material for Phoenix Contact from at least one of the two

perspectives and considered relevant for initiating the measures and KPIs in this report.

The materiality analysis shows a clear focus on social issues and includes topics such as training and development, occupational health and safety as well as diversity and equal opportunities. Topics relating to the environment are also highly significant. These include energy consumption, emissions, materials, and disposal. In addition to the social and environmental topics, adherence to statutory, social, and company-internal



GROUP 1: Material topics	
G Economic performance	S Employment
G Tax	S Occupational health and safety
G Anti-corruption	S Training and education
E Materials	S Diversity and equal opportunity
E Energy	S Non-discrimination
E Emissions	S Child labor
E Waste	S Human rights assessment
E Environmental compliance	S Supplier social assessment
E Supplier environmental assessment	S Marketing and labeling
E Climate change	S Employer attractiveness
	S Corporate Digital Responsibility
	S Work-life balance

Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

obligations is a priority at Phoenix Contact. The harmony of Environmental Social Governance (ESG) forms our framework for sustainable management and corporate responsibility.

As a result of these 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.

To support the materiality analysis, we have analyzed our entire value chain in our own locations and in logistics. The analysis covered more than 80,000 materials and 11,000 services worldwide. The analysis was conducted in collaboration with a third-party consulting firm to obtain a neutral view on the impact of the corporate activities. It includes all the global processes required to procure the necessary materials and services as well as all the activities needed to offer the products and services. Our delivery activities and the subsequent "end of life" of the products have also been incorporated. It focuses on a fact-based assessment of all social and environmental impacts and the greatest risk potentials. The industry average was used as the benchmark. The analysis results show

that the greatest risks for Phoenix Contact lie in the emissions of greenhouse gases such as carbon, air emissions (air pollution), and water consumption. In the social area, countries and suppliers with a statistical risk were identified. The analysis supports Phoenix Contact in ensuring that the identified risks for the company do not occur and, above all, that the identified risks can be monitored and reduced. As such, the following key figures and measures are based on the materiality analysis and the greatest opportunities and risks in the analysis.

Involvement of stakeholders

(GRI 102)

To anchor all sustainability activities within the organization, the "Corporate Sustainability Governance" (CSG) function was created in early 2022, and it manages ESG-relevant measures throughout the Group. This new management function actively involves the international companies and relevant stakeholders, synchronizing all action steps and targets. One of CSG's key tasks is coordinating the materiality

Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

analyses of the international companies to obtain a global impression of Phoenix Contact from the different performance results of the various countries. The team made up of various disciplines reports directly to the Group Executive Board, initiates the agreed action steps together with the relevant Business Units, and also manages with them the measures needed to achieve the targets.

Preparation of this first sustainability report began in 2021 to ensure that all stakeholders were involved in advance of the expected EU CSRD directive (Corporate Sustainability Reporting Directive).

At Phoenix Contact, the shareholders have always conveyed the value of practicing sustainability. Accordingly, the Group Executive Board has created appropriate job and vocational training opportunities right from the start. For example, even as early as when production began back in 1957, training of young people was high on the list of set goals, and since then, efforts in this regard have been continuously expanded. This was accompanied by excellently equipping all workstations and the ensuring a

plant site that features green areas and trees. The quality and equipment were consistently maintained throughout the next decades. In the course of rapid growth since the beginning of the 1990s, numerous new buildings were built for administration and production. Planning and construction always followed the same quality standard. The commitment to the regions of the local locations can once again be found in the active sponsoring of culture, leisure, and sports. The support of charitable and social institutions was also further developed in line with Phoenix Contact's growth. In turn, the corporation is perceived worldwide as exemplary. This highly valued good reputation is perceived as authentic by local citizens, regional administration, and businesses. Reliable collaboration with the press and a presence in digital media also contribute to this.

At the main location in Blomberg, home to the company headquarters, located in a mixed-use area, the shareholders and the Group Executive Board communicate with residents to keep them informed at an early stage about any upcoming construction measures and nature-based plans.

Foreword by the GEB	3
General	5
Phoenix Contact	6
The All Electric Society	10
Sustainable products and services	12
Corporate responsibility	14
About this report	15
Materiality analysis	17
Involvement of stakeholders	20
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

The dialog with local politicians also adds to the togetherness in the small town. The goal is to harmonize the different interests of local citizens, communities, the environment, and companies in the best possible way.

Many of the corporation's professionals in the technology and market environment, including the management teams, volunteer in national and international associations, institutions, and project initiatives. More than 60 people at the Electrical Industry Association alone are active on a wide range of committees. Sharing knowledge, exchanging ideas, and actively helping to formulate good solutions for the industry and for customers is a deeply rooted corporate principle. This also includes being open towards contributing to alliances and collaborations from which all partners can equally benefit. As in the case of the Center Industrial IT (CIIT) at the Lemgo University of Applied Sciences, this is also practices as a pre-competitive level. Similarly, Phoenix Contact's involvement in the "it's OWL" cluster of excellence reflects its commitment to closely collaborating with the region, enhancing its highly respected reputation in technology over the course of its ten year contribution. This is

also beneficial when it comes to recruiting skilled workers.

The worldwide measures and activities that were created and documented in the past by the network within the Phoenix Contact Group and in cooperation with all partners have led to the Ecovadis assessment platform awarding these efforts Gold status for the first time in 2023.

Find out more about the various sustainability perspectives and the initiatives of recent years in the following.





Environmental



Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Increasing energy efficiency	26
Purchase of green electricity	28
Supply with renewable energies	29
Compensating carbon emissions	30
Materials, transport, and disposal	31
Product responsibility	43
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Environmental (GRI 201)

Phoenix Contact manufactures more than 100,000 products worldwide in the field of components, systems, and solutions for electrical engineering, electronics, and automation.

We have set ourselves the task of facilitating the energy transition and climate protection through technological solutions. Phoenix Contact therefore underscores this goal by investing in new manufacturing technologies. Furthermore, we promote collaboration with a variety of research institutes, universities, and development facilities. The budget for collaborations of this kind has increased steadily in recent years.

Protection of environment and climate (GRI 307)

In addition to topics such as energy efficiency and environmentally friendly production, the focus at Phoenix Contact is also on sustainable building technology. KPIs were implemented for targeted management and to measure the progress of activities. Phoenix Contact has also been operating an environmental and energy

management system for quite a few years. The objectives set are supported through ISO 14001 and ISO 50001 certifications.

As a founding member, Phoenix Contact joined the nationwide climate protection initiative from the very beginning. This Excellence Initiative has grown to become a network of 46 companies, each of which is actively committed to climate protection, energy efficiency, and the economic use of resources. The initiative is sponsored by the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), the German Federal Ministry of Economics and Climate Protection (BMWK) and the Association of German Chambers of Industry and Commerce (DIHK). Furthermore, Phoenix Contact is a member of various energy efficiency networks that enable the transfer of knowledge between companies.

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Increasing energy efficiency	26
Purchase of green electricity	28
Supply with renewable energies	29
Compensating carbon emissions	30
Materials, transport, and disposal	31
Product responsibility	43
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

At Phoenix Contact, the economical and considered use of resources is a matter of conviction. Preserving what has been achieved for future generations is essential. For example, rainwater is used wherever only washwater is required. Ground and waste heat is used to heat buildings. We generate solar power through photovoltaic systems on the roofs of our production buildings. The economical use of compressed air in production, lead-free¹⁾ production, and the recycling of valuable materials help to protect the environment.



The Group's premises in Blomberg are also used for nature conservation, for example with suitable areas as flower bedding meadows. After initially sowing a mixture of flowers on a 5,000 m² field, the area being used for nature conservation has now more than doubled to 12,000 m². Remote and reserved area now provide a natural habitat, especially for insects and small animals.

Energy and direct emissions

(GRI 302, 305)

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.



€309 million
investments in 2023

€243 million
research and development in 2023

¹⁾ With regard to the RoHS Directive: less than 0.1%

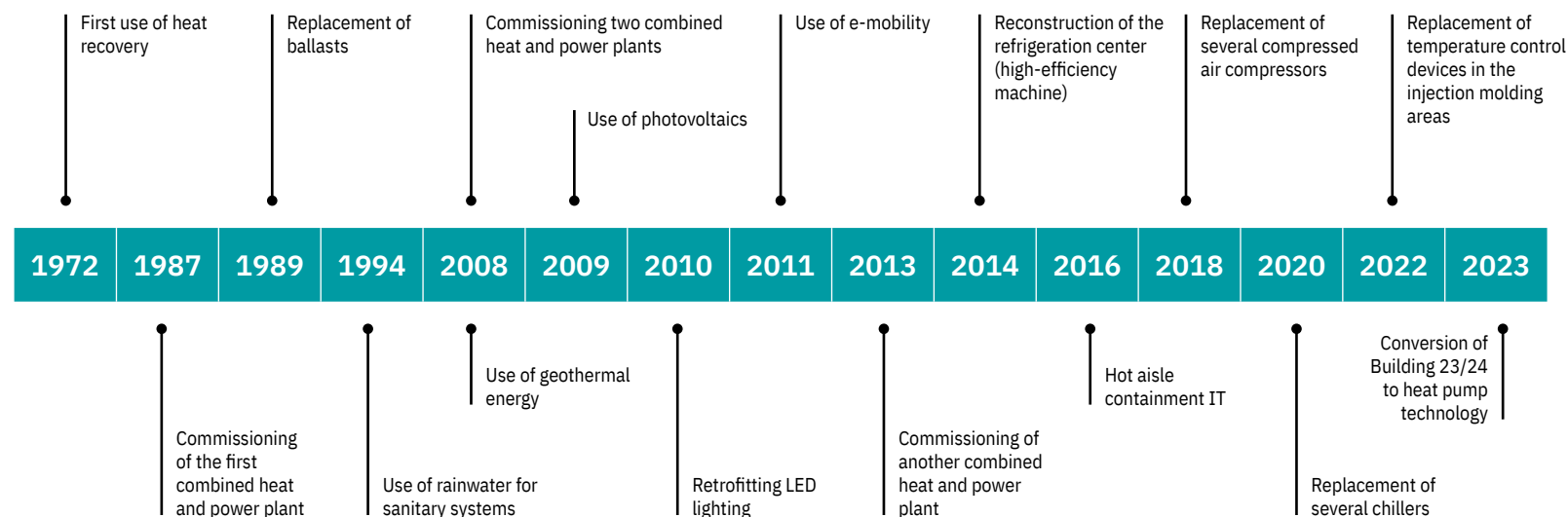
Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Increasing energy efficiency	26
Purchase of green electricity	28
Supply with renewable energies	29
Compensating carbon emissions	30
Materials, transport, and disposal	31
Product responsibility	43
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Phoenix Contact can have a direct impact on directly and indirectly generated carbon emissions (Scope 1 and 2 in accordance with the Greenhouse Gas Protocol) and has been taking reduction measures since 2021. In 2023, calculations showed a total of 32,587 t of carbon emissions in Scope 1 and 2 prior to compensation. The proportion of compensations decreased by 12% compared to 2022. By switching to green electricity and offsetting carbon emissions, we have made a tangible contribution to a carbon-neutral economy. Since the beginning of 2022, Phoenix Contact has been operating on a carbon-

neutral basis for the power supply of its main locations. The measures introduced by the Group to reduce carbon emissions that arise in Scope 1 and 2 can be broken down into four areas.

Increasing energy efficiency

Energy is used for production, development, and administration – primarily in the form of electricity, cooling, and heat. Since 2013, Phoenix Contact has been operating an energy management system in accordance with DIN EN ISO 50001 for the three German locations in Blomberg, Bad Pyrmont, and Lüdenscheid.



Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Increasing energy efficiency	26
Purchase of green electricity	28
Supply with renewable energies	29
Compensating carbon emissions	30
Materials, transport, and disposal	31
Product responsibility	43
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

From electricity requirements to compressed air for production to heating and cooling of buildings, efficient and sustainable use is important to Phoenix Contact. Professional energy management supports the efficient operation of plants and buildings. As a result, numerous new energy efficiency measures are identified, evaluated, and implemented each year. For example, the use of new temperature control devices on the injection molding machines showed that these new devices require significantly less energy. The amortization time of this measure was short and a large number of temperature control devices have been replaced.

With its own combined heat and power plants at the German production sites, Phoenix Contact generates a considerable amount of the required electricity itself. We also use the resulting thermal energy for production processes and building air conditioning. In addition, the waste heat from production processes is used to heat office buildings. Moreover, the location in Blomberg uses geothermal energy to supply the office areas.

We use the intelligent Emalytics building management system – developed in-house – to network and automate our office buildings.

Here, the energy consumption is constantly monitored and optimized. Energy savings can be achieved through the continuous replacement of inefficient systems – such as lighting, pumps, air compressors, and chillers. The entire system is flanked by the use of artificial intelligence and the targeted shutdown of ventilation systems.

Continuously upgrading production machinery is yet another step to increase energy efficiency in production. Phoenix Contact relies on an electrical power storage system to increase the degree of self-sufficiency. In the past, after discharging due to a power peak, it was recharged even if there was no surplus available from solar power. Using prognostic peak shaving, the storage unit is now charged primarily with renewable electricity generated by solar power.

One defined goal in the area of energy management is to save 3% of the total energy consumption level of 2018 by implementing energy efficiency measures by the end of 2025. The target was reached ahead of schedule at the beginning of 2024. A new strategic energy target is already being worked on.

The key to decarbonizing the locations is in line with our vision of the future of the

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Increasing energy efficiency	26
Purchase of green electricity	28
Supply with renewable energies	29
Compensating carbon emissions	30
Materials, transport, and disposal	31
Product responsibility	43
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

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.

Yet we are also driving the transition forward in our existing buildings. Buildings 23 and 24 in Blomberg were previously connected to the heating grid and therefore supplied with a mixture of a combined heat and power plant and boiler heat generated by natural gas. The buildings were refitted with two heat pumps in 2023. An air-water heat pump is installed outside the buildings and provides the first temperature shift. The second heat pump, this time with a water-water system, is located within the building and provides the second temperature shift in order to reach the appropriate flow-in temperature for the existing buildings. In total, these installations save approx. 500,000 kWh of natural gas per year. A heat pump has also been installed in Lüdenscheid, and it now supplies the entire building. In 2023, a diesel generator at the India location was converted to more energy-efficient gas-based generators, resulting in an emissions saving of around a third. Older systems at this location were converted to dual use so



that both diesel and gas can be burned. This also reduced carbon emissions in 2023.

Purchase of green electricity

Since 2022, 100% of the electrical energy requirements of practically all locations has been based on renewable energies. This measure has made a significant contribution to significantly reducing or even totally eradicating carbon emissions. Likewise, we are steadily reducing the need for externally sourced energy by continuously expanding the in-house generation of renewable energy at many locations. When purchasing green electricity, Phoenix Contact is especially focused on the quality of the purchased energy. To this end, the company relies on reliable

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Increasing energy efficiency	26
Purchase of green electricity	28
Supply with renewable energies	29
Compensating carbon emissions	30
Materials, transport, and disposal	31
Product responsibility	43
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

quality labels such as OK Power, EcoEnergy, and Green-e.

Supply with renewable energies

The third pillar describes the continuous expansion of renewable power generation at our locations worldwide. The goal is to expand this supply with renewable energies consistently, and

ultimately to cover at least 30% of the electrical energy required in 2021 with renewable energies by 2030.

In total, the rooftops of the buildings in Blomberg have a square surface area of 93,000 m². They are now to be used to launch a photovoltaic offensive. In the future, it is planned to produce solar power on all technically



Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Increasing energy efficiency	26
Purchase of green electricity	28
Supply with renewable energies	29
Compensating carbon emissions	30
Materials, transport, and disposal	31
Product responsibility	43
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

approved roofs. Not only will this be implemented at the headquarters in Blomberg, but also at other locations in Germany and throughout the world.

The largest photovoltaic system in the Phoenix Contact Group to date was put into operation in 2023. It is installed on Building 60 in Blomberg and consists of approx. 2,800 modules. They provide a power of almost 1,100 kWp. The electricity produced is sufficient to supply 250 households for a year. The system is controlled by the solar park management system from Phoenix Contact.

In total, systems with a capacity of over 4,000 kWp were installed up to and including 2023.

Compensating carbon emissions

Compensating carbon emissions has the effect of offsetting unavoidable carbon emissions. When selecting compensation projects, Phoenix Contact is guided by internationally recognized and independent certifications such as the Gold Standard in order to promote projects that serve the expansion of renewable energy systems. We want to continuously reduce the percentage of compensation measures to less than 10%.

Transformation concepts are being prepared

worldwide to ensure this. The main goal here is to reduce fossil energy consumption. Phoenix Contact is pursuing the vision of the All Electric Society and implementing it at its own locations, for example by converting heat generation to electrical energy. The plans will become a reality successively. For example, heat pumps have already been installed at several locations, thereby replacing fossil fuels. In 2023, the operation of the combined heat and power plants in Bad Pyrmont was significantly reduced, which resulted in significant natural gas savings. The loss of our own CHP plant-generated electricity is partially compensated by the extension of our PV systems.

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Materials, transport, and disposal

(GRI 301, 306)

When developing and designing products, sustainability is also considered. The choice of materials is a significant factor here. Materials and semi-finished products used have an impact on the energy balance of each product. As a result, the preference is for base materials that require little energy in production and thus cause fewer carbon emissions. A reduced material variety, maintaining grade purity, and minimizing non-recyclable materials also ensure a higher recycling rate.

Over the past two years, Phoenix Contact has conducted a global analysis of its materials and services, calculating the impact of the materials and transport routes on the environment and their potential social risks.

Materials with a total weight of around 349,000 t are used in our global network, and approximately 12,000 t of these are recycled. Phoenix Contact is also breaking new ground and testing new concepts and materials at our locations.



Alternative materials and concepts for new buildings

An industrial, flexible, dismantlable, and rebuildable office building was opened in the Netherlands in 2023. The project by Phoenix Contact BV demonstrates that the planning and construction of a dismantlable building requires a different approach than usual, but does not necessarily have to be more complex. Such a project requires a detailed analysis of the functions and elements of the building, with the aim of creating a permanent structure that can be reused later. Historic buildings, where half-timbering and roof trusses were marked for later reuse, serve as a model here.

For the Phoenix Contact BV project, a flexible, four-floor circular building was designed for additional office, fitness, and training rooms, which can be dismantled and rebuilt at a new location if required. The round design required particular attention during the design and construction phase, especially when selecting materials and details to ensure reusability.

The main structure is an independent, stable steel structure that remains visible. The use of galvanized and powder-coated steel combines

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

durability, dismantlability, and aesthetics. The floors were constructed from hollow core panels with a leveling layer and a galvanized computer floor on top. This enables the flexible provision of all the necessary connections. The facade combines highly insulating sandwich paneling with aesthetic corrugated paneling. The result is a sustainable, circular building that harmonizes functionality and recyclability, and shows that galvanized and powder-coated steel is a logical and sustainable choice for such construction projects. The building has been nominated for the 2023 BTTV Prize.



Sustainable procurement

Phoenix Contact's business is organized into business areas and business units depending on the nature of the market. The international subsidiaries of the Phoenix Contact Group have their own purchasing departments. This decentralized and local purchasing structure enables an extremely close cooperation with technical areas, in particular when developing new products for the various markets.

Overarching procurement activities are bundled into a lead buyer organization in a purchasing network that operates on a global scale, the Global Purchase Network (GPN), and are brought together under the Corporate Purchase umbrella. Decentralized, strategic purchasing departments are assigned to the main production plants and are also components of the GPN. This hybrid setup makes it possible to achieve regional diversification in the procurement markets and to implement management of strategic partnerships on local and global levels. Both are key contributors to a resilient supply chain.

A multi-country purchasing guideline, in which rules (binding requirements with 100 percent validity) and guidelines (locally definable

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

framework) are defined and documented, forms the common framework for action. This ensures a uniform identity on global procurement markets. Workflows are efficiently created through digital and global supplier management. It is rolled out in the GPN, creating transparency through globally harmonized supplier processes, KPIs, and structures. This innovative approach was recognized in 2019 by the BME “Excellence in eSolutions” award.

Purchasing goods and services accounts for around one third of Phoenix Contact’s revenue. One reason why this area is a particularly high priority for the Group. Within the scope of its purchasing activities, Phoenix Contact has always been aware of its responsibility of having a major impact on society and the environment. Accordingly, sustainable action has been an integral part of the company-wide purchasing policy for decades.

The objective of Phoenix Contact is to decarbonize our supply chain in the long term. This goal is only achievable in close cooperation with our suppliers and partners. As a part of this, we collected the carbon footprints for the

materials for the first time in 2021 and have been updating these annually ever since. The collected data is published in a dashboard. The dashboard was further developed and updated in 2023. Since the initial setup, further primary information from suppliers has been continuously integrated. The quality of the data will be continually increased in the coming years, enabling the active management of the global carbon footprint in our supply chains.

In support of this corporate objective, the employees of the Global Purchase Network have been receiving regular training on the topic of carbon dioxide in supply chains since 2022. With this knowledge, we train suppliers in workshops



Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

on transparency and reduction measures with regard to carbon dioxide.

This partnership-based cooperation has enabled continuous progress to be made. More and more suppliers can provide more detailed information on their carbon emissions. We were able to determine the footprint of approximately 8,000 materials based on primary information by 2023. Compared to the previous year, this value has quadrupled.

Since 2020, Phoenix Contact has been maintaining its own company-wide Code of Conduct. This provides a general definition of the legal and moral guidelines for the actions of all employees. A Supplier Code of Conduct was drawn

up for suppliers in 2022, which translates the Group's requirements into the supply chain.

Since 2023, suppliers have been required to comply with the Supplier Code of Conduct in their purchasing contracts.

Furthermore, Phoenix Contact has launched a large-scale initiative in which suppliers are motivated to be part of the initiative and to go through the Ecovadis rating (evaluation of sustainability performance). This identifies strengths and weaknesses and ensures that suppliers continuously improve their sustainability performance. The measures in the Phoenix Contact purchasing network have led to the fact that the company's own evaluation under Ecovadis in the "Sustainable Procurement" area has been improved by 20 points.

348,925

metric tons of material used in 2023,

of which

11,754

tons of recycled materials

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Use of plastics

In 2023, Phoenix Contact processed approximately 15,000 metric tons of plastic. Polyamides account for the largest part of this. This material can be processed with a high degree of finesse and process reliability in injection molding. This means that assemblies can be designed to be ever smaller and more compact, reducing the use of plastic and thus the carbon footprint.

The Group has been applying re-granulation of plastic waste for a long time. The quality of a plastic and its potential use as a recyclate depend on the primary conditions of use. The result of complex material mixes, material aging, and contamination is that reliable reuse is not easily possible. The requirements for electrical products such as fire protection, voltage protection, and insulating current resistance pose major challenges for using recycled materials.

The products from Phoenix Contact have a long service life and for decades have typically been used in control cabinets. Recycling at the end of the product lifecycle is very costly and energy-intensive.

Special attention is therefore given to procuring and processing the various types of plastic in an energy-efficient manner. Process optimizations, such as shorter cycle times in injection molding production, will achieve even further reductions in the carbon footprint. Phoenix Contact is already using the first plastics based on renewable raw materials.

Initial steps are also being taken to use recyclable materials and substitutes.

In 2023, Phoenix Contact qualified bio-based plastics and also plastics that were produced from waste for the first time. The new materials were used for the first products and presented to the customers.



Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Packaging

When selecting environmentally friendly packaging, Phoenix Contact values a high degree 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 required to protect the items should be of a nature that maximizes recyclability.

Phoenix Contact primarily uses paper-based materials for item and transport packaging and filling materials. Corrugated board is made among other things from waste paper and kraftliner – the latter typically consisting of 100% fresh fiber. In recent years, the main consumers of transport packaging have primarily been converted 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. The Packaging Management team checks the paper weights of the item and transport packaging at regular intervals. Over the past few years, efforts have been made to continuously

reduce the weight of Phoenix Contact's standard packaging without sacrificing stability.

Drop tests were conducted to identify oversized packaging, which were replaced with thinner or smaller and more ecological packaging. A special carbon footprint calculator makes the environmental impacts of the item and transport packaging calculable and comparable.

Paper alternatives, such as grass paper and hemp paper, have been tested. When we compared the alternative materials, however, we found that the environmental impact of the item packaging made from 100% recycled paper currently used by Phoenix Contact currently is lower. Among other things, the recycled paper packaging features a lower carbon value than that of packaging made from grass paper.

With no suitable and sustainable alternatives available on the market, conventional plastic air cushions were the most commonly used filling material for transport packaging for the longest time. Phoenix Contact has been using an alternative paper, known as PaperWave, instead of plastic film since 2021. Inside, PaperWave is coated with a thin film of biodegradable potato

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80



starch. The outer material is made of paper fibers. In addition to PaperWave, a second filling material made of paper has become available: Padpak. This is paper that is machine-processed using a special folding and stitching process, making it particularly protective and shock-absorbing.

Employees are continuously advised on how to handle packaging materials so that waste can be avoided and optimizations implemented. These potentials can be communicated easily and anonymously to the sustainability team and Packaging Management. Moreover, all employees

undergo regular training on packaging and environmental issues. A constant exchange with suppliers and external further training ensure an up-to-date overview of market developments.

Loading bins

Loading bins are reused for years and can be an environmentally friendly alternative to cardboard boxes. Moreover, the customer does not have to worry about disposing them. This is why the loading bins are used at Phoenix Contact as reusable containers for worldwide shipping.

We continually optimize the fill levels of the loading bins so that we can use the volume to its fullest. To make the operation even more environmentally friendly, loading bins made of compound material have been in use since 2021. They consist of 50% postconsumer recyclates from Germany's plastic recycling plan and 50% postindustrial recyclates. This ensures that recycled plastics are returned to the cycle of use.

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Logistics

Phoenix Contact uses the SkyLab dashboard to ensure transparency of the outbound carbon footprint of group-wide logistics. SkyLab is a system-integrated method designed to illustrate transport carbon emissions. Carbon emissions are calculated based on master data information relating to distance and a carbon factor, which is dependent on the type of transport carrier. The related carbon emission costs are determined by multiplying them out using a carbon dioxide price, which is redefined annually by the German government and will increase exponentially over the next few years. As such, the dashboard is used to monitor outbound carbon emissions and analyze carbon emissions trends.

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. The method compares transport costs with the costs of holding higher inventories (capital commitment costs). It provides as a result a shipping recommendation with the most effective transport route and mode

of transport from the perspective of the Group. BSI supports the objective of a sustainable supply chain by reducing freight costs as well as carbon emissions. The application of this method is being continuously extended to exploit the greatest potential for carbon savings. The first measures to reduce the carbon emissions of logistics transport have been successfully implemented in recent years. Among other things, we have shifted some of the air freight over to ocean freight routes and decentralized transport routes to avoid unnecessary routes. This means that the logistical carbon footprint ratio of transports (value regardless of business development) can be maintained at a low level in the long term.

Disposal

The Blomberg location not only has several production units, but also larger administration and logistics areas. These different units generate quite a bit of waste. This waste is collected as separate material by applying a clearly defined disposal concept. This includes separating more than 90 types of waste and is based on years of experience and continuous optimization.

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

The concept aims to ensure safe disposal in terms of sustainability and economic aspects. National production companies have been disclosing information on waste and its composition in management reports for almost ten years. Since 2021, the data collection network is in the process of being rolled out across the Group.

The volume of waste was reduced in almost all German locations declined in 2023. In particular, production waste, such as plastic and metal waste, has been reduced. This is due to reduced production levels due to the current economic situation.

In 2023, 76% of non-hazardous waste was recycled at the German sites. This is approximately 10% more than the previous year. To promote sustainable materials and a circular economy with production waste such as non-ferrous metals and copper as well, some of these materials are fed into a chipping cycle and processed for reuse. Along with the direct materials for production, auxiliary materials and products are also evaluated and selected in terms of their sustainability.

In an effort to make employees more aware of the topic of waste management and to sensitize them on how to avoid and also sort waste at the workplace, each employee completes an online training “Environment and Energy” once a year.

Corporate Carbon Footprint

(GRI 304, 308, 314, 408, 409, 414)

With its carbon-neutral power supply of, Phoenix Contact has reached an initial goal. Plans are in place to continuously expand these activities, thereby also reducing emissions outside the direct sphere of influence in Phoenix Contact’s upstream and downstream value chain, for example, at supplier and partner locations or in logistics. This is why in 2021 the Group made an initial estimate of Scope-3 emissions for 2020. Carbon emissions were initially not determined on the basis of primary data but instead with the aid of statistical models and databases. Considering the entire value chain (Scope 1 to 3), this results in a carbon emission volume of 700,000 t¹⁾ with a sales revenue of 2.4 billion euros for 2020. The carbon emissions and sales revenue in 2023 increased to 800,000 t¹⁾

¹⁾ Use-Phase not included

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

and 3.5 billion euros, respectively. Compared to 2022, emissions have fallen by more than 200,000 t.

For the footprint, the primary information in Scope 1 and 2 was collected and converted into carbon emissions on the basis of regional conversions.

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 and also investments was determined based on purchasing volume and data available relating to industry-typical emission factors.

The current footprint does not currently include the useful life of the products.

Building on this basic data, Phoenix Contact has collected additional primary information from the supply chain so as to track the footprint in more detail, while also tracking its year-by-year development resulting from steps taken in the supply chain.

The increase in absolute carbon emissions was caused by increased air freight volumes coupled

0.289

kg carbon emissions per € in 2022

0.244

kg carbon emissions per € in 2023

with simultaneous growth of Phoenix Contact in 2023. In 2021 and 2022, closed and overloaded seaports and the blockade in the Suez Canal led to massive delays in transport times on the transport routes. In 2023, the same challenges were merely shifted over to other worldwide events. On the route from Asia to Europe, up to 6,000 additional kilometers and therefore eight to 12 more delivery days were needed to avoid the tense situation in the Red Sea. In addition, following a joint corporate decision, the rail connection to China via the Silk Road is no longer being used due to the ongoing war in Ukraine.

As a result, air freight will continue to be increasingly used to ensure fast deliveries

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Alternative materials and concepts for new buildings	31
Sustainable procurement	32
Use of plastics	35
Packaging	36
Loading bins	37
Logistics	38
Disposal	38
Corporate carbon footprint	39
Product responsibility	41
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

and prevent production downtime. Various monitoring and evaluation systems are being used to continuously reflect on which routes the volume of air freight can be reduced or converted to a transport mix.

The increased growth is primarily but directly based on increased product sales. This has also brought about an increase in the materials required and accounts for the increased carbon footprint.

In the coming years, the greatest objective will be to successfully decouple and reduce the carbon footprint despite further growth. While the footprint of products is reduced, the focus will be on their benefit to a more sustainable world.

The functions and applications of products in solutions is the biggest driver in achieving sustainable objectives. Phoenix Contact takes this responsibility seriously and implements it accordingly in the quality of its products.

Product responsibility (GRI 416, 417)

The Group sets high standards for its products and solutions. The focus is not on quality alone, but also includes innovation, which is understood as the ground-breaking bridge to the future. Processes are consistently aligned with this in mind. Phoenix Contact aims to ensure a comprehensive and effective quality management system that extends to include not only production, but even further to the business processes involved and the aftersales services. The systems and processes are tested and certified a number of times over. Internal and external audits regularly monitor and verify their implementation and effectiveness.

Research and development (R&D) are highly valued at Phoenix Contact. Expenses for R&D within the Phoenix Contact Group were around 242.7 million euros in 2023, equating to an increase of 12.1% on the previous year. Compared to the level in the previous year, the number of R&D employees increased by 189 full-time equivalents (FTE) to 2,063 FTE. Over the last 100 years of company history, a continuous range of products and solutions have been developed,

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Product responsibility	41
Environmental Compliance Standard	42
Product safety	42
Product Environmental Footprint	43
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

providing users with the means to use energy efficiently and apply new processes and materials.

Environmental Compliance Standard

With respect to environmental protection in production, Phoenix Contact makes every effort to avoid the use of questionable substances in its innovative product portfolio. The Phoenix Contact Environmental Compliance Standard is mandatory for all suppliers to ensure that they follow these requirements. This standard represents a global minimum for compliance with legal requirements with respect to the ingredients in delivery items that remain in the products. The trustworthiness of suppliers is regularly assessed. Requests are also made regarding regulated ingredients in materials. This whole approach is flanked by laboratory analyses to test the materials used for questionable substances. Once new materials are qualified, they undergo a rigorous evaluation process to assess their ingredients. This also ensures conformity with legal requirements such as EU Directive 2011/65 on the restriction of the use of certain hazardous substances in electrical and electronic equipment – where possible, without using an

exemption to the restriction in Annex III of the Directive – and also the REACH Regulation (EC) No. 1907/2006. Materials containing substances classified as SVHC (substances of very high concern) in accordance with REACH are, by rule, approved on the basis of legal requirements only if no alternative materials are available.

Product safety

The safety of Phoenix Contact's products is the highest priority and a central component of the Group's quality standard. The comprehensive quality assurance measures include extensive tests during the development phases and quality controls during production. A wide range of product safety and quality tests are performed at in-house laboratories, many of which are accredited by the German National Accreditation Body (DAkkS). This is how Phoenix Contact is able to ensure both the high quality of our products and solutions and their compliance with all relevant international regulations and standards. The Group complies with all relevant product safety laws and the directives and standards embedded in them. Moreover, the Group has many of its products tested and evaluated by

Foreword by the GEB	3
General	5
Environmental	23
Protection of environment and climate	24
Energy and direct emissions	25
Materials, transport, and disposal	31
Product responsibility	41
Environmental Compliance Standard	42
Product safety	42
Product Environmental Footprint	43
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

independent bodies such as Underwriters Laboratories (UL) or Germany's Verband der Elektrotechnik Elektronik Informationstechnik e. V. (VDE; Association for Electrical, Electronic & Information Technologies).

In the age of digitalization, data protection is also becoming increasingly important. The products from Phoenix Contact feature a variety of security functions. The Product Security Incident Response Team (PSIRT) tests the devices extensively for security vulnerabilities and publishes security updates. Phoenix Contact offers its customers standardized security in products, industry solutions, and services for the future-proof operation of machinery, systems, and infrastructures. Security is firmly rooted in the entire life cycle of the products and solutions. Long-term availability of necessary updates also means that the components have a long useful life. Product development is in accordance with certified processes in compliance with IEC 62443-4-1. Security measures are implemented, verified, and documented on the basis of a threat analysis.

Product Environmental Footprint

Since 2021, Phoenix Contact has also evaluated its products from the perspective of environmental impact by calculating the Product Environmental Footprint. Here, the Group follows the guidelines of EF3.0. Originally, it began by evaluating a representation of technologies in the largest product families.

By mapping the methodology in the Group's systems, the calculation of the products can be continuously extended to the entire portfolio. The results of all available calculations have been available on the website since 2022. Given the increasing transparency and accuracy of carbon emissions in the value chains, data for the Product Environmental Footprint is also becoming increasingly more precise. Using a quality indicator, advances in data accuracy can be reported and also tracked on the Product Environmental Footprint.



Social

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Social (GRI 401)

As the global market leader for electrical and automation technology, we are fully aware that we owe our success to the people behind our products. Together, our colleagues ensure that we, as a rapidly growing family-owned company, use our existing culture as a compass for the future. It is important to us that we remain open and curious in order to adapt the culture to the people who work with us today, buy our products, and make us even more successful as partners.



How we work with each other is always based on partnership and trust and does not just extend to business partners. Social partners and works councils play a major role in creating a working environment in which everyone can call on their best performance. Our employees should be able to enjoy a work environment known for its mutual appreciation and room for creativity. With the aim of being a good role model as a family-owned company, we always try to convey to our employees their self-efficacy in a sustainable world, whether

in the corporate context or as a private individual outside of our company premises. With our Corporate Principles, we have defined basic principles in how it deals with our employees as well as our customers and partners, as a matter of course. When it comes to implementing the corporate strategy, we at Phoenix Contact fully understand that we can only inspire the employees and partners that we need for the necessary transition and retain them in the long term by providing excellent working and general conditions. Only in this way will it be possible for us to implement our ideal vision of an electrified and therefore sustainable future that overcomes its dependence on fossil fuels. Our working conditions, which are regularly recognized with awards, were and are a key factor in the company's past successes and the growth resulting from these – and they are therefore a commitment for the future.

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Working in the company (GRI 401)

As a family business, we at Phoenix Contact place high value on fair and social interaction. Our company wants to ensure that our employees are physically and mentally well. One service that has been offering trustworthy support in this regard for more than 10 years is our in-house social counseling. This service is available to help with professional and personal questions or challenges. Employees as well as their family members are supported by this voluntary service in confidential form in the event of personal crises or when working with external agencies such as debtor advisors or care counseling services. In addition, employees can attend tailored seminars in which they receive knowledge on topics such as how to successfully achieve a good work-life balance. These services are supplemented by health measures such as in-house vaccination programs, which, for example, were part of the company's active care offering during the COVID-19 pandemic to protect the health of our employees.



As a family business, Phoenix Contact holds the wellbeing of its employees and their families in the highest regard. The involvement of families is also regularly encouraged and made visible through targeted activities. We use the results to check whether our strategies are really in harmony with the needs of our own employees, but also those of future generations. As a company, we also want to do something outside of our factory premises to enable employees to achieve a healthy work-life balance – whether with or without family – in accordance with their interpretations. Our flexible working hours enable a good balance between private lives and

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

work. Instead of rigid schedules, flextime without core hours allows our employees to generally organize their work phases and breaks as they like. In Germany, our full-time employees are entitled to 30 days off per year for their relaxation. Employees covered by collective bargaining agreements also have the option of reducing overtime on a per-day basis and combining it with time-off days. In order to support our employees in private events, we also offer special leave for various reasons. In a global context, we at Phoenix Contact also place importance on ensuring that employees are able to meet their family responsibilities flexibly. In particular, this includes offering paid parental leave or care days for family members, for example in China.

Our flexible approach also includes our employees being able to freely choose their place of work if the respective job allows it. A mix of face-to-face work, home working, and even working from other European countries combines the advantages and strengths of different working models: personal interaction and teamwork on site on the one hand, and the flexibility of mobile working on the other.

We can look back on several years of experience in this area. Even before the pandemic began, various forms of mobile working options were made available, and have therefore been well tested. These options enable our employees to save on travel and to better integrate private appointments into their daily work routine.

We are currently working on spreading these offerings even further and are also offering solutions for work areas where mobile working is less practical. In addition to a strong culture of trust, the experience we have gained through all our flexibility measures is that responsibility, professionalism, intensive communication, and a focus on results are key success factors. All Phoenix Contact employees are subject to the same basic requirements here. Generally valid regulations define the general conditions. Given the size and decentralized structure of the Group, we at Phoenix Contact clearly understand that there is no “one size fits all” solution that can be applied to each employee equally. In particular, the successful cooperation in the team and the mutual needs cannot be managed centrally by decree from above. This is why we always offer the

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

option of a “Team Charter” based on the general conditions, which regulates the possibilities of remote work at the individual team level. In this context, it is important to that identification with the company is also created through physical proximity. This is particularly beneficial for young colleagues who have either just begun their working lives or just started their careers with us. Through face-to-face interactions, teamworking is perceived as being very personal.

Collective bargaining agreements are in place for the majority of our locations in Germany – in each case, comparably favorable operating conditions are offered. In addition, numerous company agreements ensure that employees enjoy better conditions than those required by law. Other than works councils on a local level, a Group works council has also been installed in our company. The works councils closely coordinate with company management and are also consciously involved in decisions beyond these legal requirements. In addition to regular company meetings, managers in the departments regularly report on new developments. Content

and new developments are also published and shared on the Intranet. The works councils are also actively involved in this and contribute their perspectives.

Transparency, information flow, and participation are generally deemed important elements of communication, which contribute to our culture of trust. Employees are always actively involved. Employees are informed of benefits or, for example, the payment dates and composition of payments transparently and clearly via the intranet and with postings. Other sources of information include regular podcasts by the Group Executive Board (GEB), short videos and information on strategy topics, as well as personal statements on current issues – including from employees.

We design our communications via the intranet to be open, ensuring that all contributions can be commented on and discussed, while questions can be asked and answered. Our Netiquette forms the general conditions for dealing with one another here.

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Company pension plan

Providing for employees when they reach retirement age is important to us as a company. To maintain the standard of living after entering retirement, Phoenix Contact offers direct insurance, benefits funds, plus the option of paying into traditional savings agreements.

Attractive pay

We offer above-standard benefits at locations covered by collective bargaining agreements or comparable company benefits. Part-time employees also receive all company benefits proportionate to their working hours. Collectively agreed benefits such as retirement benefits, vacation pay, and Christmas bonuses are part of our remuneration, but may differ for temporary workers.

Our workforce's enthusiasm has led to Phoenix Contact once again being one of the top employers in Germany in 2023.

Employee development (GRI 401, 404)

We want to make starting in the Group as smooth as possible for new employees, while encouraging the new hires to identify with the company and work together, especially as the company grows in size.

In Germany, we have been using our “Onboarding Journey”, an enhanced onboarding process, for this since 2021.

Its centerpiece is a multimedia concept that allows our new colleagues to gradually become acquainted with their colleagues in the Phoenix Contact company and in various formats. It is important to us that this onboarding in many Phoenix Contact companies does not just start on the first workday at the company, but well before that with “preboarding”. This process gives our future employees an impression in advance



Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

of how we as a company are set up. They are familiarized with the various Business Units and locations, allowing them to become integrated in Phoenix Contact early on, way before their first workday.

In addition to a personalized induction by the manager and the team, as part of the “Onboarding Journey”, we offer many central building blocks that offer the new hires the best possible support as soon as they walk through the doors of the company. It also enables our employees to build up a strong network right from the start, which will undoubtedly benefit them later in their day-to-day work.

Basic and further training

We have a long tradition of basic and further training. As a technology-oriented and future-oriented company, we need well-trained employees for our company's success. Especially in the environment of electronics, automation technology, and digitalization, technology is constantly evolving and the knowledge and skills of our employees must therefore be continuously further



developed. For us, the focus here is on well-networked and holistic thinking. Regular performance reviews are held in all German companies so that we can develop tailored further training programs.

The tradition of our own apprenticeship in more than 10 specialized professions began back in the 1950s. This coincides with the start of the Group's in-house production of metal and plastic parts as well as in machine building. Since then, many generations of skilled workers and dual-study students have started their careers at Phoenix Contact and have helped to shape our corporate success. Now, more than 3,600 apprenticeships have been successfully completed at our headquarters.

Since the end of the 1980s, we have been offering in-house personnel development and comprehensive internal training programs to provide employees with the opportunity to learn throughout their entire career. The training opportunities in specialist and leadership skills as well as social and methodological skills are very well received by all generations of employees. Since 2016, the in-house Training Center has been the home of our trainee workshop, seminar

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

and training rooms, and coworking spaces.

In order to keep our employees permanently up to date with the latest technology and knowledge, the learning programs offered are also constantly being adapted to the requirements.

The number of our apprentices and dual students in Germany has almost doubled in the last two years, because we see the future generation of specialists as a key factor for the future of our company. It is only with these and other measures that we can counter the demographic transition. We have planned 205 openings for our next training year.

Our corporate culture at Phoenix Contact is defined by trust and the development of our employees. This is and always has been the guiding principle of our Corporate Principles and an essential basis of day-to-day interactions. As a company, we at Phoenix Contact offer even more opportunities for career and personal development. Apart from traditional training formats, “LinkedIn Learning”, an additional digital learning program with more than 16,000 content modules, is offered worldwide. For example, the “LinkedIn-Learning” platform gives our employees the opportunity to acquire

knowledge at any time and from any location.

Among other things, the offers are used to develop and utilize knowledge in the specific areas of needs, for example, within the context of solving problems. Using this platform does not depend on having an existing LinkedIn account.

Our employees are given the flexibility to choose for themselves how much time they spend learning with “LinkedIn Learning”. They may choose to learn during work hours, provided it is useful and necessary for current or future work tasks. Various pilot projects were initiated in coordinated with the Works Council in order to implement this in the automated production environment as well.

We encourage trainees and dual students to actively participate and to create new offers themselves that could benefit potential new colleagues. One example is known as the “CONTACTless internship”, which was the brainchild of trainees and implemented by them. In September 2021, the trainees won an award with it in the “Trendence” competition for the best recruiting campaign for high school students. The idea came about during the COVID-19 pandemic and was launched to be able to offer an additional

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

program in the form of an internship. This offers learners in their career exploration phase an alternative to the traditional internships.

Since 2006, trainees and dual students in our company have managed their business areas on their own, such as internships for high school students and career guidance measures for young adults. In the process, they learn a lot

about marketing, controlling, self-presentation and cooperation in their “Junior Business Unit” based on this change of perspective. However, our young talent is not only taking on more and more responsibility in this area but is also becoming increasingly involved in the design of the company’s social media channels. Their own experience with the needs of the target groups



Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

helps us to address our future colleagues more appropriately.

Trainees are also introduced to the topic of sustainability in a practical way and can work on specific SDG topics in small projects, which are then presented to the Group Executive Board. In this respect, working together on an equal footing with management is particularly important to us.

In addition to the classic apprenticeship and the dual study program, there are a number of other programs for learners that are constantly being supplemented and expanded. The programs offered range from orientation programs for young adults in the form of “gap years”, in which they are given the tools to discover their talents, right through to specialist trainee programs such as “Connections”, which offers a permanent employment contract and exciting rotation opportunities. It also includes periods abroad at company locations worldwide.

In all the programs, the element of “connections”, which decisively underscores the character of Phoenix Contact, can always be found as a common thread. The focus here is on collaboration and networking, also from an international perspective. Every year, “Leadership

Weeks” are offered whose content, such as leadership in diverse teams or unconscious bias, is developed and implemented jointly by employees worldwide.

Diversity and inclusion (GRI 405, 406)

Our corporate culture at Phoenix Contact is an essential value, especially the trustful interaction with each other, mutual appreciation, and equal treatment of all our employees.



Here, our corporate values and our Code of Conduct form the company-wide guidelines for promoting diversity and equal opportunities and taking action in case of discrimination.

> Corporate responsibility

By signing the Diversity Charter in 2009, the company has been reinforcing this attitude to the outside world for years as well.

The Code of Conduct makes it clear that our interactions are characterized by fair, respectful, and considerate interaction, equal rights, and equal opportunities.

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

We strongly oppose inappropriate behavior towards others, such as bullying, for example. As Phoenix Contact, we will not tolerate any



discrimination, be it based on ethnic origin, gender, religion or beliefs, disability, age, sexual identity, or any other reason.

The same pay is behind each job profile, regardless of personal characteristics.

Employees have several options to report potential equal-rights violations. AGG officers (AGG – General Equal Treatment Act) are available to employees as contact persons at all German locations. Other contact persons include managers, local works councils, and HR experts. In addition to these personal contact persons, there is also a central email address, which represents an additional, low-threshold service for employees in order to further overcome the barrier of a making a report.

In order to promote women, in particular – but not exclusively – in technical professions, women’s networks founded by female employees are actively supported. The include, for example, the “ing’enuous” women’s network in Germany and a STEM women’s network in the USA. The networks provide valuable impetus for the further development of Phoenix Contact in the modern working world and promote programs such as the early teaching of technical knowledge in kindergartens and schools to consciously break down established role models. As a company, we also want to inspire enthusiasm for technology by



Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

participating in action days such as “Girls Day” and by organizing technical school lessons with our own employees, trainees, and students.

More than 20,000 employees work for our corporate success in more than 55 countries worldwide. This diversity is reflected in the culture at Phoenix Contact. An open corporate culture is practiced and actively promoted so that we can benefit from the advantages of the diversity from different cultures, genders, life experiences, and age groups for our company’s success.

Six percent of the workforce in Germany is made up of employees with significant disabilities. Their interests are represented and supported by a professional representative body for significantly disabled employees.

We at Phoenix Contact see the talents of our employees and their attitudes, characteristics, and facets of individuality as a strength. Diversity is viewed as being a driver of innovative strength and the key to corporate success. The company continuously reviews its tools for gaining, developing, and retaining employees in terms of how they enable and expand diversity. These reviews are also aimed at removing any

potential hurdles. Specifically, this is done by collaborating with stakeholders within the Group, such as the sustainability network, in dialog with management but also with external institutions that provide support in the form of inspired ideas and cooperation. Employees contribute their view of diversity through their participation in initiatives, honorary work, and other private activities. In 2023, for example, the 100th anniversary of the company was celebrated with colleagues worldwide. The central birthday party was held at the birthplace of our company – in Essen. More than 8,000 employees from a wide range of backgrounds gathered here for a celebration. Above all, our goal was to recognize everyone’s contribution to the company’s success. Various measures were taken so that each and every one of our employees could also participate in the celebration: full barrier-free accessibility, inclusion of all employees, and translation of the Group Executive Board’s thank-you speech by a sign language interpreter for all colleagues with hearing impairments. As a company that places a high value on work-life balance, we also prepared changing and breastfeeding areas so that young parents could also attend the festival. This

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

overall concept, which was rounded off by the inclusion of all our employees, was awarded the “German Brand Award”. We received this award because through this event we managed to give an authentic synthesis of our culture – which we have lived for 100 years – and thus send a strong signal both internally and externally.



Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Occupational health and safety

(GRI 403)

The topic of occupational health and safety is a top priority at Phoenix Contact. The management system is continuously improved, measures aimed at minimizing risks are derived and permanently monitored. In addition, annual targets are defined that also serve to protect employees. As part of its sustainability strategy, the company has set itself the goal of ensuring that all technical-related and organization-related accidents are prevented. Work accidents as a result of improper behavior are actively counteracted through 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 implement company-wide standards and processes. This basic framework is certified in the area of occupational safety in accordance with ISO 45001. Regular internal audits review compliance with the specifications and uncover potential for improvement.

In order to remain open for the future integration of requirements and to utilize

the synergy effects of interdependence, a process-oriented integrated management system was developed and introduced.

A Group-wide system is in place to ensure that corporate policy is transparent, that objectives are defined, and that the necessary processes, competencies, and responsibilities are clearly defined.

At Phoenix Contact, potential hazards are identified, assessed, and potential measures introduced. Given the very specific situations at each of the locations, different approaches may be applied to identify hazards.

At the headquarters in Blomberg, managers identify the hazards together with employees and specialist personnel (for example, an occupational safety specialist). They identify the risks for employees in terms of occupational safety and preventive health protection at work and define protective measures in accordance with the “STOP principle” (Substitution and Technical, Organizational, and Personal protective measures). Careful planning and selection of machines, activities, and work processes eliminate the need for substitution in these cases.

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

When dealing with hazardous substances, identifying potential substitutes for precisely these substances is part of the hazardous substance procurement process. Potential hazards are reduced so that the work in the Group poses the smallest possible danger to the employees.

Service providers working on company premises receive special instruction and training on safety conditions. Corresponding processes are also in place worldwide to identify potential health hazards at the workplace.

Health services

For Phoenix Contact, the health of our employees is an essential asset. The Group has been supporting exercise and healthy behavior by offering company-sponsored sports programs since 2004. Since the start of 2022, Phoenix Contact has been working with the Wellpass network for company fitness, and in doing so, is responding to the request of employees to be able to exercise anywhere in Germany, regardless of location. With an “EGYM Wellpass” membership, employees can exercise at 4,500 participating facilities in Germany.

There are also a wide range of online classes available. Employees pay only a small subsidized contribution, which is considerably lower than the usual gym membership rates, in order to reduce the hurdle for participating in sports activities.

Phoenix Contact also currently maintains several different company sports groups, most of which are aimed at employees at the headquarters in Blomberg and the surrounding regional companies: The programs offered range from water sports to ball sports to archery, running groups, cycling, and gliding. The company sports groups are run by dedicated employees in their spare time, and the various programs and contact persons are published in the relevant sections on the intranet to make it easier for employees to participate in the offers.

In addition, the Group supports regional and cross-regional participation in company marathons by providing jerseys, catering, donated prizes, and starting fees. The Group’s own event management team coordinates and supports sports events, such as company marathons.

All activities are published in a central event calendar on the intranet.

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Employees are also motivated to take part in urban environmental activities and sports activities close to home by forming company teams and publicizing the event on the intranet. For example, in some cities, the “urban cycling” event, called “Stadtradeln”, takes place every year: an action that draws attention to the bicycle as a sustainable means of transportation by holding a competition between teams and municipalities. During the event, people are encouraged to cover as many kilometers as possible on their bike, both for their commute to work and privately. The team



and the municipality with the most kilometers are the winners.

Time and again, employees also connect sports activities with community involvement, whereas other employees often take part in those community activities. The Group provides regular information on this on the intranet.

Along with exercise, nutrition is an important part of health. In order to provide knowledge about the right nutrition, health days with rotating topics are held every year at several locations.

Employees can take advantage of services such as individual health checks, advice, and information at any time. The offers can even be used during working hours.

Under the heading “Occupational safety and health protection”, the intranet also regularly features health-related information, such as the introduction of a new skin protection concept in many parts of the Group. This concept includes special protection against harmful effects of resins, grease, or dust on the skin during production.

At the headquarters in Blomberg, short relaxation massages and yoga sessions can be booked at subsidized rates during breaks.

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80



Relaxation loungers are also available to extend the offered amenities.

Digital consultation hours are offered on all aspects of occupational safety and health protection. They are held several times a month by the occupational safety specialists at the locations in Germany under rotating key topics (e.g., “risk assessment”). The offers are rounded off by our own company medical care.

Social commitment (GRI 413)

Phoenix Contact does not just demonstrate social responsibility by creating secure jobs with its solid, self-financed growth. The company also takes responsibility within a social context by providing sponsoring to support charitable initiatives as well as promoting art, culture, and sports.

Phoenix Contact is passionate about technology. The Group strives to pass on this passion, attract young people to technology, and nurture existing interest in technology. As such, Phoenix Contact collaborates with partners in education and training, business, associations, and politics, on both a national and international level.

The “Inventors” award was presented for the first time in 2023. The innovative strength of our employees will be recognized this way each year from now on.

Phoenix Contact is a member of a broad range of networks and has also started its own initiatives. The company runs competitions, participates in educational projects, and is also involved in the development of media in the education sector and works to make knowledge

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

accessible. How technology and innovation are repeatedly combined with a good cause can be seen, for example, in partnerships such as the one in place since with the “Burkina Faso Institute of Technology” (BIT), a private university in Burkina Faso. The objective here is to enable access to quality education for local people and to promote the development of entrepreneurs with promising ideas. The construction of a new electronics laboratory was one of the first steps that Phoenix Contact actively supported. Specifically, the Group is providing technology and furniture for five new e-lab stations.

Phoenix Contact Charitable Trust

The spectrum of projects funded by the Phoenix Contact Charitable Trust is focused on scientists.

The philosophy of the corporate foundation is to support projects and research in the field of natural and technical sciences that are defined by topic and limited in time. The charitable trust has been involved in the field of institutional research since 2007 at the “Institute for Industrial Information Technology” (inIT) of the Ostwestfalen Lippe University of Applied

Sciences. With the trust’s support, the institute has quickly developed into a leading research facility. In Germany, the institute has realized the first Science-to-Business Center CIIT in the field of intelligent automation, established the research factory SmartFactory OWL together with the Fraunhofer Gesellschaft research organization, and established the Fraunhofer Institute and company. The charitable trust continues to be involved in individual sponsorships by offering doctoral scholarships in electrical engineering and machine building. To ensure that Germany’s technical advances remain at an international level, applied basic research on topics related to production, electrical, and automation technology is being funded at several German universities. Many different disciplines are sponsored in the field of machine building. Supporting international congresses with the Cross Border Studies Program is also important to the charitable trust. Here, young students should have the opportunity of becoming acquainted with new countries and cultures, to study with people who speak a different language, and thus to experience life outside of their comfort zone.

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

“xplore” competition – international effort to promote technology and education

The “xplore Technology Award” is an international technology and education competition that has already been held annually for more than 20 years and is firmly embedded in Phoenix Contact’s DNA. It invites schoolchildren, students, trainees, and young professionals to come up with technical solutions to various challenges in a creative way with the aid of Phoenix Contact products. All subsidiaries worldwide are invited to participate in the competition by offering their knowledge and



advising teams. This ensures that each team can find a contact person with whom they can share information in the local language.

The 100 best project teams receive technical components and systems from Phoenix Contact and are invited to implement their ideas. After

completion of the implementation phase, an expert jury determines the five best teams in each category. These teams and their projects are invited to Germany, where the teams present their work. The jury decides live and in person who the winners are in each category. In addition to being awarded prizes, the winners also have the opportunity to present their automation solution to a large expert audience.

“OWL Study Fund”

Phoenix Contact sees the promotion of young talent as a community project. One way of promoting young talent is offered by the “Study Fund OWL” (Studienfonds OWL) foundation, a cooperation project unique in Germany made up of an alliance of five universities. Students in OWL are to be provided with tangible and intangible support. The objective is to develop a network between sponsors and sponsored parties and thus to raise the profile of OWL as a business location. Here, the financial support provided by Phoenix Contact, is focused on the so-called “Deutschlandstipendium” scholarship, which supports three students through the OWL Study

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Working in the company	46
Employee development	49
Diversity and inclusion	53
Occupational health and safety	57
Social commitment	60
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Fund foundation each year with 1,800 euros. Alongside financial support, Phoenix Contact also participates by offering intangible support. The latter offers the advantage of connecting with students through various event formats, such as scholarship celebrations, networking events, lectures, etc.

Partner events with other companies highlight topics such as modern working environments. Lectures, collaborative development of ideas, and workshops round off the events offered.

In addition to participating in the “OWL Study Fund” foundation, Phoenix Contact also sponsors one more scholarship holder from each of the selected universities. In general, the Group regularly looks at university rankings and coordinates internally which – also new – study programs are of interest to the departments.

Several international subsidiaries have also already initiated various sponsorship programs, providing targeted support for schoolchildren or students. For example, the subsidiary in Brazil partners with the German-Brazilian Chamber of Industry and Commerce and other cooperating local institutions. The aim of the project is to

prepare women from disadvantaged social classes in particular for the labor market by offering a 15-month dual training program.

Respecting human rights

Our “Code of Conduct” applies throughout the entire Phoenix Contact Group, and explicitly includes the topic of human rights and our corporate duty of care obligations in accordance with the Supply Chain Due Diligence Act. All subsidiaries worldwide are included in the process of adhering to these duty of care obligations. All additional information is presented transparently in our Code of Conduct and our Policy Statement. These are available on our website to [> download](#).

A photograph of three people in an office setting. A woman in a white shirt and a man with glasses in a green shirt are sitting at a desk with laptops, smiling and looking towards a third person whose back is to the camera. The background features a large green plant and a wall with leaf shadows.

Governance

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Risk management	65
Corporate compliance	66
Phoenix Contact in numbers	72
GRI content index	80

Governance

Risk management (GRI 102)

Risk management is structured so that it can identify, analyze, and assess existing risks at an early stage. The material risks for the Group are described and assessed in detail in the risk management system. The objective is to create internal transparency and increase awareness of risks. 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 the concept of multi-level risk management designed to identify risks at an early stage. This 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 allow 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 2023 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 energy transformation to counteract climate change offer long-term opportunities, as Phoenix Contact has the necessary development and product expertise. Phoenix Contact sees sustainable growth in the markets for renewable

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Risk management	65
Corporate compliance	66
Phoenix Contact in numbers	72
GRI content index	80

energies, energy efficiency, smart grids, water management, and e-mobility. Phoenix Contact's vision of the future – the All Electric Society – is based on the assumption of a society in which electrical energy is available in unlimited quantities and in a climate-neutral manner as a primary form of energy. The electrification, networking, and automation needed to achieve this provide us as a company the opportunity to tap new sales potential and play a decisive role in shaping the industry's transformation.

For Phoenix Contact, designing products in compliance with standards and norms is mandatory. The Group monitors changes within the relevant standards centrally and forward them to the business units promptly. Currently, the EU and other countries are increasing their efforts to reduce the use of lead in products. We conduct time-consuming and resource-intensive tests and material changes to substitute lead in alloys¹⁾. 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. Phoenix Contact is preparing for new regulatory plans and requirements that affect the cybersecurity of products.

Corporate compliance (GRI 205, 206, 207)

To ensure compliance, Corporate Compliance Management (CCM) has been created as a separate organizational unit under the Chief Financial Officer (CFO). Before the establishment of CCM, a central, structured compliance risk analysis was conducted that identified significant compliance risks and that was supported by a law firm specializing in this area.

CCM is responsible for the worldwide anchoring of the Compliance Management System within the Phoenix Contact Group. This includes developing standards and framework conditions that are implemented nationally and internationally. CCM operates within a defined scope and is supplemented by other decentralized compliance functions, which are anchored organizationally in another part of the Group. The central rules and guidelines are laid out in the Corporate Principles

¹⁾ With regard to the RoHS Directive: less than 0.1%

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Risk management	65
Corporate compliance	66
Phoenix Contact in numbers	72
GRI content index	80

and the Code of Conduct and are implemented in all companies of the Phoenix Contact Group worldwide. In addition, the CCM and the decentralized compliance functions publish guidelines on individual 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 as well as an intranet site. Consistent communication internally ensures that all employees are well informed.

In addition, there is a compliance training concept that consists of regular, target-group-specific, and risk-oriented training courses for all employees – in accordance with the respective area of responsibility and roles. In 2023, a total of 21,868 (2022: 8,970) compliance training sessions were held on various topics as part of the training concept.

Preventing corruption is an important topic of Corporate Compliance Management. At its core, it is the Allocation Directive, which contains all corruption-related risks identified in the compliance risk analysis.

The directive is conveyed as part of the compliance training concept. Specific compliance risks that require further investigation and consideration are dealt with by the directive and supplementary individual guidelines. There were no confirmed cases of corruption in the reporting period; just one attempt, which was uncovered at an early stage and led to dismissal.

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. There were no corresponding legal proceedings during the reporting period.

In its business relationships, Phoenix Contact relies on interactions based on trust and partnership for positive and continued collaboration. Adherence to statutory, social, and company-internal obligations is of utmost importance at Phoenix Contact. The Phoenix Contact Group whistleblowing system is available to employees, business partners,

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Risk management	65
Corporate compliance	66
Phoenix Contact in numbers	72
GRI content index	80

and third parties in the event of knowledge of damaging conduct or economic and legal risks. It is a global, certified system with the functionality to preserve anonymity. Reports of potential violations of the law and internal regulations can thus be made as an option without disclosing one's identity. An electronic mailbox enables anonymous dialog, with the opportunity to ask follow-up questions. The system can be called up by external parties via the Phoenix Contact Group website and is located on an external server. It is not possible to trace the submitted information. Data protection requirements are completely fulfilled. The reports are recorded in the whistleblower system and then viewed by employees at an international law firm. If further communication is required 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, where it is carefully reviewed. If necessary, additional measures will be taken to rectify the situation as quickly as possible.

Tax compliance

Taxes have economic and regulatory implications. At Phoenix Contact, tax compliance is understood as both an administrative activity and a strategic management task. This mindset requires a proactive approach to ensuring that tax rules are followed in a manner that is efficient in terms of processes and taxes, i.e., that tax aspects are considered at the right time.

Phoenix Contact expects that taxes will become an increasingly important topic for the company. The Group is growing not only in terms of quantity, but also in terms of the complexity of its business models. The Group also operates in an internationally stringent regulatory environment.

The control function is in the Unit "Corporate Tax & Group Governance" in the organizational area of the CFO. Phoenix Contact meets the 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, tax compliance, i.e., the systematic and proper fulfillment

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Risk management	65
Corporate compliance	66
Phoenix Contact in numbers	72
GRI content index	80

of tax law requirements and the overriding principle of Phoenix Contact’s tax strategy. Tax compliance is an absolute necessity. We do not pursue any aggressive tax structuring activities that might also affect how the general public perceives a family business. We avoid any risks to our reputation. 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: Based on this principle, in the event of conflicting goals between non-tax business development objectives and tax objectives, the “Business First” principle will always take priority in case of doubt without jeopardizing the goal of compliance. In this case, the long-term healthy development of business takes precedence over short-term tax considerations.
3. Consideration of tax influences on business strategy measures: When assessing matters in terms of the principle, the following must always be weighed: Taxes in terms of payments and expenses on the one hand and tax savings

as a payments and reduced costs on the other, directly impact the key performance indicators (KPIs) for business development – both with regard to the tax payments themselves and the process-related costs incurred in the manner in which the processes are structured, in some cases only after a delay of several years as a result of tax audits. This limits the principle that “tax follows business”.

These three principles of Phoenix Contact’s tax strategy are outlined in the tax policy that applies throughout the Group. In addition to these principles, the Group’s tax policy for all Group companies illustrates how the responsibilities between the remote/local units and the central tax department are regulated, in which cases the remote/local units need to involve the central tax department, and which principles apply when working with external tax advisors. The Group’s tax policy is reviewed annually to determine whether it requires updating.

Not only are the tax principles firmly embedded into the Group’s tax policy, but also in other guidelines. One example is the General Transfer Pricing Guideline, which applies to the

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Risk management	65
Corporate compliance	66
Phoenix Contact in numbers	72
GRI content index	80

entire Group. They are accessible in a worldwide policy 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, for example, in the form of seminars on transfer pricing or value-added tax. 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. Accordingly, 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 assess and report on tax-relevant aspects in their review of the annual financial statements in Germany and abroad, as does our internal audit department. The general whistleblower system is also open for tips on aspects related to tax compliance.

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

processes. The main goal in the Tax Compliance area is to take advantage of this opportunity. Plans are in place to more closely integrate the Tax Compliance Management System with both domestic and international business processes, and to be synchronized with the progress of the Digital Transformation Roadmap. This should strengthen process reliability beyond the measures that have already been 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.

Cybersecurity

In recent years, companies have increasingly become the focus of cyberattacks. The frequency of successful attacks has increased significantly. Therefore, activities in the segment of "Information Security" as well as in risk management have become significantly important within the corporate strategy.

Here, the main focus is on ensuring that the company can act with confidence and independence at all times. Of equal importance

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Risk management	65
Corporate compliance	66
Phoenix Contact in numbers	72
GRI content index	80

is the goal of not endangering the security of our business partners or their ability to act and of meeting the applicable legal requirements.

Within this context, the term “cybersecurity” applies to the following within the

Phoenix Contact Group:

- **Protection of the business capabilities of the Phoenix Contact Group and its business partners** against attacks, unauthorized access, manipulation, and other types of harmful events with effects on digital information and the information and automation technology infrastructure used.
- **Recognizing and evaluating the corresponding dangers** and deriving preventive and risk-mitigating measures
- **Responding effectively to any dangerous situations** and harmful events arising and recovering the affected data, systems, and infrastructure in the event of any actual damage



Phoenix Contact in numbers

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

Phoenix Contact in numbers

GRI	Key performance indicator	Unit	2021	2022	2023	Difference [%]
201 Economic performance	Direct economic value generated and distributed					
	Revenue	thousand €	2,974,100	3,600,100	3,431,942	-4.7
	Of which					
	Germany	thousand €	902,612	1,072,500	1,051,200	-2.0
	Rest of Europe	thousand €	896,134	999,200	1,007,000	0.8
	Asia	thousand €	655,238	811,100	712,100	-12.2
	Americas	thousand €	486,336	679,000	623,100	-8.2
	Rest of the world	thousand €	34,480	38,400	38,600	0.5
	Salaries and benefits for employees	thousand €	1,127,000	1,231,400	1,318,000	7.0
	Investments	thousand €	178,000	261,000	309,000	18.4
	Research and development	thousand €	198,000	216,500	242,800	12.1

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI	Key performance indicator	Unit	2021	2022	2023	Difference [%]
205 Anti-corruption ESRS G1-4	Total number of employees made aware of the organization's anti-corruption policies and procedures		9,805	10,738	11,011	2.5
	Total number of employees who received anti-corruption training		2,667	4,256	5,831	37.0
	Total number of confirmed incidents in which contracts with business partners based on violations in connection with corruption were terminated or not renewed		0	0	0	0
206 Anti-competitive behavior	Number of confirmed incidents of corruption		0	0	0	0
	Legal action taken due to anti-competitive behavior, cartel and monopoly formation		0	0	0	0
	Total number of legal cases		0	0	0	0
301 Materials	Total weight/volume of materials used	t	341,198	375,523	348,925	-7.1
	Non-recycled material used	t	303,853	355,520	337,170	-5.2
	Recycled material used	t	37,346	20,003	11,754	-41.2
	Percentage of source materials recycled	%	10.9	5.3	3.4	1.9%p

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI	Key performance indicator	Unit	2021	2022	2023	Difference [%]
302 Energy ESRS E1-5	Total energy consumption	MWh	259,269	298,705	270,783	-9.4
	Total fuel consumption from non-renewable sources	MWh	150,699	171,484	147,830	-13.8
	Natural gas/liquid gas	MWh	143,226	152,660	127,860	-16.2
	Fuel oil, coal, gasoline/diesel	MWh	7,473	18,824	19,970	6.1
	Total fuel consumption from renewable sources	MWh	0	0	0	0
	Natural gas/liquid gas	MWh	0	0	0	0
	Fuel oil, coal, gasoline/diesel	MWh	0	0	0	0
	Energy consumption	MWh	108,570	127,221	122,688	-3.4
	Power consumption	MWh	104,742	122,051	116,688	-4.4
	Thermal energy consumption	MWh	3,431	4,691	5,516	17.6
	Cooling energy consumption	MWh	397	470	731	55.5
	Total water withdrawal	ML	344.6	437.9	374.3	-14.5
	Surface water	ML	5.0	59.0	33.6	-43.1
	Water from third parties	ML	326.7	378.9	340.6	-10.1
305 Emissions ESRS E1-6	Gross volume of direct GHG emissions (Scope 1)	tCO ₂ e	36,556	35,687	31,003	-13.1
	Biogenic carbon emissions	tCO ₂ e	0	0	0	0
	Gross volume of indirect energy-related GHG emissions (Scope 2)	tCO ₂ e	64,688	58,829	58,674	-0.3
	Gross volume of GHG emissions (Scope 1-3)	tCO ₂ e	820,000	1,037,000	800,000	-22.9
	Relative volume of GHG emissions (Scope 3) ¹⁾	tCO ₂ e	0.276	0.289	0.244	-15.6

¹⁾ Emission data without the 3.11 use phase of the products

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI	Key performance indicator	Unit	2021	2022	2023	Difference [%]
306 Wastewater and waste ESRS E5-5	Total weight of the hazardous waste	t	554.8	824.5	831.8	-0.8
	Reuse	t	131.0	61.0	51.0	-16.4
	Recycling	t	66.9	179.7	131.2	-27.0
	Total weight of non-hazardous waste	t	5824.1	8,308.3	7,747.2	-6.8
	Reuse	t	143.2	37.9	33.2	-12.4
	Recycling	t	3,992.2	6,773.1	5,757.4	-15.0
	Total number and total volume of significant leakage of harmful substances recorded		3	4	6	50
	Location of the leakage of harmful substances		Blomberg, Lüdenscheid, Poland	Blomberg, Poland	Blomberg, Poland, Austria	
	Volume of the leakage of harmful substances	l	92	113	90.2	-20.2
	Leaked harmful substance		Oil	Oil	Oil	

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI	Key performance indicator	Unit	2021	2022	2023	Difference [%]
308 Supplier assessment	Number of new suppliers evaluated using environmental criteria		40	427	239	-44.0
	Number of suppliers verified with respect to environmental impacts		83	666	1,988	198.5
	Number of suppliers identified as having significant actual and potential negative environmental impacts	%	5	4	39	875
	Significant actual and potential negative environmental impacts identified in the supply chain		0	3	45	1400
	Percentage of suppliers identified as having significant actual and potential negative environmental impacts and improvement measures agreed upon as a result of the assessment	%	0	0	1	
	Percentage of suppliers identified as having significant actual and potential negative environmental impacts and consequently having their business relationship terminated, as well as reasons for this decision	%	0	0	0	
401 Employment	Total number and ratio of new employees during the reporting period by age group, gender, and region		1,970	3,025	2,643	-12.63
	Women		844	1,217	811	-33.41
	Under the age of 30		338	566	269	-52.5
	Between the ages of 30 – 50		468	563	409	-27.4
	Over the age of 50		38	88	133	51.1
	Men		1,126	1,808	1,832	1.3
	Under the age of 30		549	854	794	-7
	Between the ages of 30 – 50		521	840	879	4.6
	Over the age of 50		56	114	159	39.5

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI	Key performance indicator	Unit	2021	2022	2023	Difference [%]
401 Employment	Total number and ratio of employee turnover during the reporting period by age group and gender		1,227	2,246	1,573	-30
	Women		588	942	707	-25
	Under the age of 30		187	470	227	-51.7
	Between the ages of 30 – 50		312	374	356	-4.8
	Over the age of 50		89	98	124	26.5
	Men		639	1,304	866	-33.6
	Under the age of 30		229	592	277	-53.2
	Between the ages of 30 – 50		285	545	394	-27.7
	Over the age of 50		125	167	195	16.8
	Total number of employees who took parental leave		881	938	978	4.3
	Women		461	474	466	-1.7
	Men		420	464	512	10.3
	Total number of employees who returned to work within the reporting period after taking parental leave		862	915	1,103	20.6
	Women		444	463	500	8.0
	Men		418	452	603	33.4
	Total number of employees who returned to work after parental leave ended and were still employed 12 months after returning to work		355	708	926	30.8
	Women		410	261	424	62.5
	Men		387	447	502	12.3

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI	Key performance indicator	Unit	2021	2022	2023	Difference [%]
403 Occupational health and safety ESRS S1-14	Implementation rate of the planned safety training courses	%	69.0	88.8	83.6	-5.3%p
	Number of work accidents with medical care		72	414.8	224.6	-45.9
	Sick days		408	1136.7	1711.9	50.6

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI content index GRI 102

The following GRI content index shows how Phoenix Contact fulfills the topics of the GRI Standard that are material to it. The information on the fulfillment of the indicators is elaborated on the report pages, which are listed here. If a

listing is not fully covered by the references, the additional information is supplemented in the column “References, explanations, and omissions”, or the reasons for omission are explained.

GRI standard		References, explanations, and omissions
Organizational profile		
102-1	Name of the organization	Phoenix Contact Group
102-2	Activities, brands, products, and services	Phoenix Contact Group Sustainable products and services
102-3	Headquarters of the organization	Phoenix Contact Group
102-4	Operating sites	Phoenix Contact Group
102-5	Ownership and legal form	Phoenix Contact Group About this report
102-6	Markets supplied	Phoenix Contact Group
102-7	Size of the organization	Phoenix Contact Group As a family business in the legal form of a limited partnership, Phoenix Contact does not provide any information on its total capitalization.
102-8	Information on employees and other staff	Phoenix Contact Group Employees
102-9	Supply chain	Environmental
102-10	Significant changes in the organization and its supply chain	

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI standard		References, explanations, and omissions
102-11	Precautionary approach or precautionary principle	
102-12	External initiatives	Corporate responsibility
102-13	Membership in associations and interest groups	Protection of environment and climate
Strategy		
102-14	Statement of the highest decision maker	Foreword by the GEB
102-15	Main impacts, risks, and opportunities	Sustainability
Ethics and integrity		
102-16	Values, principles, standards, and codes of conduct	Corporate responsibility Corporate compliance
102-17	Procedures for consultation and concerns regarding ethics	Corporate compliance
Corporate management		
102-18	Management structure	Phoenix Contact Group
102-19	Delegation of powers	
102-20	Board-level responsibility for economic, environmental, and social issues	
Involvement of stakeholders		
102-40	List of stakeholder groups	
102-41	Collective bargaining agreements	
102-42	Stakeholder identification and selection	
102-43	Involvement of stakeholders	Involvement of stakeholders
102-44	Important topics and concerns raised	Involvement of stakeholders
Procedure for reporting		
102-45	Entities included in the consolidated accounts	About this report
102-46	Procedure for determining the content of the report and the delimitation of topics	Materiality analysis

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI standard		References, explanations, and omissions
102-47	List of essential topics	Materiality analysis
102-48	Redisplay of information	
102-49	Changes in reporting	
102-50	Reporting period	About this report
102-51	Date of the last report	About this report Second sustainability report
102-52	Reporting cycle	
102-53	Contact persons for questions about the report	Andreas Kehl, Lennart Gorholt
102-54	Declaration on reporting in accordance with the GRI standards	About this report
102-55	GRI content index	GRI content index
102-56	External assessment	

Economic performance indicators

Economic performance

201-1	Direct economic value generated and distributed	Phoenix Contact in numbers
201-2	Financial implications of climate change for the organization and others	
201-3	Liability for defined benefit pension plans and other post-employment benefit plans	
201-4	Financial support from the public sector	

Procurement practices

204-1	Share of expenditures for local suppliers	
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Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI standard		References, explanations, and omissions
Anti-corruption		
205-1	Operating sites screened for corruption risks	Corporate compliance As part of establishing corporate compliance management, a central compliance risk analysis was performed in which representatives from various areas of the Group were surveyed. The compliance risks identified form the basis for the central Allocation Policy, which applies equally to all (currently German) subsidiaries. Since a risk-based approach is taken, it is not necessary to screen individual operating sites.
205-2	Communication and training on anti-corruption directives and procedures	Corporate compliance The training courses indicated are those of Corporate Compliance Management alone. Consequently, further training is provided by the decentralized compliance officers.
205-3	Confirmed incidents of corruption and measures taken	Corporate compliance
Anti-competitive behavior		
206-1	Legal proceedings due to anti-competitive behavior or the formation of a cartel or monopoly	Phoenix Contact in numbers
Taxes		
207-1	Tax concept	Corporate compliance
207-2	Tax governance, control, and risk management	Corporate compliance
207-3	Involvement of stakeholders and management of fiscal concerns	Corporate compliance

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI standard		References, explanations, and omissions
Environmental performance indicators		
Materials		
301-1	Materials used by weight or volume	Materials and disposal Phoenix Contact in numbers
301-2	Recycled source materials used	Materials and disposal Phoenix Contact in numbers
301-3	Recycled products and their packaging materials	
Energy		
302-1	Energy consumption within the organization	Energy and emissions Phoenix Contact in numbers
302-2	Energy consumption outside the organization	Energy and emissions Phoenix Contact in numbers
Water and wastewater		
303-1	Water as a shared resource	Phoenix Contact in numbers
303-2	Handling the effects of water recirculation	
303-3	Water withdrawal	
303-4	Water recirculation	
Emissions		
305-1	Direct GHG emissions (Scope 1)	Energy and emissions Phoenix Contact in numbers
305-2	Indirect GHG emissions (Scope 2)	Energy and emissions Phoenix Contact in numbers
305-3	Other indirect GHG emissions (Scope 3)	Energy and emissions

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI standard		References, explanations, and omissions
Waste		
306-1	Waste generated and significant waste-related impacts	Phoenix Contact in numbers
306-2	Management of significant waste-related impacts	Materials and disposal Phoenix Contact in numbers
306-3	Waste generated	Phoenix Contact in numbers
306-4	Waste diverted from disposal	Phoenix Contact in numbers
306-5	Waste forwarded for disposal	Phoenix Contact in numbers
Environmental assessment of suppliers		
308-1	New suppliers screened using environmental criteria	Sustainable procurement Phoenix Contact in numbers
308-2	Negative environmental impacts in the supply chain and measures taken	Sustainable procurement

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI standard		References, explanations, and omissions
Social performance indicators		
Employment		
401-1	Newly hired employees and employee turnover	Working in the company Phoenix Contact in numbers
401-2	Company benefits offered only to full-time employees, not to temporary or part-time employees	Part-time employees also receive all company benefits proportionate to their working hours. Under the wage agreements, temporary workers do not receive the same level of benefits, such as retirement benefits, vacation pay, and Christmas bonuses. This is regulated differently in the wage agreements for temporary employment.
401-3	Parental leave	Phoenix Contact in numbers There is a legal right to parental leave. The requirements are set in the Federal Parental Allowance and Parental Leave Act (BEEG). Under this act, all employees shall also receive parental leave. It is not possible to determine how many individual employees would have this entitlement, as employees are not required to disclose the eligibility requirements for parental leave unless they request it.
Employee-employer relationship		
402-1	Minimum notification period for operational changes	
403-1	Management system for occupational health and safety	Occupational health and safety
403-2	Hazard identification, risk assessment, and incident investigation	Governance
403-3	Occupational health services	
403-4	Employee participation, consultation, and communication on occupational safety and health	
403-5	Employee training on occupational safety and health	Social
403-6	Promoting the health of employees	Occupational health and safety

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI standard		References, explanations, and omissions
403-7	Avoidance and mitigation of occupational health and safety impact directly related to business relationships	
403-8	Employees covered by an occupational health and safety management system	
403-9	Work-related injuries	Phoenix Contact in numbers
Basic and further training		
404-1	Average number of hours for basic and further training per year and employee	Phoenix Contact in numbers No gender reference possible.
404-2	Programs to improve the skills of employees and transition assistance	4 participants in a retraining program (sponsored by employment agency)
404-3	Percentage of employees receiving regular performance and career development reviews	Regular performance reviews are held in all German companies. In most companies, this is already laid down in collective bargaining agreements and already used on this basis.
Diversity and equal opportunities		
405-1	Diversity in control bodies and the workforce	Diversity and inclusion Phoenix Contact in numbers
405-2	Ratio of basic salary and remuneration of women to the basic salary and remuneration of men	The same pay is behind each job profile, regardless of gender. However, a comparison of pay in the case of different functions/job profiles is not appropriate.

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI standard		References, explanations, and omissions
Freedom from discrimination		
406-1	Incidents of discrimination and remedial action taken	Germany-wide assessment: none
Freedom of association and collective bargaining		
407-1	Operating sites and suppliers whose right to freedom of association and collective bargaining may be threatened	
Child labor		
408-1	Operating sites and suppliers with a significant risk	Corporate compliance Phoenix Contact has no indications that individual suppliers bear a significant risk for child labor.
Forced or compulsory labor		
409-1	Operating sites and suppliers with a significant risk for incidents of forced or compulsory labor	Sustainable procurement Phoenix Contact has no indications that individual suppliers bear a significant risk for forced labor.
Screening for respecting human rights		
412-1	Operating sites at which a human rights compliance audit or human rights impact assessment have been conducted	
412-2	Training for employees on human rights policies and procedures	

Foreword by the GEB	3
General	5
Environmental	23
Social	44
Governance	64
Phoenix Contact in numbers	72
GRI content index	80

GRI standard		References, explanations, and omissions
Social evaluation of suppliers		
414-1	New suppliers screened using social criteria	Phoenix Contact in numbers
414-2	Negative social impacts in the supply chain and measures taken	A complete revision of these processes is currently in progress as part of the requirements of the German Supply Chain Act ("LkSG").
Customer health and safety		
416-1	Assessing the health and safety impacts of the various product and service categories	
416-2	Violations related to the health and safety impacts of products and services	
Marketing and identification		
417-1	Requirements for product and service information and identification	
417-2	Violations related to product and service information and identification	
Protection of customer data		
418-1	Substantiated complaints regarding the violation of the protection or loss of customer data	