Code of Conduct for suppliers

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Preamble

Phoenix Contact is a globally active, internationally leading, and independently acting family-owned company with deep roots and an excellent corporate culture that guides us every day. Our group is characterized by corporate independence, innovation, and a culture of respectful interaction.

The harmony between environmental, social, and governance matters creates an operational framework for sustainable operations and corporate responsibility at Phoenix Contact. It is important to us that we contribute to a sustainable planet.

Responsible action and economic success are not mutually exclusive, just as innovation and sustainability are not. At Phoenix Contact, we act responsibly, sustainably, and cooperatively. This applies to our interactions with employees just as it does with our customers and suppliers. We are also aware of our responsibility to society and the environment and act accordingly.

Our business partners contribute substantially to our success. We see our shared understanding of ethical and sustainable actions as an important basis thereof. This is why we advocate for compliance with internationally applicable human rights and social and environmental standards across our entire supply chain.

The social and environmental standards within this Code of Conduct are based on the ten principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles for Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

These provisions further serve the implementation of German law regarding corporate due diligence for the prevention of human rights violations within supply chains (“German Supply Chain Act”) and other comparable national provisions at Phoenix Contact Group locations.

The requirements and principles of this Code of Conduct are an integral part of the contractual obligations and cooperation between Phoenix Contact and our suppliers. This is why our suppliers undertake to comply with and promote the following principles of this Code of Conduct and to instruct their employees with regard to these regularly and adequately. The contents of this Code of Conduct shall be integrated into the supplier’s own agreements with their suppliers insofar as possible, and the human-rights-related and environmental expectations outlined herein shall be communicated, promoted, and complied with as much as possible across their entire subsequent supply chain.

Because national and international provisions advance quickly, we reserve the right to adapt this Code of Conduct accordingly, in particular on the basis of changes to the relevant laws and regulations and in light of the results of ongoing risk analyses by Phoenix Contact. Phoenix Contact shall inform the supplier of any change to the Code of Conduct with reasonable notice.

1 Principle of legality

Compliance with the legal provisions in countries where Phoenix Contact conducts business is our top priority. This applies to all dealings, measures, contracts, and other processes of the Phoenix Contact Group. We also expect the same from our suppliers.

Compliance with the principle of legality also encompasses, among other things, the payment of owed taxes and tariffs, compliance with competition law and antitrust law, the strict ban on corruption and money laundering, the obtaining of necessary official permits, adherence to export control law, as well as the observance of legal provisions for the protection of social and environmental standards and sustainability within the supply chain.

2 Social standards

2.1 Protection of human rights

Our suppliers uphold internationally recognized human rights and actively promote compliance therewith. These are based on the UN Guiding Principles on Business and Human Rights. They include, among other things, the protection of local communities, indigenous populations, and human rights defenders.

2.2 Ban on child labor

Our suppliers do not engage children under the age at which compulsory school attendance ends in the place of employment. The working age may generally never be below 15 years, unless the law in the place of employment allows exceptions hereto in accordance with Article 2(4) as well as Articles 4 to 8 of Convention 138 of the International Labor Organization from June 26, 1973, regarding minimum working age.

Furthermore, our suppliers do not employ children in the worst forms of child labor undertaken by children under the age of 18 years. In accordance with Article 3 of Convention 182 of the International Labor Organization from June 17, 1999, on measures to prevent the worst forms of child labor, these include:

- all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict,
- the use, procuring or offering of a child for prostitution, for the production of pornography, or for pornographic performances,
- the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs,
- work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

2.3 Ban on forced labor

Our suppliers do not engage anyone in forced labor. This includes all work or service demanded of a person under threat of punishment and which this person did not declare themselves prepared to provide of free will, e.g., as the result of bonded labor or human trafficking. An exception hereto, and thus uniquely permitted, is work or services consistent with Article 2 (2) of Convention 29 of the International Labor Organization from June 28, 1930, on forced or compulsory labor or with Article 8 (b) and (c) of the International Covenant on Civil and Political Rights from December 19, 1966.

2.4 Ban on slavery

Our suppliers comply with the ban on all forms of slavery, slavery-like practices, bondage, or other forms of exercise of power or oppression within the scope of their workplace, e.g., through extreme economic or sexual exploitation and degradation.

2.5 Occupational health and safety

Our suppliers comply with at least the minimum respective national standards for a safe and clean work environment and take suitable measures within this scope to warrant health and safety in the workspace so that healthy employment conditions are warranted.

Our suppliers take special care to observe the legal obligations regarding occupational health and safety in the place of employment, thus preventing the risk of accidents at work or the occurrence of work-related health risks, in particular through:

- obviously insufficient safety standards in the provision and maintenance of the workplace, the workspace, and the means for work,
- the lack of suitable safety measures to prevent the impact of chemical, physical, or biological materials,
- the lack of measures to prevent excessive physical and mental exhaustion, in particular through unsuitable work organization with regard to working hours and breaks, or
- insufficient training and instruction of employees.

2.6 Observance of freedom of association

Our suppliers respect the freedom of association. In particular, they respect the following freedoms and rights:

- the freedom of the employee to openly form or join a union,
- to not use the formation of, joining of, and membership in a union as a reason for unjust discrimination or retaliation,
- the right of unions to act openly and in accordance with the law in the place of employment, including the right to strike and the right to collectively bargain.

2.7 Equal opportunity and non-discrimination

Our suppliers do not tolerate any discrimination, e.g., on the basis of national and ethnic origin, social background, health status, disability, sexual orientation, age, gender, political opinion, religion, or ideology, provided it is not founded in the requirements of the employment. Prohibited discrimination also includes, in particular, the payment of unequal wages for equal work. Furthermore, they promote diversity and inclusion.

2.8 Fair working conditions and reasonable wages

Our suppliers warrant the right to fair working conditions in accordance with the valid ILO conventions. This includes, in particular, remuneration and benefits that meet at least national and local legal standards, provisions, or agreements. The reasonable wage is at least the minimum wage set forth by the applicable law and is otherwise calculated based on the law in the place of employment. The applicable provisions on working hours, breaks, and vacation shall be observed.

2.9 Prevention of negative environmental impacts

Our suppliers refrain from all actions and activities leading to soil contamination, water pollution, air pollution, noise pollution, or excessive water use that

- seriously interfere with the natural basis for the preservation and production of food,
- prevent an individual from accessing clean drinking water,
- make someone's access to sanitation facilities difficult or impossible, or
- damage a person's health.

2.10 Protection against eviction and dispossession of land

Our suppliers undertake not to conduct any illegal evictions. Furthermore, they undertake not to illegally acquire land, timber, and water through purchase, development, or other use.

2.11 Use of private or public security forces

The suppliers ensure that the private or public security forces they hire or use are appropriately ongoingly instructed and monitored to the effect that they observe all applicable laws during their deployment, in particular, that they comply with the ban on torture and cruel, inhumane or denigrating treatment, that they do not cause illegal injury to the life or limb of others, and that they do not interfere with the freedom of association.

2.12 Refrain from other serious interferences

Our suppliers warrant that they will neither act in a manner nor fail to act in a manner that is in contradiction to their obligation that would seriously interfere with a protected legal position and the illegality of which is apparent upon intelligent assessment of all circumstances in question.

3 Environmental standards

3.1 Establishment of environmental and climate protection

Our suppliers undertake to prevent hazards to humans and the environment insofar as possible and to conserve resources.

Our suppliers' processes, operating facilities, and equipment meet the applicable legal requirements and standards regarding fire prevention and environmental protection.

Furthermore, we expect our suppliers to practice sustainable and active climate protection, e.g., by improving energy efficiency or generating and/or using renewable energy. In doing so, the supplier undertakes sufficient efforts to achieve transparency regarding its CO_2 emissions and aims to reduce CO_2 emissions.

3.2 Treatment of water, air, and soil

Our suppliers conserve water, air, and soil. This includes, in particular, minimizing water consumption in areas of water scarcity as well as not interfering with access to drinking water and sanitation facilities. Within the scope of the locally applicable legal and regulatory requirements, wastewater quality standards shall be defined and monitored, and the guidelines of local authorities regarding air and soil quality shall be observed.

3.3 Handling of materials and their disposal

We expect our suppliers to minimize all effects of their business activities on the environment and, in general, to conserve resources. Materials are reused wherever possible. Our suppliers follow the "avoidance before disposal" principle when handling waste.

Our suppliers always observe at least the applicable legal provisions, which include, in particular, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and the regulatory provisions.

3.4 Handling of substances of concern

Our suppliers undertake to comply with the requirements of the Minamata Convention on Mercury (in particular, the ban on the manufacture of products mixed with mercury and the binding of mercury during manufacturing processes as well as the ban on the handling of mercury waste contrary to the Minamata Convention) and the Stockholm Convention on Persistent Organic Pollutants (in particular, the ban on the manufacture and use of the chemicals regulated therein and the ban on the environmentally irresponsible handling, collection, storage, and disposal of the contaminated waste regulated therein).

4 Business relationships

4.1 Prevention of conflicts of interest

Our suppliers make decisions on the basis of factual deliberation and are not unduly swayed by personal interests. Should our supplier learn of a potential conflict of interest related to our company, it shall immediately inform Phoenix Contact thereof.

4.2 Protection of free competition

Our suppliers conduct themselves fairly in competition and comply with the respective applicable legal provisions protecting free competition.

In particular, they do not conclude any agreements or coordinate their conduct with other companies with the aim or result of preventing, limiting, or falsifying competition in accordance with applicable antitrust law provisions and do not exploit any monopolistic position.

4.3 Anti-corruption

Our suppliers ensure compliance with the respective applicable anti-corruption laws. In particular, they ensure that their management personnel, employees, subcontractors, or representatives do not offer, promise, or provide advantages to employees or representatives of Phoenix Contact with the aim of acquiring an order or other privilege in their business transactions or of taking or refraining from other actions that would violate their obligations toward Phoenix Contact.

Under no circumstance do our suppliers tolerate payment or other remuneration of an individual, a company, or an official with the aim of influencing the decision-making process of the beneficiary or that of a third party.

Likewise, our suppliers do not under any circumstances offer, provide, request, or accept illegal payments, such as bribes, payoffs, kickbacks, or other perks for the realization of transactions or in connection with the business relationship.

4.4 Prevention of money laundering

Our suppliers observe the applicable legal provisions for the prevention of money laundering and comply with their obligations to report.

4.5 Compliance with customs and export control regulations

Our suppliers follow the respective applicable international customs and export control provisions, e.g., export controls and economic sanctions, and warrant the proactive exchange of foreign-trade-relevant information with the goal of a secure supply chain.

4.6 Prevention of financing of armed groups and the use of conflict minerals

Our suppliers work to stop the direct or indirect financing of armed groups. In connection with this, they also observe the applicable legal requirements with regard to “conflict materials” and comply with these accordingly.

4.7 Protection of trade secrets

In cooperation with our customers and business partners, we often obtain insights into confidential know-how, ideas, concepts, and plans. The associated trust is an important foundation of Phoenix Contact’s business. The same applies to Phoenix Contact’s internal information, in particular, new product developments, business ideas, or business documents. The confidential treatment of information is therefore of great importance to us, which is why we also demand the same from our suppliers.

Our suppliers ensure that Phoenix Contact’s confidential information is held confidential, respect Phoenix Contact’s intellectual property rights and those of others, and refrain from the creation or dissemination of plagiarized content. This continues to apply after the discontinuation of business relationships.

5 Data protection and information security

5.1 Application of data protection and data security

Our suppliers are obligated to warrant the right to informational self-determination, the protection of personal data, the security of all business information and personal data in compliance with the legal requirements, and the applicable data protection and information security laws across all business processes.

5.2 Assurance of information security

Electronic data processing systems and the handling of information are unavoidable. Intrusion into such systems or errors therein and the reckless treatment of information can have serious repercussions, such as lost data, theft of personal data, or the violation of copyrights. Phoenix Contact has therefore undertaken suitable measures and enacted rules to protect the confidentiality, integrity, and accessibility of electronically stored and other information.

We expect our suppliers to also ensure the protection of electronically stored and other information through appropriate security measures. In particular, they meet all required measures to prevent the internal or external misuse of sensitive information as well as a threat thereto.

6 Whistleblowing and grievance procedures

Each supplier, its employees or third parties affected by the actions of the supplier is called upon to report any suspected violations or breaches of this Code of Conduct to Phoenix Contact. This can prevent the occurrence of such a violation, or at least limit the repercussions thereof, and prevent similar misconduct in the future.

Reports to Phoenix Contact can be submitted to the contact address found at the end of this document. Phoenix Contact also offers a Whistleblowing system. Those individuals familiar with the grievance procedures are unbiased, independent, not bound to instructions, and obligated to confidentiality.

Our suppliers warrant that they inform their employees and, insofar as possible and as required by individual circumstances, third parties of the option of whistleblowing, with specification of accessibility and contact information. Furthermore, our suppliers ensure that they do not discriminate against or punish whistleblowers on the basis of a grievance but rather take every report seriously and do everything possible to cooperate in the resolution thereof.

If stipulated by national rules, our suppliers establish their own whistleblowing system or join a branch-wide system.

7 Compliance with this Code of Conduct

Our suppliers communicate the contents of this Code of Conduct or comparable guidelines to third parties involved in the fulfillment of the contractual relationship with Phoenix Contact, take the guidelines into consideration when selecting these third parties, and work towards their compliance therewith. Insofar as possible, the supplier includes these or comparable requirements in its agreements with its suppliers.

7.1 Verification

Phoenix Contact reserves the right to verify our suppliers' compliance with this Code of Conduct to a reasonable degree. For this purpose, Phoenix Contact shall come to an agreement with the supplier on the scope, duration, and location. The supplier undertakes to actively support the necessary verification, to grant Phoenix Contact access to operating facilities within the scope of the previously concluded agreements, to make its employees available for interview, and to answer questions and information requests in a timely manner and in the requisite scope.

7.2 Preventative measures

Our suppliers undertake to immediately take all necessary and reasonable measures in case of an imminent violation of the obligations and bans contained in this Code of Conduct to prevent the occurrence of a violation as effectively as possible or at least, if prevention is not reasonable or possible, to minimize the effects as much as possible.

The supplier informs and trains its employees with regard to the meaning of and compliance with the requirements within this Code of Conduct. Furthermore, it facilitates Phoenix Contact's own training of its employees, if and to the extent that Phoenix Contact considers this necessary and appropriate on the basis of ongoing risk analyses.

7.3 Remedial measures

The supplier undertakes to immediately cease detected violations, in particular, those obligations related to human rights or the environment. If this is not possible within the foreseeable future, the supplier shall immediately create a concept with Phoenix Contact for discontinuation or minimization and implement said concept. The concept must contain a fixed timetable. Implemented measures shall be documented and their efficacy verified.

7.4 Consequences of violations

Violation of this Code of Conduct constitutes an interference with the business relationship between Phoenix Contact and the supplier. The supplier must inform Phoenix Contact within a reasonable period of time which internal measures it has taken to prevent future violations.

Further rights notwithstanding, Phoenix Contact reserves the right, in such a case, to demand the establishment of facts and the implementation of countermeasures.

8 Contact addresses and links

Phoenix Contact Group whistleblowing system:
https://www.phoenixcontact.com/en-pc/whistleblowing-system

Your purchasing contact:
gpn-compliance@phoenixcontact.com

Phoenix Contact GmbH & Co. KG
Corporate Purchase – Sustainability & Compliance
Flachsmarktstraße 8
32825 Blomberg, Germany
Phone: +49 5235 3-12000

phoenixcontact.com

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