

Policy statement of the Phoenix Contact Group

in accordance with § 6 GSCA



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

Mission

Our core
technology, networking and automation
solutions contribute
to a world in which sustainable energy is available
for the benefit of everybody.

Culture

Independence

We stand on our own two feet
as an international business.

Innovative and Creative

We use our freedom
as a technology company to sustainably improve
the way we produce and develop our company.

Partnerships of Trust

Our relationships
are based on a mutually shared spirit
of honesty and loyalty.

Our employees
are committed and benefit from their work
in various and lasting ways.

Our corporate culture
encompasses social
and corporate responsibility
for a better world together.



Mit Leidenschaft
für Technologie und Innovation
schaffen wir gemeinsam
eine nachhaltige Welt.

Mission

Lösungen für Elektrifizierung, Vernetzung
und Automatisierung
sind unsere Stärke für eine Welt,
in der regenerative Energie
zum Nutzen aller zur Verfügung steht.

Culture

Unabhängigkeit

Wir blicken immer nur nach vorne
als unabhängiges Familienunternehmen
geschichten.

Innovativ gestaltet

Wir verlassen Innovation
als wesentlichen Bestandteil
in unserem Erfolg,
so wie auch wir unsere Kunden als Unternehmen.

Partnerschaftlich zusammen

Unser Mensch
wird von uns als ein pflichterfülltes
und freundliches Mitglied
geachtet.

Unser Sozialverhalten

Im Rahmen der Geschäftstätigkeit
sind auf freiwilliger Basis soziale
und Umweltverantwortung
für die Mitarbeiter
und die Beziehung
zur Branche von zentraler
Bedeutung.

1 Preamble

Dear colleagues and readers,

Corporate responsibility and sustainability have always been high priorities of the Phoenix Contact Group. For us, human rights are an incontrovertible asset and a central component of our corporate culture as well as the guideline of our daily actions.

In order to give our corporate responsibility even stronger expression in the future, we as the Executive Board of the Phoenix Contact Group 2022 have adopted this policy statement for the first time as part of the preparations for the German Supply Chain Act (GSCA). It transparently presents how the Phoenix Contact Group addresses the issue of human rights and is based on the corresponding requirements of the GSCA as well as relevant international standards. However, this topic is by no means new to Phoenix Contact. Our corporate guidelines, known as the Corporate Principles, have long formed the basis for a corresponding corporate culture and sustainable actions. For some time now, they have been supplemented by the Code of Conduct of the Phoenix Contact Group, which describes the principles of our actions and also includes the topic of human rights. In addition, Phoenix Contact had already joined the Global Compact Principles of the United Nations in 2005.

For Phoenix Contact, it is particularly important to comply with the human rights and environmental concerns of the GSCA in every respect. It is against this background that these concerns have been comprehensively and transparently incorporated at the relevant points in our Code of Conduct. However, our corporate responsibility does not end at our factory gates. In order to work toward compliance with appropriate standards in our supply chain, we will, among other actions, pass on the concerns of the GSCA to suppliers via our own Code of Conduct for Suppliers in the future.

With these and other measures, we are making an indispensable contribution toward fulfilling our corporate responsibility and safeguarding human rights within the Phoenix Contact Group and in our supply chain.

Blomberg, Germany, 2022-12-05

Your Executive Board of the Phoenix Contact Group



Frank Stührenberg



Dirk Görhlitzer



Torsten Janwlecke



Ulrich Leidecker



Dr. Frank Pössel-Dölken



Axel Wachholz



2 Description of the process for fulfilling the duty of care

2.1 Organization

2.1.1 Corporate Compliance Management

To ensure compliance, Corporate Compliance Management was created in 2018 as a separate organizational unit under the Chief Financial Officer (CFO). Corporate Compliance Management sees to anchoring the Compliance Management System of the Phoenix Contact Group worldwide. This includes developing standards and frameworks that are implemented nationally and internationally.

Corporate Compliance Management operates within a defined scope and is supplemented by other decentralized compliance responsibilities. The basic rules and guidelines are laid out in the Corporate Principles and the Code of Conduct of the Phoenix Contact Group and are implemented in all Group companies worldwide. In addition, it includes relevant compliance measures, such as directives and training.

2.1.2 Corporate Purchase

The Corporate Purchase unit coordinates the worldwide purchasing and material standardization activities of the Phoenix Contact Group. Here, the focus is particularly on the Global Purchase Network, in which the Group's most important purchasing locations are linked together. The overwhelming majority of the purchasing volume and procurement market activities of the Phoenix Contact Group are thus bundled in the Global Purchase Network. A shell model describes the depth of integration of the individual locations.

Within Corporate Purchase, Corporate Purchase Governance has the task of ensuring the design, further development, and operation of the commercial and technical processes relevant to purchasing. In particular, these include supplier management, supplier contract management, purchasing control, risk management in the supply chain, the mapping of operational procurement processes, obsolescence management, material release processes, and the creation of an optimal technical material portfolio for the relevant material groups.

2.1.3 Organization of the GSCA

The company's internal implementation of the GSCA is being carried out now and for the foreseeable future within the framework of a project organization commissioned by the Group Executive Board (project sponsor). The project is managed jointly by the Corporate Purchase and Corporate Compliance Management units (officers in the sense of § 4 Para. 3 GSCA). All other relevant corporate areas are also involved in the project, namely Corporate Human Relations, Corporate Quality & Product Compliance, Corporate Facility Management, and Legal and Risk Management.

The following perspectives are taken:

Organizational unit	Perspective
Corporate Compliance Management	Internal perspectives (own business field)
Corporate Purchase	External perspectives (direct and indirect suppliers)
Corporate Human Relations	Human rights
Corporate Facility Management	Facilities and waste
Corporate Quality and Product Compliance	Product compliance

All of the individual human rights and environmental risks of the GSCA are assigned to the latter three specialist areas in terms of content.

2.2 Risk management (§ 4 Para. 1 GSCA)

Phoenix Contact maintains a risk management system for fulfilling the duty of care that covers risks at Phoenix Contact (own business field) as well as in the supply chain. The above-mentioned responsibilities have been defined for this purpose (see Section 3), whereby risk management is anchored in all relevant areas of Phoenix Contact and thus in all relevant business processes. The responsible areas monitor the fulfillment of the duty of care in relation to their respective responsibilities. Risk management is monitored by the persons appointed in accordance with § 4 Para. 3 GSCA.



2.3 Human rights and environmental risk analysis

(§ 5 Para. 1 GSCA)

2.3.1 Internal perspective (own business field)

The human rights risk analysis was carried out for the first time in 2022 and will support Phoenix Contact in the future in managing the measures and activities within the framework of the GSCA in a targeted manner.

Phoenix Contact's human rights risk analysis is based on relevant standards that have already been developed and published as part of the National Action Plan on Business and Human Rights. This includes Research Report 543, "Respect for Human Rights along Global Value Chains – Risks and Opportunities for German Business Sectors"¹ and the "ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights"². The risk analysis is also in line with the corresponding BAFA handout "Identifying, weighting and prioritizing risks"³.

In the first step, the human rights risk analysis was carried out with the participation of all relevant corporate divisions (see above) and in-house technical experts from Phoenix Contact headquarters. In the next step, the analysis will gradually be verified on a risk-level basis by all relevant Group companies in order to achieve a complete picture worldwide.

The method of the analysis is based on a risk matrix (heat map), in which the extent and probability of occurrence of each individual human rights risk and environmental risk is compared on a scale of 1 (very low) to 5 (very high). The evaluation criteria are based on the ICT Sector Guide of the European Commission.⁴ The result is that each individual risk is assigned a priority rating from 1 to 3, where 1 denotes the priority risks.

2.3.2 External perspective (suppliers)

A comprehensive human rights risk analysis was carried out for the first time in 2022 for the external perspective of suppliers, and it will be continued and consolidated in 2023.

Phoenix Contact's external human rights risk analysis will be conducted via an assessment of suppliers based on their inherent risk related to their country and industry as well as via a detailed analysis of the material risks of each company based on suspicious circumstances. The analysis criteria are based on recognized international standards such as the Ten Principles of the UN Global Compact, the conventions of the International Labor Organization (ILO), the standards of the Global Reporting Initiative (GRI), ISO 26000, and the UN Guiding Principles on Business and Human Rights. The external risk analysis is also in line with the corresponding BAFA handout "Identifying, weighting and prioritizing risks"⁵.

¹ adelphi consult GmbH (May 2020): Research Report 543

² European Commission: ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights

³ German Federal Office for Economic Affairs and Export Control (August 2022): Identifying, weighting and prioritizing risks

⁴ European Commission: ICT Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights, p. 46

⁵ German Federal Office for Economic Affairs and Export Control (August 2022): Identifying, weighting and prioritizing risks

2.4 Identified priority risks (§ 6 Para. 2 No. 2 GSCA)

The results of the human rights risk analysis show that Phoenix Contact currently has no human rights risks or environmental risks with a high or very high probability of occurrence in its own business field. As a result, only three priority risks were identified, all of which have a very low probability of occurrence, which is the lowest possible assessment result using the scale explained above. However, due to the scope of the topics and the systematic nature of the human rights risk analysis, they must still be considered a priority. The three risks are related to the prohibition of the worst forms of child labor, forced labor, and slavery.

At this point, it should be explicitly stated that there are no cases in our own business field related to the priority risks, nor are there any corresponding indications. Any minimal residual risks will nevertheless be covered by appropriate measures as part of the rollout.

In the next step, the identified priority risks will be supplemented by the perspective of external suppliers, after completion of the corresponding risk analysis.



2.5 Preventive measures (§ 6 Para. 3 through 5 GSCA)

2.5.1 Code of Conduct of the Phoenix Contact Group



Our common basis is the Code of Conduct of the Phoenix Contact Group. It defines the legal and moral guidelines for our actions and also helps us to apply our values within our everyday operations. We are doing this because it is not just the result of our work that is important to us, but also the way we go about achieving that result.

The Code of Conduct of the Phoenix Contact Group is implemented in all Group companies worldwide and is binding for all employees. It provides the central guidelines for our everyday operations within the company and our external transparency and answers the question of how we are to conduct ourselves in everyday business. Along with legal aspects, it also covers our expectations for integrity and moral conduct. This includes all human rights risks and environmental risks, or prohibitions of the GSCA. In addition, the Code of Conduct refers to this policy statement.



“Adherence to statutory, social, and company-internal obligations is of utmost importance at Phoenix Contact.”

Frank Stührenberg, CEO

2.5.2 Development and implementation of appropriate procurement strategies and purchasing practices (§ 6 Para. 3 No. 2 GSCA)



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 strategy for decades.

Overarching procurement activities are bundled into a lead buyer organization in a multi-country purchasing network, 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 on the one hand, and to implement end-to-end management of supplier relationships on local and global levels on the other.

A multi-country purchasing guideline in which rules (binding requirements, 100% validity) and guidelines (locally definable framework) are defined and documented forms the common framework for action and ensures a uniform presence in global procurement markets as well as consistent implementation of requirements in the supply chain. A commodity-group-specific procurement market strategy, which is developed by the lead buyer organization for the entire Global Purchase Network, supports the implementation of human rights aspects in the supply chain as well as the integration of corresponding requirements in the procurement processes.

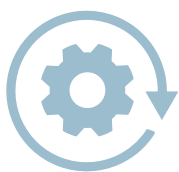
2.5.3 Training (§ 6 Para. 3 No. 3 GSCA)



Communication is an essential component of a proper compliance management system. This also applies to Phoenix Contact's Compliance Management System, which includes a comprehensive risk-oriented and target-group-specific compliance training plan. The following training measures are particularly relevant for the GSCA in this context:

- As part of the onboarding process, in which all new employees throughout Germany go through an orientation, the Code of Conduct is an important component of the compliance module.
- All employees in the relevant target group receive basic compliance training and are also trained on our Code of Conduct.
- As part of the above-mentioned project, introductory training sessions on the GSCA were held for all employees involved in the project from relevant Business Units and headquarters.
- Internationally, there was also a mandatory kickoff and onboarding training for all relevant Group companies, which laid the foundation for international compliance and GSCA organization.
- Implementation of additional training on GSCA will be explored as the project progresses.

2.5.4 Implementation project



The above-mentioned international kickoff and onboarding training represented the starting point for the international project for implementing the GSCA at Phoenix Contact, which involves all relevant Phoenix Contact Group companies. As part of the project, the individual GSCA topics will be addressed in a prioritized manner, based on the previously conducted risk analysis. This initially involves verification that there are no outstanding issues within the corporate Group (i.e., in the own business field) with regard to the priority risks (priority 1). At the same time, all Group companies must draw up a roadmap for working on the remaining issues (priorities 2 and 3), taking into account the priorities, and then work through the issues. Of course, this does not mean that there are acute violations or even concerns in the company with regard to human rights and environmental risks; rather, it is merely a traceable verification. In addition, local compliance managers and contact persons have been appointed for all priority issues. This will be done next for the non-priority issues as well.

2.5.5 Selection and control of suppliers (§ 6 Para. 4 No. 1 and 4 GSCA)



Human rights and environmental aspects are already anchored as requirements in the principles for supplier preselection and are also explicitly included in the supplier qualification and risk assessment as well as in the standard contracts for suppliers.

Phoenix Contact's high standards are continuously maintained through periodic supplier self-disclosures, a review of existing certificates of relevant suppliers, and on-site audits of suppliers' production facilities conducted by our own personnel.

Phoenix Contact established an additional review mechanism in 2022, upon which it began explicitly reviewing its supplier base via an external provider for suppliers' environmental criteria, labor and human rights situation, ethical principles, and implementation of sustainable procurement. The scope of suppliers audited in detail is being successively expanded, and the findings are being taken into account in the supplier management processes and the commodity group strategy.

Furthermore, the supplier base is now being monitored to help make potential risks or violations of suppliers transparent to Phoenix Contact in a timely manner.

2.5.6 Obligation of suppliers (§ 6 Para 4 No. 2 GSCA)



For years now, the most important suppliers of the purchasing network have been bindingly obligated as part of the purchasing contracts to comply with the Code of Conduct of the Phoenix Contact Group. Together with its suppliers, Phoenix Contact is pursuing the goal of not only creating transparency in the value chain on this basis, but also of consistently working in partnership on the issues identified in this process.

With the GSCA, this practice has been further expanded and improved by the creation of a separate Supplier Code of Conduct (SCoC), among other actions. In the future, the Code of Conduct of the Phoenix Contact Group will be replaced by this dedicated Supplier Code of Conduct as part of the supplier commitment, which will also include the specific requirements of the GSCA, among other points. In addition, the relevant standard contracts in the purchasing environment were revised with regard to the requirements of the GSCA.

2.5.7 Waste management



To ensure safe disposal in terms of sustainability and economic consideration, the waste generated at Phoenix Contact is divided into more than 40 categories of waste. The focus is on compliance with the Waste Framework Directive (Directive 2008/98/EC) and national legislation in the respective countries. In addition, transboundary movement and the import of hazardous waste are avoided in accordance with the Basel Convention.

2.5.8 Handling substances of concern (§ 6 Para. 2 No. 3 and Para. 4 No. 1 GSCA)



Phoenix Contact avoids the use of substances of concern as much as possible in the context of product-related environmental protection and thus supports the avoidance of environment-related risks. The Phoenix Contact Environmental Compliance Standard (ECS) ensures that all third parties in a supply relationship with Phoenix Contact follow these requirements. This standard includes bans on substances and restrictions that are generally valid for products or specifically valid for products from the electrical and electronics industry. Product-related restrictions in accordance with the requirements of the Minamata Convention on Mercury and the Stockholm Convention on Persistent Organic Pollutants are also included. The standard must be complied with for all delivery items that remain in Phoenix Contact products. Its implementation supports the procurement of compliant materials and thus the compliant development of global products.

The respective valid Phoenix Contact Environmental Compliance Standard is available on the Phoenix Contact website under “Legal information” or will be provided to the supplier upon request. The standard must be actively confirmed as part of the supplier qualification process. Reference is made to its application in business documents such as material orders and supplier letters. In the event of relevant legal changes, the content of the ECS will be adapted and published on the Internet as a new revision. Production-relevant suppliers of Phoenix Contact will be informed about the changes to the content or will be requested to reconfirm.

2.5.9 Human rights



The human rights aspects of the GSCA are part of the prevention measures mentioned above as well as in other locations. Among other locations, they are incorporated into the Code of Conduct of the Phoenix Contact Group, in the implementation project, and in the supplier obligations. However, these are not the only activities.

As a family-owned company with global operations, Phoenix Contact makes an important contribution in many countries to Goal 8 of the Social Development Goals: decent work and economic growth. In the company, employees can count on fair working conditions, respectful treatment of each other, equal treatment, and the development of all employees.

Furthermore, Phoenix Contact has committed itself with its current goal of sustainability in terms of the ESG criteria (environment, social, governance), which are dedicated to environmental and social concerns and sustainable corporate governance. Activities in of all these areas are currently being rolled out as part of a separate sustainability project in the Group’s 15 largest subsidiaries. They will then gradually be rolled out to all Group companies.

2.6 Corrective actions (§ 7 GSCA)

2.6.1 Internal perspective (own business field)

Potential breaches of the duties of care are taken very seriously at Phoenix Contact. As part of the EU and German activities for the protection of whistleblowers, the whistleblower process of Phoenix Contact is being revised. This includes, but is not limited to, the creation of a directive for processing tips in 2023. This directive will not be limited to the handling of tips received through the whistleblower system, but rather will also apply to potential violations of human rights or environmental obligations within the company's own business field that come to light through other means. Part of the directive will be that appropriate notices are assigned to responsible offices on the basis of individual circumstances and processed as quickly as possible. This ensures structured processing and termination of a domestic violation or, as a rule, termination of a violation abroad.

2.6.2 External perspective (suppliers)

Adequate remedial action will be taken for violations of the duty of care made by direct suppliers identified through risk analysis, the whistleblower process, or other sources. Depending on the nature of the human rights or environmental obligation, appropriate measures are taken as part of the procurement market strategies, supplier and contract management, or other processes in the purchasing environment. Measures introduced are followed up on and checked for their effectiveness. The primary goal of the measures is to terminate a corresponding violation. If this is not possible, a plan for minimization, including a schedule, will be created and implemented.

In cases of extraordinarily serious violations or violations that are not remedied within the allotted time, the measures scale up to a temporary suspension or the termination of the business relationship.

2.7 Complaints procedure (§§ 8, 9 Para. 1 GSCA)

In our business relationships, we rely 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. A whistleblowing system is available to employees, business partners, and third parties in the event of knowledge of damaging conduct or economic and legal risks. Our whistleblower system 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 without disclosing your identity. The system has suitable categories for complaints related to the GSCA.

Our whistleblower system is also publicly available on the Internet on the homepage of Phoenix Contact and all Group companies. This ensures that human rights risks or environmental risks occurring with indirect suppliers, or the violation of human rights or environmental obligations by these suppliers, can also be reported.

2.8 Documentation and reporting obligations (§ 10 GSCA)

Compliance with GSCA duties of care is subject to ongoing documentation. Essential measures of documentation include in particular:

- The transparent publication of the Code of Conduct and the Supplier Code of Conduct of the Phoenix Contact Group on the company's homepage.
- The freely accessible publication of this policy statement on the Phoenix Contact homepage for a period of at least seven years after it has undergone annual review and been updated if necessary.
- The internal documentation of relevant guidelines, such as the standard for human rights risk assessment in the form of Company Standards, which are part of the integrated management system of the Group.
- The internal documentation of other relevant preventive measures, such as the results of the risk assessment, priority risks (including in this policy statement), training, the results of the implementation project, or information surrounding the whistleblower system.
- The internal documentation of preventive and corrective actions taken, from both the internal and external perspectives.
- The (future) freely accessible publication of the GSCA report on the Phoenix Contact homepage for a period of at least seven years.



SMT Assembly Serial 1

PL	Assembly
Program	WPC000010_T01_0
Production	WPC000010_WPC01
Production	WPC000010_WPC01
Production	WPC000010_WPC01



3 Expectations of our employees and suppliers (§ 6 Para. 2 No. 3 GSCA)

The expectations of our employees are clearly set out in the Corporate Principles and our Code of Conduct. They define the legal and moral guidelines for daily actions in all areas of the company and apply to all employees regardless of position or other personal characteristics. The above-mentioned priority risks are addressed in it, and corresponding behaviors or activities are rejected.

The Corporate Principles and the Code of Conduct have an active presence worldwide. In Germany, for example, all new employees are familiarized with the Corporate Principles and the Code of Conduct during onboarding. In addition, these are regularly referred to in compliance training courses, which are currently the subject of a global rollout. Compliance measures are also derived from them.

As described above (see Section 3.6), the expectations placed on our suppliers will be clarified by a Supplier Code of Conduct drawn up specifically for this purpose, which will include the relevant requirements of the GSCA, among other points.



4 Closing remarks

Phoenix Contact is aware of its responsibility to all employees and the supply chain with regard to compliance with human rights and environmental duties of care, among other responsibilities. The implementation of the relevant duties of care in our own business field and our supply chain is an ongoing process that we are continuously developing.

This policy statement, which we will review annually and update as needed, also constitutes part of the continuous development.

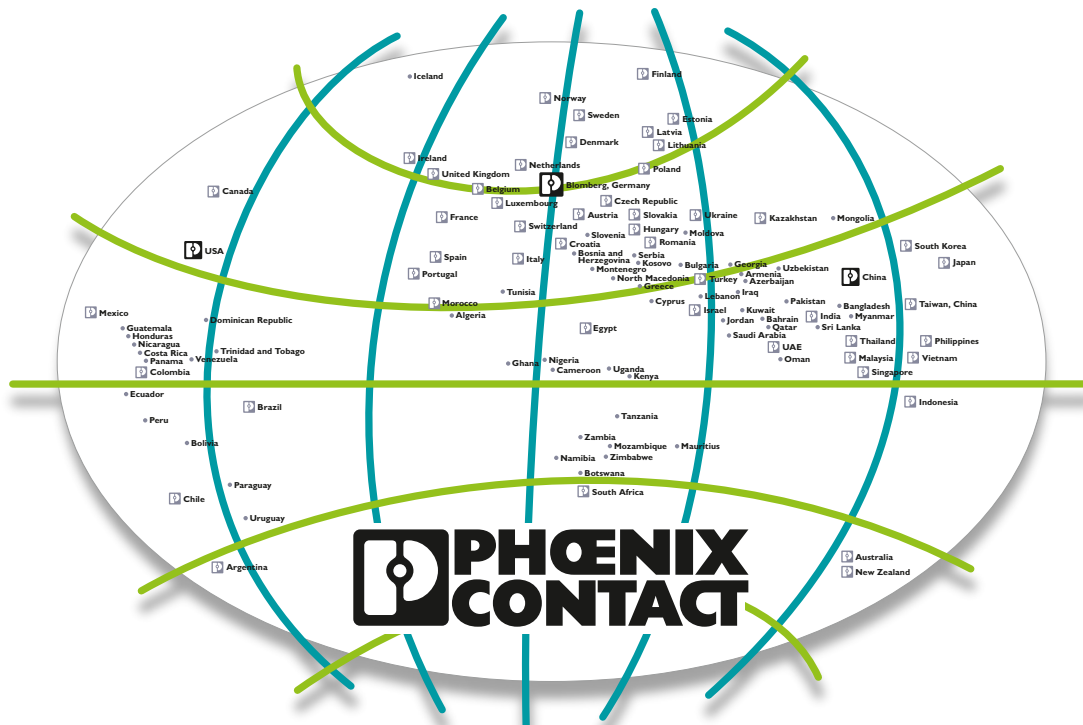
The designated departments are available to you as authorized representatives as contacts for the German Supply Chain Act:

Own business field:

Phoenix Contact GmbH & Co. KG
Corporate Compliance Management
Flachmarktstraße 8
32825 Blomberg

Supplier:

Phoenix Contact GmbH & Co. KG
Corporate Purchase
Flachmarktstraße 8
32825 Blomberg



phoenixcontact.com

