

# **Progress Report**

## **to UN Global Compact Organization**

**2009-12-25**

### **Contents**

- I. Statement by Company's President and Company Profile
  - 1.1 Statement by Company's President
  - 1.2 Company's Profile(omitted)
- II. Implementation of Ten Principles of the Global Compact
  - 2.1 Human Rights
  - 2.2 Employee Rights
  - 2.3 Environmental Protection
  - 2.4 Anti-corruption

- I. Statement by Company's President and Company Profile
  - 1.1 Statement by Company's President

We, staff of Phoenix Contact Asia-Pacific (Nanjing) Co.,Ltd., (Phoenix Contact for short here-in-after) are grateful to UN Global Compact Organization for guiding us in cooperation with a great many units all over the world to protect the global environment and hoist the world-wide universal ethics level.

We had submitted a Report on Progress to the Global Compact

Organization Office last January and asked several times if they have received our report, but to our regret we haven't received any reply from them and we haven't known to date what the matter is.

## 1.2 Company's Profile (omitted)

# II. Implementation of Ten Principles of the Global Compact

## 2.1 Human Rights

- Almost immediately after the terrible great earthquake in Wenchuan, Sichuan province, China, on Mar. 12 last year, our company organized a relief campaign of voluntary donation among employees on Mar. 14. As a result, the relief committee of Nanjing city pronounced that our company topped all enterprises in Jiangning Development Zone, Nanjing, where hundreds of foreign companies or foreign-Sino joint ventures are located, in 3 respects: in terms of a company, in terms of employees as a whole and in terms of individual.

- Though Chinese government has conducted construction work in large scale in Tibet, people, especially children, in remote areas there are still in very poor conditions. In September, 2009 Phoenix Contact determined to subsidize two primary schools in the poorest villages Gangqie and Rigong of Baqing county, Tibet, at 32 degrees north latitude, 94 degrees east longitude, 4700 meters high above

sea level, and send a special 3 person team there to deal with the matter. The pupils gave our team an enthusiastic welcome (see Attach.1). As the most difficult problem for the schools and their pupils is that of the transportation, Phoenix Contact Asia-Pacific Co. decided to purchase a dual-purpose passenger-goods wagon for each of the schools ( see Attach.1) and books for a reading room of theirs, stationery, and exercisers for pupils' playground, the purchase procedure being extremely complicated in the poverty stricken area. What Phoenix Contact did is to help ensure human rights for the poorest pupils in poverty stricken area of Tibet, the rights of pursuing happiness and being educated.

- Phoenix Contact Asia-Pacific (Nanjing) Co. also subsidized more than four hundred of students from poor families in Sichuan, Shandong, Yunnan, Shanxi and Jiangsu provinces, Inner Mongolia, Ningxia, Tibet and Xinjiang Autonomous regions, the information about them coming through various channels, e.g., from Newspaper offices, local representative offices of our company, Tibetan recreation room in Nanjing or directly from the universities in Shanghai, Wuhan, Beijing, Tianjin, Chongqing, Nanjing, etc., which we have connections with. The students from poor families were awarded student grants in cash form annually

- Phoenix Contact contributed to two schools for migrant workers'

children in Nanjing to build a computer lab with more than ten brand new computers and a gym respectively. We also bought books and stationery for other primary schools. Our subsidies did help more than 400 drop-outs return to school in poverty stricken areas in Yunnan, Shanxi and Shandong provinces. In some places our grants were given through the local Red Cross Society with clear indication to help disabled or handicapped pupils.

- Since Mar. of 2009 we have ferreted around for a so-called welfare house (actually enclosed buildings for disabled, handicapped or abandoned children and teenagers) in a nearby county Gaochun (see Attach.2), immediately dispatched more than 40 people in turn to go round the buildings to get to know about their conditions and needs and to inculcate contentment in ourselves in favorable beyond compare circumstances. We hastily bought a lot of machines, including the hydro-extractor, air-conditioner, water-heater, and apparatus for recovering for them to use. In next month we purchased again soya bean milk maker, TV sets, DVD machine with DVDs and books for them to educate themselves. We launched a campaign for our employees to voluntarily donate all kinds of clothes, toys and popular books for the people in woeful predicament.

On June, 1<sup>st</sup>, the Children's Day, some of our employees pooled

money to buy toys for mental development and packaged food for them to celebrate their holiday.

In December our employees donated quilts with cotton wadding for them to keep warm and medical articles for use.

## 2.2 Employee Rights

- We set great store by employee rights, even during the present period of global financial crisis and despite our winter strategy put forward earlier to cope with the crisis , Phoenix Contact Asia-Pacific (Nanjing) Co.,Ltd. adopted with approval of German Phoenix Contact Group the following four “do not” strategy: do not cut down the employees number for economic reason, do not reduce employees’ pay for economic reason, do not stop investment for economic reason and do not change our commitment to customers and market for economic reason.

- Despite the tightening economic situation in China, Phoenix Contact maintains all welfare standards for employees unchanged, including training expenses, expenses of trade union, all kinds of insurance, subsidies for housing, tourism fees and keeping fit fees, etc.

- Recently Phoenix Contact worked out a regulation of urgent aid to those who have temporary economic trouble in need of money, the money being given out as a loan without interest or as a relief

fund according to individual conditions.

### 2.3 Environmental Protection (see Attach.3)

### 2.4 Anti-corruption

- Since the establishment of Phoenix Contact ( then Sino-German Joint Venture called Nanjing Phoenix Contact Co., Ltd.)in 1993, we have laid down our cornerstone, the precept “Honestly running the company”. The company has been repeatedly awarded the honorable title “Enterprise of credibility of rank AAA” ever since by Nanjing municipal taxation bureau.

As well known, the market economy is the only right way to develop rapidly national economy, but at the same time it is inevitably the source of occurrence of all kinds of malpractices, even crimes on the part of firms as well as their employees. So we always keep an eye open for employees ’ behavior, especially during their commercial transactions, even in the case we gave the counterpart a precautionary letter (see Attach.4) beforehand, a few employees still did commit misdemeanors or wrongdoings. The mistakes of most of them were rectified through persuasion and education, in more serious cases, the responsible persons were dismissed from office.

- In order to more radically tackle the problem, Phoenix Contact has introduced cream of traditional Chinese culture into employees

training, to inculcate traditional Chinese ethics, the five cardinal virtues ( benevolence, justice, propriety, wisdom and honesty) in all employees. To date, to some extent the brightest part of traditional Chinese culture is successfully integrated into our corporate culture and it is said to be one of the characteristic features of our company.

- Because of company's achievements, our General Manager was awarded the title "Outstanding Entrepreneur" by Nanjing Economic Commission, Nanjing Trade Union, Nanjing Enterprise Federation etc. in 2007 and the title " Outstanding Young Entrepreneur" by Nanjing Development & Reform Commission, Science & Technology Bureau etc. in 2008 respectively.

Our President was awarded the May-day Labor Medal by National Labor Union in Apr. 2009.

Phoenix Contact Asia-Pacific (Nanjing) Co., Ltd.

2009-12-25