



**Corporate Social Responsibility at PHOENIX CONTACT**

**Communication on Progress 2011**

## **Contact**

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For simplicity reasons, in the following the masculine form is used for persons although both genders are referred to.

## PHOENIX CONTACT GmbH & Co. KG



Headquarters of PHOENIX CONTACT are located in Germany, in the East-Westphalian region. Since its foundation in 1923, the company has developed into a Global Player. Four German production sites as well as five international production sites form the production network of the company. This network ensures market proximity and flexibility with the same production competence everywhere, be it Europe, America or Asia.

All over the world, our business partners find contact persons in their own countries. The international Group includes nearly 50 own sales companies and is condensed by 30 representations in Europe and overseas.

Customers worldwide encounter the same – the power and competence of a global company combined with the dynamics of a medium-sized company.

### Corporate Principles

In 2002, the corporate culture of PHOENIX CONTACT was manifested in the Corporate Principles and since then has been binding for the whole Group – both nationally and internationally. Marked by an orientation towards innovation and fundamental, globally binding ethical values, the Corporate Principles are considered as the basis for a trusting relationship with business partners and employees alike: "Our actions are based on a mutually committed spirit, on friendliness and honesty".

The strategic goal 2020 "PHOENIX CONTACT is the most trusted brand in our industry", developed in 2007, is based on the Corporate Principles. Besides innovative products and solutions, trust and continuity are the existential basis for a long-term and international business success.

The achievement of this goal requires the cooperation of both the management and all employees worldwide, since only a culture of trust built on ethical values and excellent processes strengthen the trust in the PHOENIX CONTACT brand.

## Social Responsibility at PHOENIX CONTACT

Social responsibility – the sustainable management and conservation of resources as well as the social responsibility for employees and the region – has already been enshrined for decades in the corporate philosophy of PHOENIX CONTACT. These values are manifested in the corporate strategy which is binding for the entire Group.



To demonstrate the self-understanding of social responsibility also officially, PHOENIX CONTACT joined the United Nation Global Compact in July 2005.

Furthermore, industry-specific activities on social responsibility are also actively supported. A representative of the company leads the executive working group on "Corporate Social Responsibility" of the Association of Electrical and Electronics Industry (ZVEI), in which the ZVEI Code of Conduct on social responsibility with respect to human rights, labor standards, environmental protection and rejection of corruption and bribery was developed and whose marketing is continuously worked on. PHOENIX CONTACT was one of the first companies to sign ZVEI's Code of Conduct in September 2009.

The principles of United Nation Global Compact as well as the contents of the ZVEI Code of Conduct on social responsibility are integral parts of the corporate policy and the corporate culture.

Though social responsibility is taken rather quietly at PHOENIX CONTACT on the basis of many practical examples and activities, the study titled "Corporate Responsibility in Practice 2010" of the "concern" consulting company in connection with the University of Bayreuth determined a high implementation index for the company (indicators: implementation of company values, satisfaction with the value management, integration of values in the corporate strategy and the knowledge and awareness of company values).

PHOENIX CONTACT, for instance, has been supporting a non-profit company in Bad Driburg for more than 20 years that employs disabled and able-bodied persons, especially with things like manufacturing orders for manual assembly. The integration prize for honoring social commitment, awarded for the first time in 2011, was presented to PHOENIX CONTACT for its many years of social commitment.

In the following chapter we will present other selected **CSR activities** in the fields of ecology, economy, social matters for employees and social matters for the company.

***Prof. Dr. Gunther Olesch: “Sustainable management and the conservation of resources is a mandate of social responsibility for PHOENIX CONTACT – towards employees, business partners and future generations“***

## Ecology

In the corporate policy, environmental protection and sustainable resource conservation have a high priority at PHOENIX CONTACT. In addition to the many years of commitment and constant optimization of our own processes, in 2009 the management declared the global focus to be on “Green Technology – Environmental protection and conservation of resources in products and processes“, which still is valid worldwide.

In the Communication on Progress report 2009 / 2010, national and international “Green Technology“ projects have already been presented which are continuously further developed and optimized at PHOENIX CONTACT in accordance with the demand on sustainable management and conservation of resources.

### Group of Climate Protection Companies



PHOENIX CONTACT was honored as climate protection company for its careful use of resources on 22 July 2011.

Thus, PHOENIX CONTACT is now a member of the group that takes a pioneering role in Germany with regard to climate protection and energy efficiency.

The initiative, funded by the Federal Ministries for Environment and Economy and the DIHK (German Chamber of Industry and Commerce) presently includes only 15 companies of the investment and consumer goods industry up to public utilities and insurances.



Marina Mönikes, PHOENIX CONTACT, Axel Martens, IHK Lippe, Sabine Zinsgraf, DIHK, Herbert Kamionka, PHOENIX CONTACT, Dr. Heinz Wesch, Roland Bent, Prof. Dr. Gunther Olesch, Executive Vice President PHOENIX CONTACT and Berthold Lockstedt, Lippe region (f..l.)

The association of these cross-industry companies of all sizes is committed to climate protection and energy efficiency. They are characterized by:

- Ambitious targets for climate protection and energy efficiency that are regularly analyzed and reviewed,
- Sustainable business models: innovative products and services that contribute to climate protection and
- Outstanding examples of energy-efficient production processes and inter-company processes.

The climate protection companies see the need for reducing the greenhouse gas emissions, support the policy to achieve these targets in Germany by strengthening the competitiveness of the German industry and show responsibility for the basis for the life of future generations. Through their expertise in climate protection and energy efficiency, they are available to politics as discussion partners and know-how carriers. (Homepage: [www.klimaschutz-unternehmen.de](http://www.klimaschutz-unternehmen.de))

### **Member of the LEEN-OWL Network**

Since July 2010, PHOENIX CONTACT has been working in the LEEN-OWL network (LEEN stands for Learning Energy Efficiency Network, OWL for East Westphalia-Lippe) together with other regional companies on the target to save five to six percent of energy in the participating companies over the next three years.

LEEN is one of about 30 pilot networks in Germany where companies join together to learn from the experiences of the others. Financial support for these networks is provided by the general government as well as regional power suppliers in order to have specialists check the individual saving potentials.

### **Green Business Trip**

PHOENIX CONTACT participates in "Bahn-Corporate Umwelt-Plus" (German Railways Environment Plus). The company resigns a part of its corporate discount and in return, the Deutsche Bahn buys a proportion of electricity from environmentally-friendly sources such as solar or wind. The decision to use the environmentally-friendly tariff is part of the corporate responsibility. "We not only want to support green technologies because it is an important market for us, but also because we want to act responsibly with our world. We can say that the business travelers from PHOENIX CONTACT who take the train behave as environmentally friendly as possible".

### **14<sup>th</sup> Phoenix Colloquium 2011**

In addition to in-house activities and networking, for PHOENIX CONTACT public debates and information are also important. Therefore, the company invited employees and the general public to this year's 14<sup>th</sup> PHOENIX CONTACT Colloquium 2011 with the internationally renowned climate expert Professor Mojib Latif on the subject of "Climate change, weather extremes, finite resources: are we burning our climate?" Professor Latif pointed out what we need to change in order to put a stop to the catastrophic developments and explained the complex web of climate changes, population growth and use of resources.





## Economics

Resource conservation and energy efficiency in in-house processes, production sites and buildings play an essential role at PHOENIX CONTACT, but trend-setting are renewable energies, the goal of resource conservation and energy efficiency in the product range.

### Examples From the Product Range



The company, for instance, offers the customers a comprehensive range of components for wind turbines: control systems, power supplies, surge voltage protection or safety technology. Besides the hardware, software libraries are provided for the production management such as rotor adjustment, operating states or torque control.



E-mobility was established as another future market, because it is an essential component of an integrated energy system of the future and decisive for the optimal use of renewable energies. In this segment, PHOENIX CONTACT offers standard-compliant charging connectors for the large e-mobility markets, connection-related solutions for charging infrastructure and charging stations and their intelligent network integration.

With this subject, PHOENIX CONTACT assumes a pioneering role as the company is already using the first e-cars for traffic between the company sites that can be supplied with power at their own charging stations at the Headquarters in Blomberg as well as in the subsidiaries PHOENIX CONTACT Electronics and Phoenix Feinbau. This way, the employees as well have the opportunity to gain first practical experience with e-mobility.



### Sustainability Initiative “Blue Competence“



The issue of sustainability must also be associated with the automation industry, because it is only with the products and solutions of this industry that a targeted measurement, control and directing of energy flows to production, buildings and installations is possible.

For this reason, PHOENIX CONTACT also participates in the sustainability initiative of the VDMA “Blue Competence“ to present the existing know-how and the strengths for a sustainable production and sustainable products in a targeted way. (Homepage: [www.bluecompetence.net](http://www.bluecompetence.net))

## Innovation Alliance “Green Carbody Technologies“



Among others, the Innovation Alliance uses the know-how of the automation industry and aims at an energy-efficient car production with savings of 50%.

The Innovation Alliance was initiated by Volkswagen and Fraunhofer Society with 57 partners, 5 sub-projects and a financial volume of EUR 100 m.

PHOENIX CONTACT is involved in the development of an energy collection system connected to a database, so that the about 200.000 records per second, recorded by 5 control systems, can be evaluated directly. With this detailed consumption measurement the prerequisites are created to analyze the efficiency potentials and switch off systems or system parts in a targeted and efficient way. This is where Profinet comes in with the ProfiEnergy profile of PHOENIX CONTACT, because it ensures that ProfiEnergy-capable components (systems or system parts) are 'deactivated' deliberately and 'activated' again on time.



***Prof. Dr. Gunther Olesch “As a company we have a social responsibility – for our employees and for our region”***

## **Social Matters for Employees**

PHOENIX CONTACT offers its employees a variety of coordinated and innovative human resources tools because with these measures as well the Corporate Mission: “We create progress with innovative and inspiring solutions “ is applicable.



The company received a great feedback for its human resources tools and their interplay in January 2011, because PHOENIX CONTACT was honored by the TOP JOB initiative, under the scientific direction of the University of St. Gallen, for the second time as Germany's best medium-sized employer in the category of "over 500 employees". This is the result both of an employee survey and a report of the Human Resources Management, which were compared and analyzed. In the end, an independent jury awarded the TOP JOB employer 2011 in the category of "over 500 employees".

This great result and the feedback of the employees show that PHOENIX CONTACT is on the right way with its corporate culture and the human resources tools.

## **Health Management**



The health management of PHOENIX CONTACT, which has already been presented in the previous Communication on Progress report, is continuously further developed.

In 2010, the company was honored with the “Human Resources Award 2010“ for its innovative approaches to workplace health management, but in accordance with the Corporate Mission “We create progress with innovative and inspiring solutions“, the offered sporting activities are constantly further developed. In addition to activities in the company's own health center “Actiwell“ – group activities and individual training possibilities – numerous private company sports groups are supported. Since May 2011, additional trigger-point massages are offered for employees on the company premises. Then there are “Relaxation seminars for parents“, offered with organized child care, where parents can learn relaxation exercises.

A new item is the “Shift worker seminar“, because shift work is a burden for the employees, but also unavoidable in many divisions of the company. PHOENIX CONTACT would like to help the employees, especially in the night shift, to get along with it better and to live healthier with it. Therefore, mainly practical exercises are offered and tips for sufficient and, above all, healthy sleep – even if this does not correspond to the normal biorhythm.

An example of private company sports groups, fun runs and private activities is the charity race of the Dutch subsidiary. The idea to organize a bike ride in the Netherlands, comparable to the Vätternrundan in Sweden, developed into a charity event to raise money for a children's cancer organization in addition to the shared experience. Due to the sporty ambition of 21 employees and 9 customers, EUR 10,000 could be donated for the fight against childhood cancer.

## Reconciling Work and Family Life



The human resources tools in the field of “Reconciling Work and Family Life” have been further expanded. In addition to PHOENIX CONTACT places in kindergartens and the Summer School for the children of employees from the 8<sup>th</sup> grade onwards, a holiday care in the local kindergarten was offered for the first time during the summer holidays in 2011. Both parents and children readily accepted the offer and loved it. Due to the large attendance and great feedback PHOENIX CONTACT already initiated the next holiday games for the summer holidays in 2012.

## Training

The training and further training of employees is a very important and central issue at PHOENIX CONTACT. And Training already for more than five decades, which is shown by the following trainee figures: in 2011, worldwide 130 new trainees started their professional life, and since 1957, 2,000 young people completed their training at PHOENIX CONTACT at the sites in Blomberg and Bad Pyrmont; worldwide the total number actually was 2,500. Primarily, technical professions are trained, such as mechatronics, IT specialists, electronics engineers and industrial mechanics, but commercial training is also offered. In addition, PHOENIX CONTACT offers an integrated degree program where young people are trained on the job while studying at the same time, so that they have two degrees in the end.



Also in the field of training, many innovative concepts are implemented such as the “Junior Business Unit” or “Junior Company” – a small company in the large company PHOENIX CONTACT, which was presented in the Communication on Progress report 2009 / 2010.

Two more new concepts were developed to tie young people to the company before a possible training and to raise their enthusiasm for technology:



### **“Get-In-Contact” – Applicant’s Day**

Students showing a particular commitment during their vocational orientation or technology training at the partner schools of PHOENIX CONTACT or at general education schools are invited to the “Get-in-Contact” Applicant’s Day.

During this day, three instructors accompany a group of maximum 9 students on a walking tour that includes some team exercises, math and physics tasks. After a joined lunch and the return to the company, which the students have to organize themselves, a group discussion takes place. In addition to the tasks, students and instructor can get to know each other and clarify questions about the job. The day ends with an individual feedback and recommendations for the young applicants.



### **“Talent Card”**

Besides the many training positions, PHOENIX CONTACT already offers students the possibility to gain a first insight into the world of work and training occupations by means of a student internship. In order to use the enormous potential of 160 interns each year, to promote committed young people from an early stage and to tie them to the company, the

“Talent Card” was introduced.

Normally, a student internship takes three weeks. Here, the young people work in three departments which go in line with their career aspiration. Each department gives individual feedback to the interns which will then be summarized to a qualified internship certificate by the trainees of the junior company. At the end, those who were the best in all three departments will get the “Talent Card” which entitles them to participate in a support program organized by the junior company. This program lasts until the start of the recruitment process at the latest and includes modules such as “trade fair participation”, “self-perception and perception by others”, “team training” as well as the cross-school type technology offers “communication of practice”.

## Social Matters for the Society

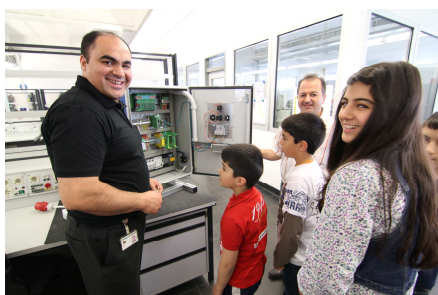
PHOENIX CONTACT takes social responsibility in those regions the company is active. The company has already been involved in a lot of projects, associations and initiatives for many years.

### Initiative für Beschäftigung OWL e. V. (Initiative for Employment)

An example for social commitment in the region is the active role of Prof. Dr. Gunther Olesch as president of the “Initiative für Beschäftigung OWL e.V.” with the target to give impulses for more employment in the region, to promote the East-Westphalia Lippe region as a job market region and thus the employment situation in the region. For this purpose, the initiative develops innovative solutions and concepts, for example on integration or for young people. They offer the possibility to establish additional employment in the region and safeguard existing jobs respectively. In order to test their practical suitability and efficiency, pilot projects are executed. They are scientifically supported, evaluated and the results are published. Then, successful solutions are transferred into the field.

### Responsibility Partner for the Lippe Region

The activities in line with the initiative “Verantwortungspartner für Lippe” were already addressed in the last Communication on Progress reports.



In May 2011, the career information day „Berufen begegnen – Chancen erkennen!“ for young people and their parents with migration background took place at PHOENIX CONTACT. Employees and trainees of PHOENIX CONTACT and other companies as well as contact persons of the Chamber of Industry and Commerce of Lippe in Detmold and additional institutions were available for personal discussions even in Russian, Turkish or other languages at information booths.



The Fabel service (family care Lippe) contributes to the reconciling of family and work life. Employees of companies involved get target-oriented support for family questions. Besides the provision of valuable contacts and support, Fabel is able to also provide consultancy services due to the cooperation with the Lippe district and short-term support thanks to the close network.

## **Children's Hospice Bielefeld-Bethel**

The children's hospice Bielefeld-Bethel is another facility which is willingly supported by PHOENIX CONTACT. Here, seriously ill children and their families have the possibility to spend some relaxing days in the children's hospice so that the illness takes a back seat. There are individual parents and also siblings programs which integrate both the affected child and the whole family.

## **The Promotion of Young People**



The promotion of young people is of particular importance to PHOENIX CONTACT so that the on-the-job training has had a significant value in the company for decades (see section "Social Matters for Employees").

The support and promotion of young people begins much earlier, already in kindergarten: the company supports the project "House of little researches". The local kindergarten received TÜV-certified learning toys which were developed by trainees, so that children get in contact with technology playfully at an early stage.

The commitment of the company is also extended to local schools in which job application trainings or consultancy and qualification programs are executed, jobs are presented or training materials are provided. The example of the cooperation project "Aubicom" with the secondary school in Blomberg was already presented in the last Communication on Progress report.

Furthermore, the regional principals are invited to a yearly conference at the company in order to exchange information on, for example, the job application process and to deepen the contact between schools and the company.