



## **PHOENIX CONTACT Corporate Social Responsibility – Communication on Progress 2007/2008**

### **Content**

1. Information about PHOENIX CONTACT in 2008
2. Corporate Social Responsibility at PHOENIX CONTACT
3. Communication of PHOENIX CONTACT Corporate Social Responsibility
4. Activities
  - a. Employees
  - b. Customers
  - c. Environment
  - d. Corporate Citizenship

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## 1. Information about PHOENIX CONTACT in 2008

PHOENIX CONTACT is a leading developer and manufacturer of industrial electrical and electronic technology. Founded more than 80 years ago in Germany, our diverse product range includes components and system solutions for industrial and device connection, automation, electronic interface and surge protection.

PHOENIX CONTACT is a global company with more than 10,200 employees worldwide. There are more than 40 subsidiaries and sales representatives in another 30 nations. Around the world, our focus on innovation and trusting partnerships with customers creates solutions that benefit all involved.



## 2. Corporate Social Responsibility at PHOENIX CONTACT

In our Corporate Principles – the cardinal guidelines of PHOENIX CONTACT – we focus on independent decision-making ability in form of entrepreneurial independence to guarantee long-term innovations. This target will only be achieved by highly motivated and qualified employees. The most important field of social responsibility for us is to care for present and potential employees. This needs investment in primary, secondary and tertiary education as well as in health programs and in quality of life in those regions where PHOENIX CONTACT makes business. We completed our Corporate Strategy in 2005 by making Corporate Social Responsibility an integrated part of it.

# Corporate Strategy

Within its entrepreneurial responsibilities, Phoenix Contact is committed to **Corporate Compliance** in all of its locations, i.e. committed to adhere to all relevant legal regulations as well as the **Corporate Social Responsibility**: to protect human rights, observe working rules and exclude any discrimination as well as compulsory and child labor. Active care of the health and occupational safety of employees is an integral element of the corporate culture.

### **3. Communication of PHOENIX CONTACT Corporate Social Responsibility**

Klaus Eisert, Managing Partner, presented the PHOENIX CONTACT point of view and his own ideas to “Entrepreneurial Responsibility in economies and societies” to the German Electrical and Electronic Manufacturers' Association (ZVEI) general meeting on September 24, 2008. The recording of his speech has been attached to this CoP-Report.

For Klaus Eisert Corporate Social Responsibility (CSR) is fundamental for the management of a company to care for the employees as well as to encourage society in terms of integrity and sustainability. This responsibility conducts entrepreneurs their whole life, in their profession as well as in their private activities. He esteems voluntariness of CSR very important. In addition he pointed out that CSR demands personal commitment and financial invest.

For Klaus Eisert operational leadership has to be cordially and honest. He focused on safe and modern working places at any time. To reach its targets PHOENIX CONTACT continuously has invested in the development of innovative enlargement of the product program, in tools, machines, buildings and of course in the development of people. Guaranteeing the future and security of employment creates positive atmosphere, team spirit and motivating company culture and it affects the long term commitment of the employees. Development of Corporate Identity from his point of view is a part of social contract.

He mentioned that increasing globalization particularly will enforce the requirements on recruiting and developing good employees. In the view of Klaus Eisert personnel is the most valuable capital of a company. “Soft facts” like working atmosphere, company philosophy, company culture and flair of a company will become more and more “hard facts” because motivated and satisfied employees pass it to customers and business partners as well as to their privacy. Secondary benefits like health care, staff restaurant, congratulations to anniversaries and weddings are very important too. Klaus Eisert underlined the following requirements for achieving success for a company:

1. Long-term sustainability within leadership and organization creates trust of employees and affects a positive internal and external environment.
2. The basics for private owned companies are virtues like authenticity, reliability, truthfulness, humanity, sustainability, politeness, friendliness and relatedness to their homeregion. These basics are congruent with fundamentals of CSR.
3. The priority of sustainable development of a company is in excess of gaining wealth of the economy. This creates mental freedom and provides a solid basis for entrepreneurial behaviour and self-confidence.

These basics have been fixed in the PHOENIX CONTACT Corporate Principles which were recorded by the board and published within the complete PHOENIX CONTACT Group. Trust within global business with different cultures grows cautious. Entrepreneurial behaviour of executives and employees becomes more and more important.

Among responsibility for the company and its employees Klaus Eisert mentioned two more scopes of CSR:

1. Sponsoring to support social, cultural, sportive, confessional and similar objects.
2. Voluntary engagement in inter-trade organisations, in international standardisation committees and civic involvement.

The core message of Klaus Eisert to the audience as well as to the readers of the ZVEI-journal is to be a role model in terms of entrepreneurial and human behaviour according to ethical principles. The topic CSR will become a more and more communicated topic for the top management, but it already ever has been important.



Besides the commitment to the United Nation Global Compact PHOENIX CONTACT is taking part in a working team at the association ZVEI which took the opportunity to develop a “Code of Conduct for Corporate Social Responsibility” for the electrical and electronic industry. This ZVEI-Code of Conduct which already has been published officially includes the principles of the Global Compact in the categories Human Rights, Labour, Environment and Anti-Corruption. Additionally it contains the abidance of general agreements from country-specific laws and it requires integrity, organizational governance and open communication to all stakeholders. The ZVEI-Code of Conduct takes a stand to customer’s interest and voluntary commitment.

#### 4. Corporate Social Responsibility activities

##### a. Employees

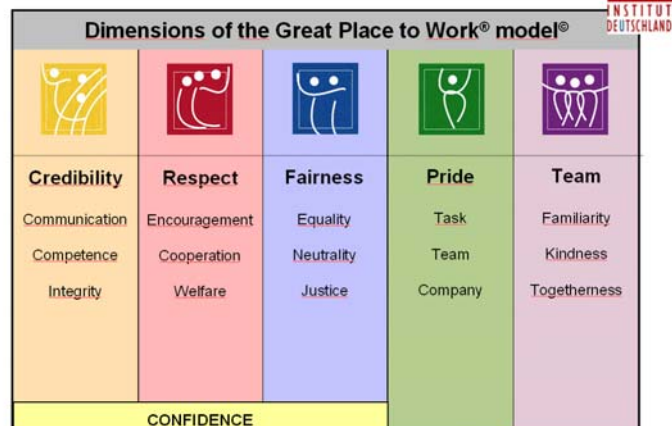
PHOENIX CONTACT focuses trusting partnership towards employees and business partners as a very important basis for sustainability. This has been underlined in the “Corporate Principles” by the value passage “Trusting partnership – Our corporate culture encourages trust and supports employees’ development for achieving agreed targets.” The Corporate Principles of PHOENIX CONTACT have been developed over a long period of time. Employees are verifiably committed to them.



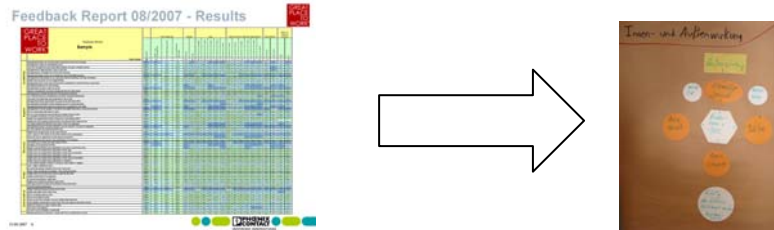
##### Handelsblatt

To obtain a feedback of the employees about leadership, company culture and communication in the company PHOENIX CONTACT decided to participate in a global survey by the Great Place to Work-Institute (GPTW-Institute) regularly. The first survey was accomplished in 2007, the second one in 2009. The survey is intended to recur every second year. The GPTW-Institute is an independent institute which supports companies in creating a company culture based on trust. The survey is globally standardised and ensures neutral evaluation. From results in five categories - credibility, respectfulness, fairness, pride and team spirit - the Trust Index (Confidence) will be derived.

#### Great Place to Work® model®



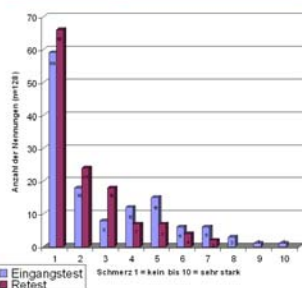
The GPTW-Institute asked 7.500 out of 10.200 PHOENIX CONTACT employees worldwide to give a anonymous feedback to the company. The over all results of the Trust Index and the particular results for each company unit were communicated to all employees. From these results the supervisors together with their employees derived targets and activities to improve. For the next survey in 2009 PHOENIX CONTACT focuses on the improvement process. The TRUST INDEX result in 2009 shall be better than in 2007.



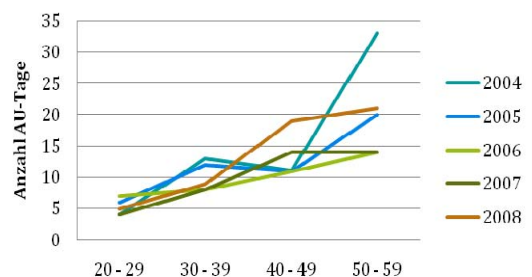
The PHOENIX CONTACT Corporate Strategy requires "innovative personnel systems to develop successful employees. The company owned Health Care Center named Actiwell is part of the innovative HR systems and it cares for health wellness of employees and their families. PHOENIX CONTACT continuously enlarges the program in the Actiwell. At the end of 2009 more than 12 % of the employees at the headquarters and the subsidiary PHOENIX CONTACT Electronics GmbH shall take part in the health care program. The program includes preventive checkups, individual trainings for the musculoskeletal and cardiovascular systems, relaxation as well as courses in regards of nutrition and non-smoking. Results objectively show less incapacitated participants. These participants also were asked in terms of their subjective well-being, which is much better than before being involved. Another part of the health care program is to continuously optimize the work places by designing and furnishing them ergonomically. In addition PHOENIX CONTACT prepares and offers an individual workplace-related training program to the relevant employees.

## Resultate

### Subjektives Schmerzempfinden



### Entwicklung der durchschnittlichen Anzahl AU-Tage Trainierender



PHOENIX CONTACT regards health wellness, training and personell development very important as a basis for continuous employability of current and potential staff. Among long term activities like for instance the annual training program (more than 8000 participants every year), programs to attract girls and women for technical professions and supporting the employability of senior staff PHOENIX CONTACT started a new activity in 2008. Children of employees are invited to a "Summer School" during the vacations period. The program includes English trainings, application trainings and practice technical trainings with focus on electro-technics and metals technology. Employability is basis for the success of the company but is also very important for long-term social wellness in the regions.



## b. Customers

### Corporate Principles



Customers of PHOENIX CONTACT shall rely on the principle "Trusting Partnership – our relationships to customers and business partners are oriented towards a common, sustained benefit". This valuation has always been the basis for our business and it has been officially determined for the Corporate Principles of PHOENIX CONTACT. To evaluate the trusting partnerships PHOENIX CONTACT prepares already to survey customers for a feedback in terms of partnership and cooperation. This survey is intended to realize in 2009. It's results will be mentioned in the next CoP-Report. We want to improve our way of business partnership particularly due to trust and sustainability.

Underlining the business partnership we invite a lot of customers to visit PHOENIX CONTACT and to have a look behind the scenes. Already more than 1.475 customers followed this invitation, particularly during the Hanover Fair week.



To underline the commitment of PHOENIX CONTACT to Corporate Social Responsibility a representative of the company participated in a committee of the German Electrical and Electronic Manufacturers' Association (ZVEI) to realize an industry wide Code of Conduct (CoC). This ZVEI-CoC has been finished and officially published in March 2008. PHOENIX CONTACT took this CoC as a part of a lot of privities of contract. This supports the awareness level and implementation frequency of this CoC in the above mentioned industry. The ZVEI-CoC includes the principles of the Global Compact in the categories Human Rights, Labour, Environment and Anti-Corruption. Additionally it contains the abidance of general agreements from country-specific laws and it requires integrity, organizational governance and open communication to all stakeholders.



### c. Environment

Environmental protection is also integrated part of the PHOENIX CONTACT Corporate Principles. PHOENIX CONTACT has been certified due to ISO 14001. It focuses continuously and sustainable saving of resources and reduction of energy consumption in buildings and technical equipment. An example is the implementation of regenerative energies like Solar-tracking photovoltaic plants and geothermal energy. Another example is the implementation of a Power-heat-cold-system to use primary energy more efficiently. The application of specific energy saving lightning systems has been enforced. Already nearly 20% of the company's energy consumption comes from these regenerative energies.





One more example of the PHOENIX CONTACT commitment to environmental protection was to implement the EU-directive RoHS (**R**estriction of the use of certain **H**azardous **S**ubstances in Electrical and Electronic Equipment) already in 2000. This directive became obligatory not before June 2006. At PHOENIX CONTACT it has been realized for all regularly available products, so that we reached a global standard. Main target for the EU-directive RoHS is the avoidance and reduction of health threat of people and damages of the environment. This target is reached by recycling products which are mentioned in the WEEE (**W**aste **E**lectrical and **E**lectronic **E**quipment). Secondly the recycling processes are organized in a way that no dangerous substances can arise or disappear. The specific Chinese version of the EU-directive RoHS, called CN-RoHS, has been implemented at PHOENIX CONTACT China too. It requires additionally to inform customers about the substances which are mentioned in the EU-directive RoHS.

#### d. Corporate Citizenship



Following the maxim "Who shares and distributes knowledge increases it", the international university network EduNet was established on June 20, 2007, by PHOENIX CONTACT. Besides PHOENIX CONTACT, seven international universities from China, South Africa, Turkey, Belgium, Hungary, Austria and three German universities join the initiative. Another participant is the Fraunhofer Institute, Stuttgart. EduNet serves opportunities to transfer knowledge between the participating universities and PHOENIX CONTACT. Main focus is to run shared laboratories and to simplify and to promote professor exchanges as well as student exchanges. This initiative supports the opportunities for young people to study in different countries and at different universities on a high level. In addition it provides universities and their professors with high quality know how.



PHOENIX CONTACT sponsors the association 'Blomberg Marketing e. V.' on one hand with funds and on the other hand with honorary posts. Main target of this commitment is to develop Work-/Life-Balance at Blomberg. This is important for employees living in Blomberg but it also supports welfare of craftsmen and trademen which means workplaces and welfare of inhabitants. In future Blomberg Marketing e.V. is going to focus on "retail", "promotion of touristic- and cultural affairs" and "corporate feeling, which means taking responsibility and taking honorary posts".





The association 'Bürgerstiftung Zukunft Blomberg', which means 'Community Foundation Future Blomberg' - was established by the local mutual savings bank Stadtparkasse Blomberg and PHOENIX CONTACT in December 2005. PHOENIX CONTACT provides this association with funds and with honorary posts. Main target of this initiative is to implement new educational ideas, to offer vocational orientation and trainings and to come up with know how and future trends for the citizens of Blomberg. They are geared towards all age groups and they shall join people and financial funds to create, to assist and to coordinate best practice projects in all parts of local life. Examples are language trainings for migrants, summer schools for pupils with the focus on application training and English language training and seminars for permanently unemployed people.



The target of the 'Initiative für Beschäftigung IFB', which means 'Initiative for Employment' is to improve the employment situation and to stimulate the labour market situation in the region Ostwestfalen-Lippe (OWL). To reach this target they develop innovative solutions and concepts to protect employment and to provide new employment in the region. Pilot projects with scientific support prove the suitability for practice and efficiency. Successful solutions have been published and transferred within the region. For example the project 'Kompetenzwerkstatt Vielfalt OWL' ('Competence Factory Diversity OWL') supports and integrates qualified people with immigration background to the labour market. PHOENIX CONTACT provides this association with funds and with honorary posts. Prof. Dr. Olesch from the PHOENIX CONTACT board is honorary chairman of this organisation.





Eine Initiative der Bertelsmann Stiftung

PHOENIX CONTACT takes part in another networking of companies which take responsibility for the local area.

This is a German wide initiative of the Bertelsmann Stiftung called „Companies for the region“. They selected 5 pilot areas, one of them is Lippe in Ostwestfalen. Following the maxim 'Verantwortungspartner für Lippe – Bildung – Beruf – Lebensqualität' ('Responsibility partners for Lippe – Education – Profession – Quality of life') together with the local chamber of Commerce and Industry (IHK) they started a network to team companies as well as public authorities and educational institutions. PHOENIX CONTACT took honorary responsibility in the general initiative team of the local region and leads one of the project teams. In the kick off event PHOENIX CONTACT presented together with a secondary school the AUBICOM project as a best practice. This project supports slow learning pupils from secondary schools to become able for an apprenticeship.

