

23

SUSTAINABILITY REPORT

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1 FOREWORD

1.1 Statement by the highest governance body

Alongside the success of our business activities, we have always attached great importance to looking after our employees, caring for the environment and making a positive contribution to society. These principles are all part of a commitment to operating sustainably, in economic, environmental and social terms.

Sustainability is becoming increasingly important for investors, customers, employees and lawmakers. Environmental, social and governance (ESG) regulations in our markets have been expanded in recent years, and this trend is set to continue. In order to meet these growing demands for transparency and due diligence and to make our commitment more visible, we have been publishing an annual sustainability report since 2022. Data collected with reference to the Global Reporting Initiative (GRI) Standards forms the basis for the targeted management of activities in this area.

We want to minimise the negative impact of our operations on the environment. Conversely, we examine the extent to which environmental influences and climate risks affect our operations or could affect them in the future (double materiality). To create transparency in this area, we are reporting for the first time in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The procedure for identifying, managing and measuring our climate change-related risks and opportunities in accordance with this structure is set out in section 3 of this report.

As well as reducing our environmental footprint, we are also focusing on our social commitment. As such, we are working harder to ensure the traceability of our supply chain and compliance with human rights, and not just because of stricter regulatory requirements.

Benedict Goldkamp,
Executive Chairman of the Board of Directors

1.2 Focus on social responsibility

In recent years, the focus has been on environmental issues. These are not becoming less important: on the contrary, decarbonisation remains one of Phoenix Mecano's primary objectives.

In financial year 2023, social issues increasingly came to the fore, not least due to enhanced legal requirements on non-financial reporting, child labour and conflict minerals. Phoenix Mecano's activities and supply chain were examined and additional data and information were collected to determine the status quo. Responsible procurement is a key priority for Phoenix Mecano. Respect for human rights along the entire supply chain is imperative, and is stipulated in the Code of Conduct applying to the Group and its suppliers. Furthermore, suppliers of metals and minerals (tin, tantalum, tungsten and gold) that could originate from conflict-affected and high-risk areas are now subject to greater accountability. Phoenix Mecano obtains information from the relevant suppliers about their refiners and smelters. In the reporting year, a process for collecting, checking and documenting this information was set up and implemented.

1.3 Aim of the sustainability report

The aim of this third sustainability report is once again to take stock of where the Phoenix Mecano Group stands in terms of its impacts on people, the environment and the economy and how these have developed. The report and the collected data underpin the formulation and implementation of a Group-wide sustainability strategy with measures to save energy and reduce greenhouse gas emissions. The report was compiled with reference to the Global Reporting Initiative Standards and is intended to document the progress made in achieving the set goals. The relevant guidelines for identifying material topics and indicators for a sustainability report were consulted as an aid; however, the report does not meet all the corresponding requirements. No external audit was performed.



Dr Rochus Kobler
CEO

Benedikt A. Goldkamp
Executive Chairman of the Board of Directors

2 SUSTAINABILITY AT PHOENIX MECANO

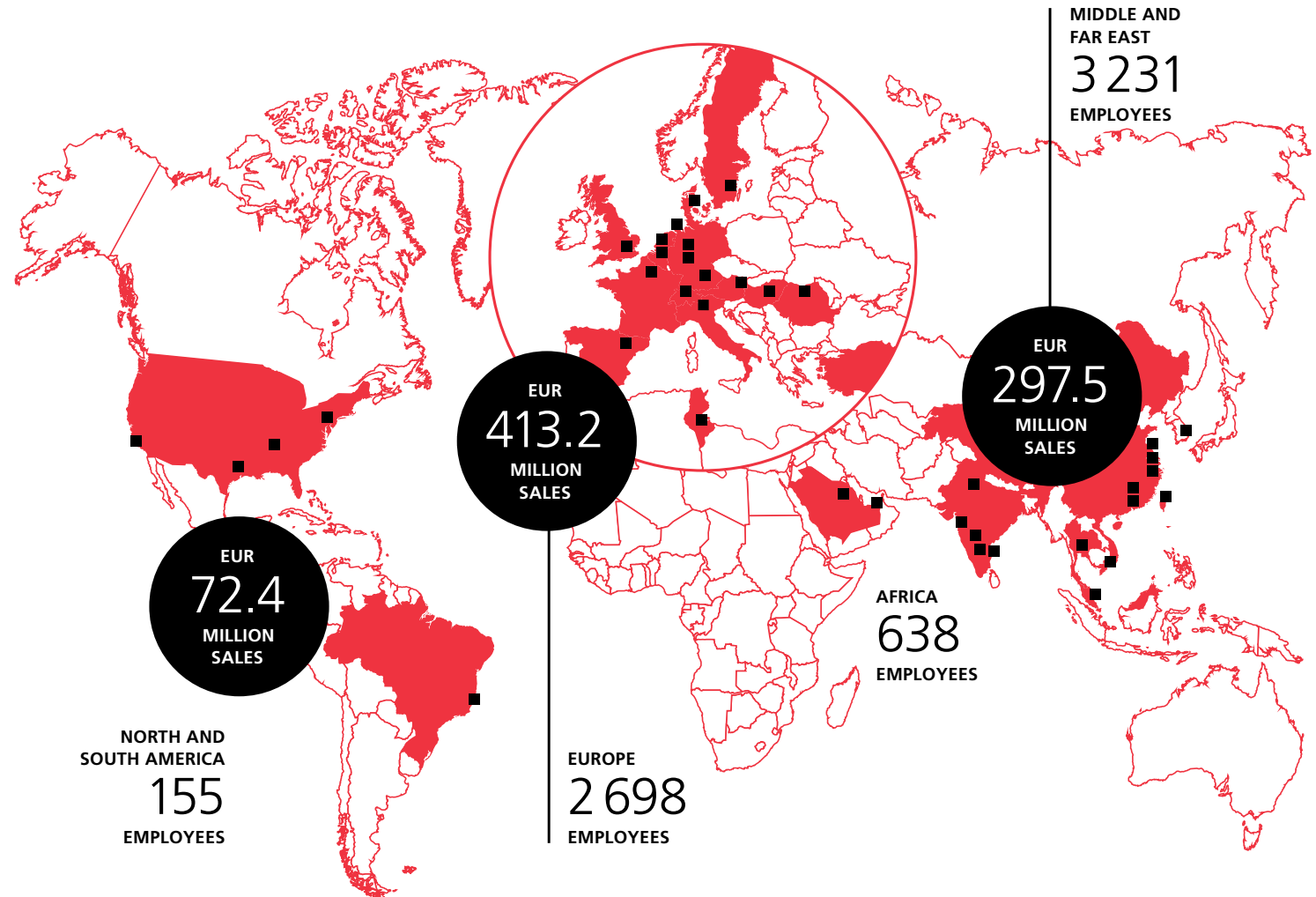
2.1 Global Competence, Local Value

Phoenix Mecano is a global technology company with leading positions in the growth markets of industrial automation, industrial enclosures and drive systems for electrically adjustable comfort and healthcare furniture. Phoenix Mecano's successful business model focuses on the cost-effective manufacture of technical components and their further processing into customised products for niche applications and integration into modular system solutions. Three focused divisions supply a broad customer base in the mechanical engineering, measurement and control technology, medical technology, aerospace, alternative energy, and home and hospital care sectors.

The holding company's headquarters are located in Stein am Rhein, Switzerland. Phoenix Mecano Solutions AG, which distributes the products of Phoenix Mecano subsidiaries in Switzerland, is based at the same location. The Group has a second Swiss base in Kloten, from where Phoenix Mecano Management AG carries out operational management of the entire Group. The structure has always been very lean. Operational responsibility lies with the divisional managers and the managing directors of the individual subsidiaries.

Over time, Phoenix Mecano's subsidiaries have been split into three divisions: DewertOkin Technology Group, Industrial Components and Enclosure Systems. Importantly, however, knowledge is transferred between the divisions, allowing the Group to offer its customers comprehensive solutions. The Group has a strong international presence, operating at a total of 60 locations worldwide.

Many products are manufactured centrally as basic modules. The biggest production locations are Germany, Tunisia, India, Hungary and China. Custom specifications, on the other hand, are undertaken locally where possible, at a global network of finishing plants. International sales companies open up local markets, providing a base to set up production capacities for the customised manufacture and machining of products locally. Local sales companies are therefore crucial to overall success.

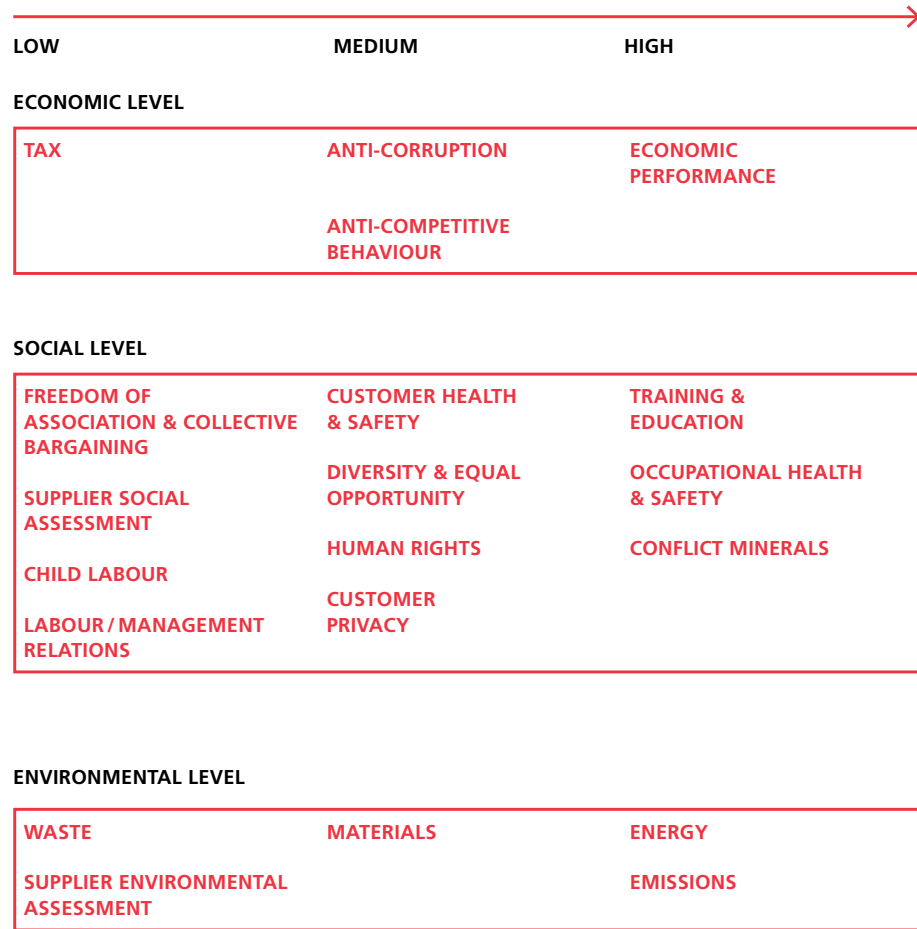


2.2 Responsible corporate governance

Phoenix Mecano publishes a corporate governance report every year within its annual report. This generally follows the structure of the Directive on Corporate Governance (DCG) published by SIX Swiss Exchange.

→ www.phoenix-mecano.com/en/annual-reports/archive

2.3 Sustainability levels
RELEVANCE AND IMPACT



2.4 Stakeholders

Phoenix Mecano is connected to its operating environment in a variety of ways and engages with a wide range of stakeholder groups. Stakeholders are entities or individuals that can reasonably be expected to be significantly affected by the organisation’s activities, products and services or, conversely, that affect those activities, products and services. The main stakeholders are listed below:

- Employees
- Board of Directors and management
- Managing directors of business locations
- Customers
- Suppliers
- Authorities
- Policymakers
- Financial community
- Public
- Local communities/councils
- Media

The Board of Directors and management together determine the corporate and sustainability strategy. A key part of this is the CO₂ strategy launched in 2023. It was developed by the management and reviewed and approved by the Board of Directors. The management is responsible for implementing the strategy and reports to the Board of Directors at least once a year on the progress made in meeting targets. CO₂ ambassadors have been appointed to embed the strategy in the Group’s companies. These ambassadors act as direct local contacts on sustainability issues and drive forward the implementation of measures. Reducing greenhouse gas emissions is already included in the performance targets of managing directors at some production locations. The corporate governance report in the 2023 annual report contains further information about the governance structure.

Since 2022, Phoenix Mecano has published an annual sustainability report with reference to the Global Reporting Initiative Standards. Responsibility for sustainability reporting lies with the communications department. Energy and CO₂ reporting forms part of the sustainability report. Relevant environmental data such as energy and raw material consumption is recorded, enabling climate-related key performance indicators to be monitored.

3 CLIMATE REPORTING (TCFD REPORT)

3.1 Governance

For financial year 2023, Phoenix Mecano is reporting for the first time on climate-related risks and opportunities in accordance with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). This climate reporting shows how Phoenix Mecano identifies and manages risks and opportunities caused by climate change that could have a financial impact on the company. Responsible, far-sighted corporate governance promotes resilience and thus long-term value creation for the business. Phoenix Mecano is aware of this and embraces its responsibility in the area of sustainability.

3.2 Strategy

Phoenix Mecano aims to massively reduce its own greenhouse gas emissions, thereby generating a positive EBIT effect and the greatest possible environmental benefit. The goal is for its own operations (Scope 1+2) to be net zero by 2050 at the latest, achieved by cutting emissions as far as possible. In a first stage, Phoenix Mecano intends to halve CO₂ emissions from its own operations, per unit of sales, by 2030 compared with 2021. To this end, a number of measures have been defined and are being implemented on an ongoing basis. The most important levers include efficiency measures, aimed at reducing the Group’s carbon footprint while also improving productivity.

Another key element are photovoltaic systems generating green electricity for in-house use. Systems with an annual energy output of 6 100 MWh are already in operation, including at major production sites in Jiaxing (China), Kecskemét (Hungary), Sibiu (Romania) and Pune (India). Another 400 MWh is under construction. In 2023, around 3 % of the Group's electricity consumption was covered by self-generated solar power. Replacing machinery with more economical models and upgrading the energy performance of buildings as part of replacement investments will also help to reduce energy consumption and thereby lower CO₂ emissions.

By systematically implementing its CO₂ strategy, Phoenix Mecano aims to minimise the risks and leverage the opportunities associated with climate change. In accordance with the TCFD recommendations, a distinction is made between physical risks and transition risks and opportunities.

Physical risks include short-term acute extreme events such as storms, floods or landslides as well as longer-term chronic, local impacts such as rising average temperatures, sea level rise or increased droughts. Overall, the physical risks (see section 3.3), which relate in particular to production and infrastructure, are categorised as low to moderate.

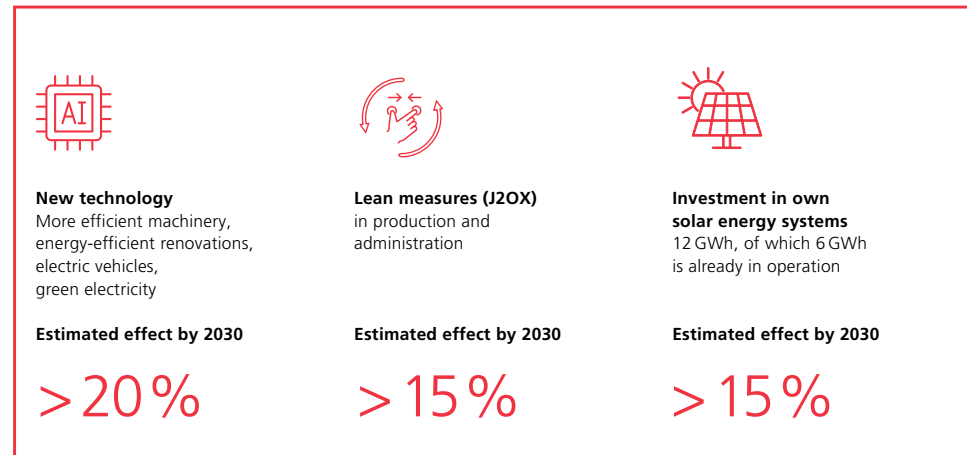
Transition risks and opportunities arise from new laws and stricter regulations, new technologies, social and economic trends and general conditions triggered by climate change.

Overall, the identified trends and changes with regard to energy costs, CO₂ tax and increased reporting requirements harbour low risks. For Phoenix Mecano, there are primarily opportunities, for example the ability to tap into new areas of application in green technology and gain market share.

3.3 Risk management

Phoenix Mecano reviews and assesses material risks and their financial significance. Climate risk management is to be integrated into the existing risk management process. The following table shows the most significant climate-related risks and opportunities that Phoenix Mecano has identified and assessed. This involves mapping how the risks and opportunities could affect business activities and what measures Phoenix Mecano can take.

THREE LEVERS OF THE CO₂ STRATEGY



Packages of measures to implement the CO₂ strategy

Risk type	Risks (R) and opportunities (O) for Phoenix Mecano	Measures
PHYSICAL RISKS		
Acute: extreme events such as storms, floods or landslides	R: Extreme weather events could affect Phoenix Mecano's own production or its supply chain. Having production sites close to sales markets, maintaining proximity to customers and working with regional suppliers means that supply chain risks in particular are limited. No important Phoenix Mecano sites are located in areas directly at risk.	<ul style="list-style-type: none"> - Invest in building infrastructure in locations at increased risk of extreme events. - Keep supply chains short and develop alternative suppliers if necessary. - Continue production strategy and become more flexible at relocating production to alternative locations.
Chronic: longer-term, local impacts of climate change such as rising average temperatures, sea level rise or increased droughts	<p>R: If air conditioning is inadequate, rising outside temperatures lead to higher indoor temperatures and this results in lower labour productivity. Rising average temperatures mean increased energy requirements for cooling production sites and offices. This pushes up operating costs, and additional investment in the insulation and air conditioning of buildings may become necessary.</p> <p>A rise in sea levels would not affect any production sites or offices. Droughts could have a negative impact on the availability of water and lead to higher costs.</p> <p>O: Reduced energy requirements for heating in winter, potentially resulting in lower heating costs.</p>	<ul style="list-style-type: none"> - Make ongoing investments in resource-efficient, energy- and water-saving production.
TRANSITION RISKS AND OPPORTUNITIES		
Regulatory/legal: tougher requirements on energy efficiency and renewable energy use and increased CO ₂ tax on fossil fuels	<p>R: Increased CO₂ tax on fossil fuels means higher operating costs, primarily at European production sites.</p> <p>O: Energy costs fall due to the implementation of optimisation measures and the installation of more solar energy systems. The lower energy costs compared with competitors make Phoenix Mecano's products more competitive.</p>	<ul style="list-style-type: none"> - Continue to implement the comprehensive CO₂ strategy: new technologies (more efficient machinery, energy-efficient renovations, electric vehicles, green electricity), lean management (J2OX) in production and administration, investment in own solar energy systems (12 GWh, 6 GWh of which is already in operation). - Leverage pricing power to pass on energy costs to customers.
Regulatory/legal: stricter regulations on the circular economy, particularly as a result of the EU's Green Deal	R: Because of its wide product range, Phoenix Mecano can only keep pace with developments in the circular economy by accepting additional costs in development and product life cycle management.	<ul style="list-style-type: none"> - Minimise waste in production. - Step up efforts to close internal loops and use production waste as recyclable materials. - When developing new products, examine on a case-by-case basis whether materials with an increased recycled content can be used.
Regulatory/legal: stricter rules on greenhouse gas reporting	R: Identifying the environmental footprint of Phoenix Mecano's products and determining Scope 3 greenhouse gas emissions entails high costs and ties up human resources.	<ul style="list-style-type: none"> - Continuously expand greenhouse gas reporting. - Involve and raise awareness among suppliers.
Technology: new technologies such as energy-efficient machinery and low-carbon or carbon-neutral production processes	<p>R: Procuring new machinery and switching to more carbon-neutral production processes involves higher costs. Early replacement of fossil fuel heating systems requires increased investment in heat pumps.</p> <p>O: Phoenix Mecano can open up new areas of application for its products in the field of green technologies (e.g. explosion-proof enclosures for hydrogen applications).</p>	<ul style="list-style-type: none"> - Renew machinery and infrastructure on an ongoing basis in accordance with its service life. - Invest in the latest technologies. - Monitor the market to spot opportunities for new product applications early on.
Market: changing customer needs and -preferences	<p>R: Phoenix Mecano identifies new customer expectations or trends too late and is unable to meet/respond to them. Competitors get ahead on sustainability.</p> <p>O: Working closely with customers, Phoenix Mecano is able to identify new customer needs and preferences and translate them into promising new products and solutions.</p>	<ul style="list-style-type: none"> - Engage regularly with customers and partners to identify market trends at an early stage. - Step up efforts to innovate in close collaboration with customers. - Invest in energy-efficient and resource-saving technologies and products, and in product quality. - Expand expertise in the area of sustainability.

3.4 Key performance indicators and targets

The calculation of greenhouse gas emissions is divided into three scopes. The first sustainability report focused on Scope 1 and 2 emissions. Direct Scope 1 greenhouse gas (GHG) emissions are emissions occurring directly on site as a result of the energy requirements of the company's own buildings and vehicles.

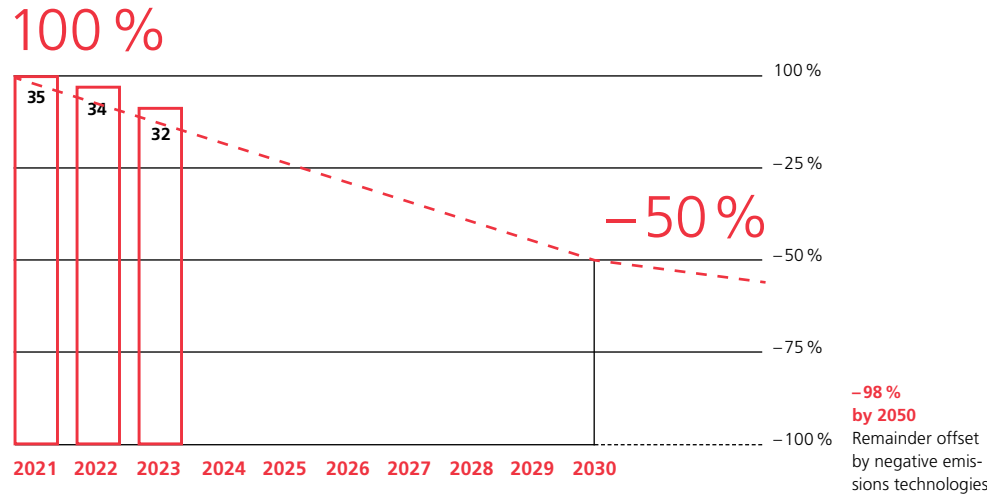
Indirect Scope 2 GHG emissions are emissions from purchased electricity and district heating for the company's own consumption (buildings and electric vehicle fleet).

Scope 1 and 2 emissions were reduced by 7% compared with the previous year, totalling approximately 25 149 t CO₂eq in 2023. This corresponds to around 3 741 kg CO₂eq per full-time equivalent and 0.032 kg CO₂eq per EUR of sales.

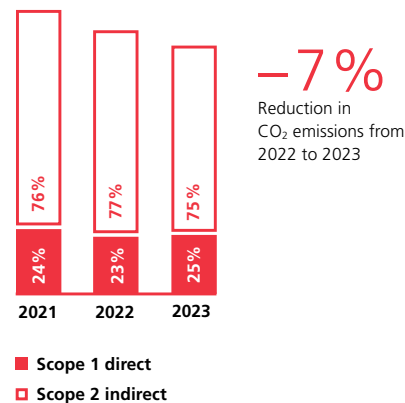
Emissions for selected categories in Scope 3 were calculated for the first time for financial year 2023, namely commuting and purchased raw materials. To calculate commuting emissions, all employees were asked about their journey to and from work. Based on the distance travelled and the mode of transport used, the modal split was determined and the greenhouse gas balance calculated. At around 3 245 t CO₂eq (see section 6.1.3), commuting emissions correspond to around 13% of total Scope 1+2 emissions. Compared with raw materials, commuting is responsible for very few emissions. However, collecting this information is a good way to raise employee awareness.

The production of raw materials generates high levels of emissions and was therefore included in the assessment. The system boundary for raw material emissions is at the production stage. The emissions generated by raw material production were calculated (cradle-to-gate). At 220 700 t CO₂eq, the emissions arising from production of raw materials equate to around 9 times the total emissions in Scope 1+2.

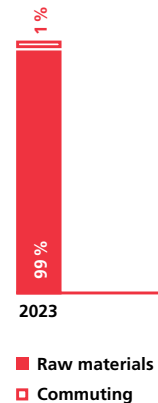
HALVING EMISSIONS BY 2030
t CO₂eq per EUR 1 million sales



CO₂ EMISSIONS
Total in 2023: 25 149 t CO₂eq



INDIRECT EMISSIONS 2023 SCOPE 3



GRI Standard: Emissions

305-1 Direct (Scope 1) GHG emissions

	2023	2022
in t CO ₂ eq		
305-1a Gross direct (Scope 1) GHG emissions	6 290	6 177
Scope 1 emissions – mobility	1 599	2 184
Scope 1 emissions – buildings	4 692	3 993

305-2 Energy indirect (Scope 2) GHG emissions

	2023	2022
in t CO ₂ eq		
305-2a Gross energy indirect (Scope 2) GHG emissions	18 858	20 735
Scope 2 emissions – mobility	42	22
Scope 2 emissions – buildings	18 816	20 713

305-3 Other indirect (Scope 3) GHG emissions

	2023
in t CO ₂ eq	
305-3 Other indirect (Scope 3) GHG emissions	223 926
Scope 3 emissions – raw materials (cradle-to-gate)	220 681
Scope 3 emissions – commuting	3 245

4 ECONOMIC LEVEL

4.1 Economic performance

In financial year 2023, gross sales for the entire Group amounted to EUR 783.1 million. Material and operating expenses totalled EUR 486 million. Around 78 % of value added was spent for the benefit of employees. The creation and distribution of value added is shown in the following tables.

Creation of value added

in EUR thousand	Note	2023	2022
Net sales		775 491	784 442
Own work capitalised and other income		26 918	12 968
Cost of materials		- 382 172	- 392 125
Other operating expenses	A	- 104 022	- 94 748
Depreciation/ amortisation		- 23 240	- 24 328
Other non-operating result	B	531	3 983
Value added		293 506	290 192

Distribution of value added

in %	Note	2023	2022
Employees	C	77.7	79.5
Government (taxes)	D	6.2	6.3
Shareholders	E	6.1	4.8
Lenders (net interest expense)		0.6	0.8
Companies (retained earnings)	F	9.4	8.6
Value added		100.0	100.0

A Excluding capital taxes and other non-profit-related taxes

B Financial result excluding net interest expense plus share of result from associated companies

C Personnel expenses

D Current income tax, capital taxes and other non-profit-related taxes

E Dividends paid in the financial year and share repurchases under the share buy-back programme

F Result of the period less dividends already paid in the financial year and share repurchases under the share buy-back programme

The annual report displays the statement of income and balance sheet and presents the key financials by business area and region.

4.1.1 Tax

Phoenix Mecano assumes social responsibility in the countries in which it operates and, by paying taxes, contributes to the development and maintenance of infrastructure and social cohesion. It is committed to acting in accordance with the laws of the respective countries and to fulfilling its tax obligations with due diligence.

Phoenix Mecano does not pursue comprehensive tax optimisation strategies and does not operate any subsidiaries with the aim of tax avoidance.

Phoenix Mecano claims subsidies and takes advantage of tax breaks within the legal framework in the individual countries in which the Group is active. It maintains an open, cooperative and honest relationship with the relevant tax authorities.

4.1.2 Behaviour and Code of Conduct

In the Code of Conduct (applicable throughout the Group), Phoenix Mecano sets out binding standards and guidelines that must be observed. Areas covered include: compliance with laws and regulations; integrity and fairness in business dealings (no anti-competitive behaviour, no bribes, etc.); and compliance with restrictions imposed on international trade.

Compliance with laws, regulations, norms and standards as well as the Group's Code of Conduct is a top priority for Phoenix Mecano. Nevertheless, violations can never be completely ruled out. It is important that suitable measures are implemented to prevent such breaches in the future.

Legal actions are currently pending against two Phoenix Mecano subsidiaries. One action concerns RK Schmidt Systemtechnik in Germany. Following disputes between a supplier and RK Schmidt Systemtechnik, the latter refused payment and was subsequently sued by the supplier. A settlement is now pending, for which provisions have been recognised. Another action is under way against DewertOkin Technology Group Co. Ltd. in China for an infringement of property rights (utility models). Proceedings are still ongoing.

In 2023, one Phoenix Mecano subsidiary was fined for non-compliance with laws/regulations. Phoenix Mecano Italy had to pay a small fine due to incorrectly calculated social security contributions. Appropriate measures have been implemented to ensure that the legal requirements are complied with in the future.

No complaints were received regarding anti-competitive behaviour or anti-trust and monopoly practices. There were also no complaints concerning breaches of customer privacy or loss of customer data.

5 SOCIAL LEVEL

5.1 Social responsibility

For Phoenix Mecano, social commitment is an integral part of sustainable and responsible business.

5.1.1 Minerals and metals from conflict-affected areas and child labour

The Phoenix Mecano Group embraces its social responsibility, even going a step further than required by law. Phoenix Mecano is subject to the reporting obligation on non-financial matters under Article 964b of the Swiss Code of Obligations. It already implemented these requirements for the 2021 financial year and communicated on non-financial matters in its sustainability report.

In addition to non-financial reporting, the regulation introduces a due diligence and reporting obligation in the areas of “conflict minerals” and “child labour”.

The scope of application includes companies that either

- import minerals (ores and concentrates) or metals containing tin, tantalum, tungsten or gold (3TG) from conflict-affected or high-risk areas or process them in Switzerland, or
- offer products/services – including worldwide – in relation to which there is a reasonable suspicion that they have been manufactured or provided using child labour.

These requirements are based on EU regulations that have been in place for some time.

Phoenix Mecano complies with the legal requirements and is exempt from the due diligence obligations due to the low quantities of 3TG imported and processed in Switzerland. Nevertheless, it requests information on smelters/refiners from its 3TG suppliers worldwide. Suppliers complete the Conflict Minerals Reporting Template provided by the Responsible Minerals Initiative (RMI) and Phoenix Mecano checks whether the smelters are RMI-compliant. This was the case for all reported smelters in the reporting year. In addition, a digital whistleblower system is being set up where suspected cases of “conflict minerals” can be reported.

With regard to child labour, an annual review is carried out to determine whether there is any evidence of child labour in the companies themselves or at their suppliers. No cases of actual or suspected child labour were reported for financial year 2023. Phoenix Mecano is therefore exempt from due diligence obligations regarding child labour.

Phoenix Mecano’s Code of Conduct explicitly requires compliance with human rights. This includes, in particular, the core labour standards of the International Labour Organization (ILO) and the United Nations Conventions on the Rights of the Child and on Human Rights.

A digital whistleblower system is being set up to provide a point of contact for reporting suspicions during the year. At two companies in higher-risk countries (according to UNICEF’s Children’s Rights in the Workplace Index), external audits on child labour were carried out on behalf of customers or as part of a certification process. No cases of child labour or non-compliance with the relevant legal requirements were identified.

5.1.2 Dealings with suppliers and business partners

The Phoenix Mecano Group also assumes its social responsibility when selecting suppliers, with due attention paid to social criteria (observance of human rights etc.). Over 45 % of company locations screened new suppliers using social criteria. Furthermore, around a third of companies issued their suppliers with the Supplier Code of Conduct. This was either signed by the suppliers or else formed part of the general terms and conditions when the contract was concluded. In the reporting year, there were no operations and suppliers considered to have significant risk for incidents of child labour or young workers exposed to hazardous work.

Due to Phoenix Mecano’s international orientation, the Group also operates in countries where workers’ rights to freedom of association or collective bargaining may be violated or at significant risk. Phoenix Mecano helps to improve working conditions by means of collective agreements, the Code of Conduct and supplier screening. It works with operations

and suppliers in countries or geographical areas that have not ratified all eight fundamental ILO Conventions (International Labour Organization: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)). These include Brazil, China, India, Saudi Arabia, Singapore, the United Arab Emirates, the United States and Vietnam.

5.1.3 Responsibility towards other stakeholder groups

The Group supports social projects all over the world, helping to foster development in the regions concerned.

→ www.phoenix-mecano.com/en/sustainability

5.2 Customer focus

The success of the Phoenix Mecano Group is determined by that of its customers. Collaboration, continuous communication and an intensive exchange of constructive ideas are our highest priorities.

Ensuring customer health and safety is a key pillar of a successful customer relationship. Protecting customer privacy has also become increasingly important in recent years, and is becoming more complex as a result of digitalisation.

5.2.1 Customer health and safety

Phoenix Mecano is committed to providing its customers with safe, high-quality products and services, something that is also enshrined in its Code of Conduct. Currently, 24 companies hold the ISO 9001 quality management certificate. This certification allows Phoenix Mecano to document and demonstrate its commitment to quality.

Quality management certificates

Bopla Gehäuse Systeme GmbH	ISO 9001:2015	Germany
DewertOkin GmbH	ISO 9001:2015	Germany
PTR HARTMANN GmbH	ISO 9001:2015	Germany
Kundisch GmbH + Co. KG	ISO 9001:2015	Germany
Mecano Components (Shanghai) Co., Ltd.	ISO 9001:2015	China
Phoenix Mecano Inc.	ISO 9001:2015	USA
Phoenix Mecano (India) Pvt. Ltd.	ISO 9001:2015	India
Phoenix Mecano Kecskemét Kft.	ISO 9001:2015	Hungary
Phoenix Mecano Solutions AG	ISO 9001:2015	Switzerland
Phoenix Mecano Ltd.	ISO 9001:2015	UK
Phoenix Mecano S.E. Asia Pte Ltd.	ISO 9001:2015	Singapore
RK Rose+Krieger GmbH	ISO 9001:2015	Germany
Rose Systemtechnik GmbH	ISO 9001:2015	Germany; Saudi Arabia and Middle East
REDUR GmbH & Co. KG	ISO 9001:2015	Germany
Phoenix Mecano B.V.	ISO 9001:2015	The Netherlands
Phoenix Mecano Srl	ISO 9001:2015	Italy
Phoenix Mecano NV	ISO 9001:2015	Belgium
Phoenix Mecano ELCOM S.à.r.l.	ISO 9001:2015	Tunisia
BEWATEC ConnectedCare GmbH	ISO 9001:2015	Germany
PTR Hartmann (Shaoguan)	ISO 9001:2015	China
DewertOkin Technology Group Co., Ltd.	ISO 9001:2015	China
Phoenix Mecano Plastic S.r.l.	ISO 9001:2015	Romania
PM Special Measuring Systems B.V.	ISO 9001:2015	The Netherlands
Ismet transformátory s.r.o.	ISO 9001:2015	Czech Republic

Companies with quality management certification

Products and services must be engineered and manufactured in such a way that they pose no threat to life, limb or property. Products comply with the specifications for regulated substances and product contents and all relevant laws in the relevant markets prohibiting or restricting the use, contents and handling of certain substances.

In the reporting period, there were no incidents of non-compliance with regulations and/or voluntary codes with a negative impact on customer health and safety due to Phoenix Mecano products or services.

5.2.2 Customer privacy

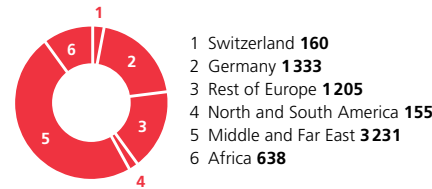
Phoenix Mecano only collects, uses or transmits personal data in accordance with applicable law. No substantiated complaints were received from outside parties or regulatory bodies during the reporting period. No incidents of data loss were detected in 2023. Safeguards are implemented at various levels to prevent data loss.

5.3 Phoenix Mecano as an employer

Phoenix Mecano’s corporate culture is characterised by a simple, decentralised and functional organisation and a high degree of personal responsibility. In this way, Phoenix Mecano encourages each individual to make the most of their potential and contribute to the company’s success. The aim is to offer employees a fair and safe working environment.

In 2023, 6 722 staff (measured in full-time equivalents (FTEs)) were employed Group-wide as at 31 December 2023. The following graphs illustrate the breakdown of employees by region and the Phoenix Mecano Group’s expansion in the Middle and Far East in recent years.

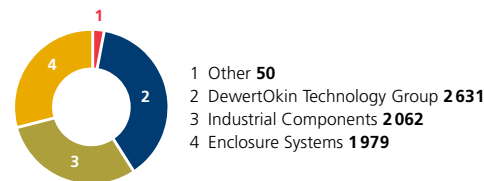
NUMBER OF EMPLOYEES BY REGION



Development of number of employees by region

	2023	2019	2015
Europe	2 698	3 022	3 180
North and South America	155	266	245
Middle and Far East	3 231	2 738	1 398
Africa	638	1 038	1 073
Australia	0	16	15
Total	6 722	7 080	5 911

NUMBER OF EMPLOYEES BY DIVISION



Around 2 600 employees (FTEs) are covered by collective bargaining agreements, which is more than 40 % of all Phoenix Mecano Group staff. Of those employees not covered by a collective agreement, over half have a contract with terms and conditions of employment based on collective agreements.

Half of companies have a defined minimum notice period for informing their employees about the implementation of significant operational changes. This period is around 3–4 weeks on average and is stipulated in collective agreements at 50 % of the companies covered by such agreements.

5.3.1 Diversity and equal opportunity

Diversity and equal opportunity are key principles for Phoenix Mecano and are also included in its Code of Conduct.

The dignity of every single individual is to be respected. No discrimination based on race, ethnic origin, gender, religion or beliefs, disability, age, sexual identity or any other reason is tolerated. The rights of every individual must be respected.

The proportion of female employees (including management) was 40 % in 2023. In governance bodies, the proportion of female executives at management level was 39 %.

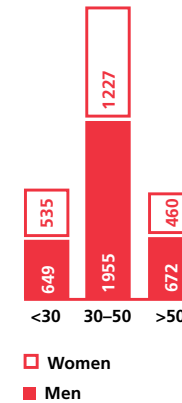
NUMBER OF EMPLOYEES BY GENDER



The diversity charts below illustrate the composition of employees and management by age category and gender.

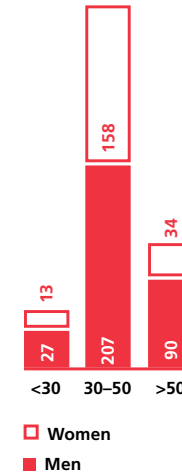
DIVERSITY OF EMPLOYEES

Number of persons



DIVERSITY OF MANAGEMENT

Number of persons



5.3.2 Training and education

Phoenix Mecano is committed to vocational training, offering training opportunities to 158 apprentices and interns. Continuing training helps to maintain a high quality of work as well as prevent accidents. The average number of training hours per FTE in 2023 was approximately six. Around two thirds of companies have programmes and measures to specifically upgrade employee skills. Some companies also have programmes and measures to facilitate continued employability and support career endings due to retirement or termination of employment.

Employees attend external and internal courses as required, with new production employees in particular receiving internal training.

5.3.3 Occupational health and safety

Phoenix Mecano promotes occupational health and safety in order to prevent accidents and injuries and help keep workers healthy. To this end, workers are encouraged to comply with the general regulations and safety rules and to look after themselves and their colleagues.

In this area too, the personal responsibility of workers has an important role to play. Inadequate safety standards, dangerous working conditions and violations of occupational health and safety regulations must be reported so that preventive measures can be taken.

Half of companies have implemented an occupational health and safety management system, and around 80 % of companies have processes in place to identify work-related hazards and assess risks. Quality assurance, the competency of the persons responsible and the associated improvement process differ from place to place:

- Certification body for occupational safety monitors and checks occupational safety management for compliance with ISO 9001
- Internal prevention advisor or work environment committee group carries out regular checks based on supplier information and safety data sheets

- Occupational safety documentation is compiled and internal worker training conducted
- Checklists for activity-related risk assessment are introduced
- External inspections are carried out by third parties
- Risk analysis serves as a basis for safety instructions and training provision

More than half of companies have implemented processes for reporting work-related hazards and hazardous situations for workers. Around two thirds of companies provide occupational health and safety training.

The reduction in injury rates and low level of occupational accidents in 2023 shows that prevention efforts are paying off. Worldwide, 12 serious occupational accidents and 53 work-related injuries were recorded. The accident rate was therefore 0.2, compared with zero the previous year, while the injury rate halved to 0.94 (rates calculated on the basis of 200 000 working hours). Most accidents and injuries involved cuts, burns, fractures, falls and bruising. The highest risk came from falls and bruising. There were no fatalities due to occupational accidents in the reporting year.

Analysis of accident reports as well as hazard assessment inspections and audits enable risks to be identified on an ongoing basis. The following measures are implemented to minimise the risk of occupational accidents and injuries:

- Compliance with occupational safety laws and regulations
- Training and active communication on occupational health and safety
- Installation of safety guards for machine work
- Regular safety checks by specialist staff
- Implementation of safety protocols

Efforts are also made to minimise work-related ill health. 24 cases of work-related ill health were recorded in the reporting period, 18 more than in the previous year. These were due to burnout, noise exposure, inhalation of fumes and physical pain.

Analysis of illness reports as well as inspections and workplace checks enable risks of occupational ill health to be identified on an ongoing basis. The following measures are implemented to minimise such risks:

- Protective equipment (ear protection, helmets, gloves, goggles, etc.)
- Safety training and instruction for workers
- Upgrading of ventilation systems (for fumes)
- Regular health screening for staff
- Increased training in risk identification

6 ENVIRONMENTAL LEVEL

6.1 Energy and emissions

Like any business, Phoenix Mecano needs energy to heat and operate its office and production buildings and for its fleet of vehicles. These activities generate greenhouse gas emissions. The environmental and climate impacts can be positively influenced by cutting energy consumption and increasing the proportion of renewable energy used for electricity, heating and mobility. Due to the threat of power shortages and the uncertain supply situation for natural gas, companies, especially those in Europe, have introduced a range of efficiency measures that also entail a reduction in energy consumption and greenhouse gas emissions.

6.1.1 Energy consumption

Final energy consumption was around 67 103 MWh in 2023. Energy consumption includes all electricity consumption as well as heating consumption for buildings owned by Phoenix Mecano and the energy consumption of the company fleet (around 6 043 MWh). This corresponds to 10 MWh per FTE and 0.086 kWh per EUR of sales.

Phoenix Mecano implements energy efficiency measures on an ongoing basis, partly as a strategic objective under the Journey to Operational Excellence (J2OX) programme, aimed at the continuous optimisation of processes and systems, and partly at the level of infrastructure such as replacing light sources with LED lighting.

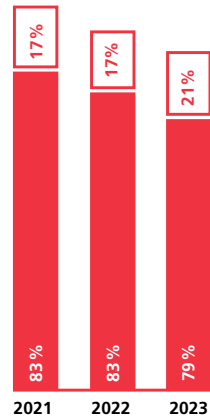
Renewable energy as a share of total consumption within the organisation was 4 percentage points higher than the previous year, at 21 %. Among other things, this was due to the greater proportion of renewable electricity and the increase in electric vehicles in the company fleet. As yet, not all locations have detailed information on the composition of their electricity mix. In these cases, the national energy mix was used as a reference, with shares of renewable energy varying from one country to another.

Most of the buildings owned by Phoenix Mecano are heated with fossil fuels (gas). Similarly, the company-owned fleet consists mainly of internal combustion vehicles. Electrification of the vehicle fleet is being driven forward on an ongoing basis.

Photovoltaic systems with an annual energy output of 6 100 MWh are already in operation, including at major production sites in Jiaxing (China), Kecskemét (Hungary), Sibiu (Romania) and Pune (India). Another 400 MWh is under construction.

ENERGY CONSUMPTION

Total in 2023: 67 103 MWh



-5%
Reduction in energy consumption from 2022 to 2023

- Renewable energy consumption
- Non-renewable energy consumption

Final energy consumption by energy source in 2023

MWh/a	Non-renewable energy consumption	Renewable energy consumption
Electricity	25 165	13 766
Heating oil	941	
Natural gas	15 759	
Petrol	2 261	
Diesel	7 443	
Hydrogen	14	
Propane/LPG	1 267	
Total	52 836	13 766

302-1 Energy consumption within the organisation

Energy [MWh]	2023	2022
302-1a Total fuel consumption within the organisation from non-renewable sources	27 671	26 935
Mobility	6 043	8 270
Buildings	21 629	18 665
302-1b Total fuel consumption within the organisation from renewable sources	501	2 513
302-1c Total consumption	38 931	41 307
Purchased electricity consumption	37 689	40 831
Own electricity consumption from generating facility	1 242	476
302-1d Total energy sold	238	171
Electricity sold	238	171

Energy [MWh]	2023	2022
302-1e Total energy consumption within the organisation	67 103	70 925
Energy consumption from renewable sources	13 766	12 209
Energy consumption from non-renewable sources	53 337	58 716

302-2 Energy consumption outside of the organisation

Energy [MWh]	2023	2022
302-2a Energy consumption outside of the organisation (full data not yet collected for all companies)	1 027	1 609
Heating energy consumption	1 027	1 609

6.1.2 Greenhouse gas emissions

The calculation of greenhouse gas emissions is divided into three scopes. The first sustainability reports focused on Scope 1 and 2 emissions. Direct Scope 1 greenhouse gas (GHG) emissions are emissions occurring directly on site as a result of the energy requirements of the company's own buildings and vehicles.

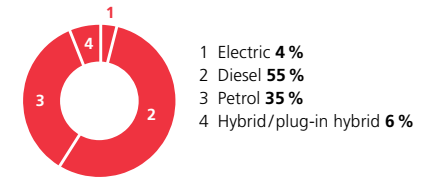
Indirect Scope 2 GHG emissions are emissions from purchased electricity and district heating for the company's own consumption (buildings and electric vehicle fleet).

Two categories of Scope 3 emissions were calculated for the first time for financial year 2023 (see section 3.4). Scope 3 emissions include, for example, energy-related emissions in the upstream and downstream value chain, emissions from commuting, and emissions from purchased goods and services. The greenhouse gas balance, targets and strategy are explained in the climate report (see section 3).

6.1.3 Mobility

The distance travelled for work-related mobility decreased slightly compared with the previous year. In 2023, employees drove around 8 785 520 km in company-owned vehicles for business purposes. This corresponds to 1 307 km per FTE. There was a change in the modal split, with the proportion of distance travelled in electric or hybrid vehicles increasing and that in fossil fuel vehicles decreasing slightly. There was also a shift from diesel to more petrol.

SHARE OF DISTANCE DRIVEN IN COMPANY VEHICLES BY FUEL TYPE

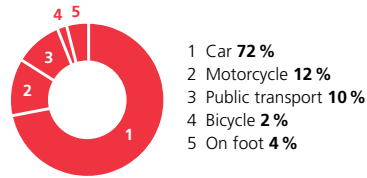


Emissions (see section 3.4) from the company fleet (Scope 1 and 2) in 2023 amounted to 1 625 tonnes of CO₂ equivalent, a reduction of 26 % compared with 2022. Forklift emissions are included in this value. This equates to emissions of 244 kg CO₂eq per FTE.

Commuter mobility was surveyed for the first time in 2023, with employees asked about their journey to and from work, specifically the distance travelled as well as the mode of transport used in order to determine the modal split. The total commuting distance was 23 531 077 km. Over 70 % of the distance was travelled by car, with just 3 % of that by carpool and only 4 % in electric or hybrid vehicles.

Commuting emissions (Scope 3) totalled 3245t CO₂eq, twice as high as those from work-related mobility. This was equivalent to emissions of 483 kg CO₂eq per FTE.

COMMUTING BY MOBILITY TYPE



6.2 Resources

Phoenix Mecano uses a variety of resources to manufacture its products, in the form of energy, water and raw, auxiliary and packaging materials. There are legal provisions covering all of these areas, and compliance with these is regularly checked. Phoenix Mecano strives to use natural resources carefully and to minimise the impact on the environment. Relevant environmental standards and regulations are adhered to, including restrictions or bans on the use of certain materials. Nine companies currently have ISO 14001 environmental management certification. Environmental aspects are also taken into account in dealings with suppliers. Around 40 % of company locations screened new suppliers using environmental criteria. Furthermore, compliance with environmental standards is required by the Code of Conduct (see 4.1.1).

Companies with environmental management certification

Bopla Gehäuse Systeme GmbH	ISO 14001:2015	Germany
DewertOkin GmbH	ISO 14001:2015	Germany
PTR HARTMANN GmbH	ISO 14001:2015	Germany
Phoenix Mecano Kecskemét Kft.	ISO 14001:2015	Hungary

Companies with environmental management certification

Phoenix Mecano (India) Pvt. Ltd.	ISO 14001:2015	India
Kundisch GmbH+ Co. KG	ISO 14001:2015	Germany
RK Rose + Krieger GmbH	ISO 14001:2015	Germany
REDUR GmbH & Co. KG	ISO 14001:2015	Germany
ROSE Systemtechnik GmbH	ISO 14001:2015	Germany

6.2.1 Water

Water consumption in 2023 was approximately 141 000 m³. The water is mainly used for sanitary facilities and also as process water at production locations.

WATER CONSUMPTION



■ Total water consumption at all locations in m³/a

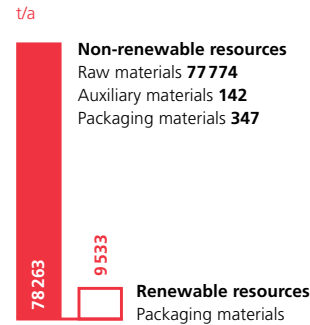
When water is used in production processes, it is very important that the resulting wastewater is thoroughly treated. With this in mind, Phoenix Mecano Kecskemét (Hungary) installed and commissioned a large wastewater treatment system in the reporting year. This means that the rinse water from chemical processes no longer has to be disposed of at great expense. After passing through the system, it is so clean that it can be discharged safely into the public sewage system. The system treated 474 000 litres of wastewater last year.

6.2.2 Materials

A range of materials are used, especially in production. The raw materials used consist mainly of steel and aluminium. Semi-manufactured goods/parts were not surveyed in the reporting period. The supply chain for 3TG (gold, tin, tantalum and tungsten – of which Phoenix Mecano only procures gold and tin) is being monitored more closely (see section 5.1.1). The production of purchased raw materials generates a high level of greenhouse gas emissions. These were calculated for the first time for financial year 2023 (see section 3.4).

Packaging material accounts for around 10 % of materials used. Fortunately, the majority of materials used for packaging are made from renewable resources.

MATERIALS USED



Materials used were up slightly compared with the previous year. This was due to higher production volumes in the 2023 reporting year. More components were manufactured, meaning that more raw materials were purchased. Material consumption by the Phoenix Mecano Group is heavily influenced by the business of its largest division, DewertOkin Technology Group, which is a high-volume manufacturer.

DEVELOPMENT OF MATERIALS USED

Based on materials purchased



□ Renewable resources
■ Non-renewable resources

GRI Standard: Materials

301-1 Materials used by weight or volume

	2023	2022
Weight [t]		
Total weight of raw materials used to produce primary products and services	77 755.5	62 452.1
– Aluminium	5 785.3	7 320.8
– Copper	936.7	1 052.1
– Steel	64 027.0	47 019.7
– Plastic	7 006.3	6 921.5
– Other raw materials	not surveyed	137.9

	2023	2022
Weight [t]		
Total weight of raw materials and semi-manufactured goods / parts of materials with conflict minerals declaration used to produce primary products and services		
– Gold	0.02	0.0
– Tin	18.99	15.7
– Tantalum	0.0	0.0
– Tungsten	0.0	0.0
Total weight of process materials used to produce primary products and services	141.6	320.7
– Oil and lubricants	91.6	51.9
– Coolants	50.1	51.0
– Other process materials	not surveyed	217.7
Total weight of packaging materials used for primary products and services	9880.7	8179.6
– Paper	367.8	221.6
– Cardboard	3263.1	4234.8
– Wood	5902.5	3560.8
– Plastic	347.3	162.1
301-1a Total weight of materials used to produce and package primary products and services	87777.8	70952.4
i. non-renewable materials used	78244.4	62935.2
ii. renewable materials used	9533.4	8017.2

6.2.3 Waste

Half of sites have a waste reduction strategy. For example, Phoenix Mecano Solutions AG in Stein am Rhein has developed a system to completely recycle and properly dispose of the waste generated in production. All materials that can be recycled are sorted accordingly.

PTR HARTMANN also operates recycling programmes, covering not only the materials generated in its own production processes but also used and returned test probes from customers.

7 METHODOLOGICAL ANNEX

A sustainability report discloses information about a company's economic, environmental and social impacts as well as its management approach. The Global Reporting Initiative (GRI) is an internationally recognised set of guidelines for identifying and defining material topics and indicators for sustainability reporting.

Phoenix Mecano's third sustainability report was prepared with reference to GRI guidelines for the financial year from 1 January to 31 December 2023. The sustainability report covers most of the companies in the Phoenix Mecano Group. Companies that were dissolved during the reporting period and companies with no employees are not included in the report.

This report was compiled with reference to the GRI Standards, update 2021. The GRI content index enables quick access to the individual topics. The report is updated annually. No external audit was performed. The sustainability report was reviewed and approved by the Board of Directors.

7.1 Procedure for defining report content

A working group was established to prepare the sustainability report and ensure that sustainability issues are firmly embedded within the Group. The working group consists of representatives from management, finance and communications.

Before determining the material topics for the report content, the working group identified the stakeholders. The stakeholders themselves were not directly involved in this report. In order to take stakeholders' interests into account, the topics and Phoenix Mecano's economic, social and environmental impacts were also assessed from a stakeholder perspective.

7.2 Materiality analysis

All GRI Standards were taken into account for the materiality analysis. To ensure the completeness of the sustainability report, each topic was examined to determine whether it had impacts within and/or outside of the organisation.

The materiality assessment is based on a points system, whereby the sustainability working group assessed the extent of the economic, environmental and social impacts of Phoenix Mecano's activities. Those aspects where Phoenix Mecano has a medium or high impact are included in the report content. Some aspects were included in the reporting despite having a low impact. This is because they were classified as important either by Phoenix Mecano itself or from a stakeholder perspective.

At least one indicator was reported for each standard. Whenever possible and where all the relevant data was available, all companies in the Phoenix Mecano Group were included. If a different reporting boundary was chosen for a topic, this is duly noted in the GRI index.

IMPACT AND RELEVANCE



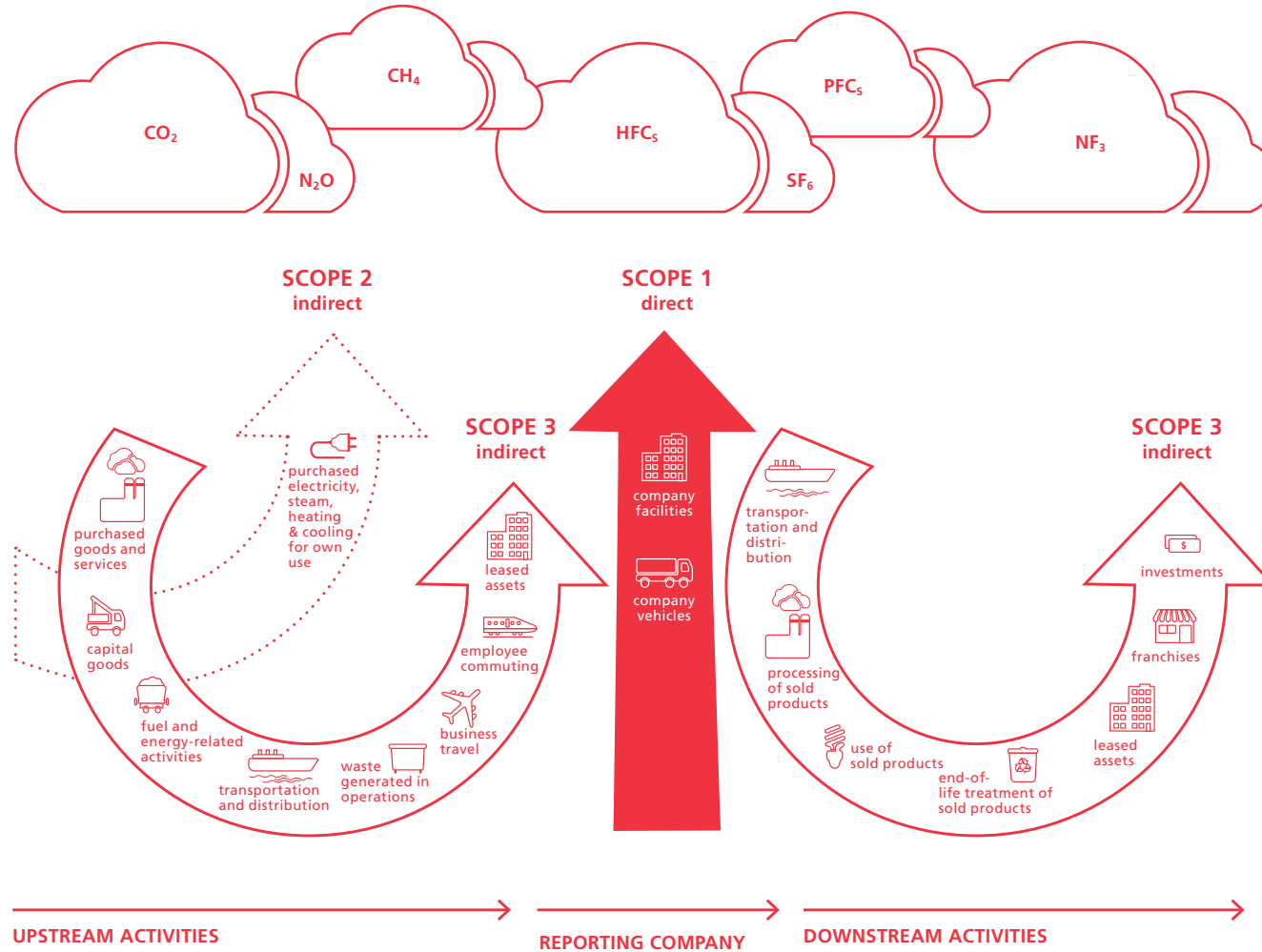
LOW	MEDIUM	HIGH
ECONOMIC LEVEL		
TAX	ANTI-CORRUPTION ANTI-COMPETITIVE BEHAVIOUR	ECONOMIC PERFORMANCE
SOCIAL LEVEL		
FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING	CUSTOMER HEALTH & SAFETY	TRAINING & EDUCATION
SUPPLIER SOCIAL ASSESSMENT	DIVERSITY & EQUAL OPPORTUNITY	OCCUPATIONAL HEALTH & SAFETY
CHILD LABOUR	HUMAN RIGHTS	CONFLICT MINERALS
LABOUR / MANAGEMENT RELATIONS	CUSTOMER PRIVACY	
ENVIRONMENTAL LEVEL		
WASTE	MATERIALS	ENERGY
SUPPLIER ENVIRONMENTAL ASSESSMENT		EMISSIONS

7.3 Allocation of emissions to Scope 1, 2 and 3

The calculation of greenhouse gas emissions is divided into three scopes. Direct Scope 1 greenhouse gas (GHG) emissions are emissions occurring directly on site as a result of the energy requirements of the company's own buildings and vehicles (fuel consumption of buildings and facilities owned by Phoenix Mecano).

Indirect Scope 2 GHG emissions are emissions from purchased electricity and district heating for the company's own consumption – for the operation of company-owned buildings and facilities or those on leased property, as well as for the electric vehicle fleet.

Scope 3 emissions include, for example, energy-related emissions in the upstream and downstream value chain, emissions from commuting, and emissions from purchased goods and services.



Overview of scopes and emissions along the value chain according to the Greenhouse Gas Protocol

7.4 GRI index

Phoenix Mecano reports the information cited in this GRI content index for the period from 1 January to 31 December 2023, with reference to the GRI Standards. In the case of topic-specific standards, only those for which data is available or has been collected are listed.

THE ORGANISATION AND ITS REPORTING PRACTICES

2-1 Organisational details

- a. Legal name: Phoenix Mecano AG
- b. Nature of ownership: Listed on SIX Swiss Exchange
Legal form: Incorporated company
- c. Location of headquarters: Stein am Rhein, Switzerland
- d. Countries of operation: www.phoenix-mecano.com/en/divisions-and-locations

2-2 a. Entities included in the organisation's sustainability reporting:

- Bewatec (Shanghai) Medical Device Co., Ltd.
- Bewatec (Zhejiang) Medical Equipment Co., Ltd
- Bopla Gehäuse Systeme GmbH
- ConnectedCare GmbH
- DewertOkin AG
- DewertOkin do Brasil Ltda
- DewertOkin GmbH
- DewertOkin Kft.
- DewertOkin Technology Group Co., Ltd.
- Haining MyHome Mechanism Co. Ltd.
- HARTMANN Electronic GmbH
- HPC Sekure GmbH
- IFINA Beteiligungsgesellschaft GmbH
- Ismet transformatory s.r.o.
- Kundisch GmbH & Co. KG
- Mecano Components (Shanghai) Co., Ltd
- OKIN America Inc.
- Okin Vietnam Company Ltd.
- Phoenix Mecano Management AG
- Phoenix Mecano AB
- Phoenix Mecano AG
- Phoenix Mecano ApS
- Phoenix Mecano Australia Pty Ltd. (minority interest)
- Phoenix Mecano B.V.

Phoenix Mecano ELCOM S.à.r.l.
 Phoenix Mecano Hong Kong Ltd.
 Phoenix Mecano Inc.
 Phoenix Mecano (India) Pvt. Ltd.
 Phoenix Mecano Kecskemét Kft.
 Phoenix Mecano Korea Co. Ltd.
 Phoenix Mecano Ltd
 Phoenix Mecano NV
 Phoenix Mecano Plastic S.r.l.
 Phoenix Mecano Saudi Arabia LLC
 Phoenix Mecano S.à.r.l.
 Phoenix Mecano S.E. Asia Pte Ltd.
 Phoenix Mecano S.r.l
 Phoenix Mecano Solutions AG
 PM Special Measuring Systems B.V
 PTR HARTMANN GmbH
 PTR HARTMANN (Shaoguan) Co., Ltd.
 PTR HARTMANN S. De R.L. De C.V.
 REDUR GmbH & Co KG
 RK Antriebs- und Handhabungs-Technik GmbH
 RK Rose + Krieger GmbH
 RK System & Lineartechnik GmbH
 RK Schmidt Systemtechnik GmbH
 ROSE Systemtechnik GmbH
 ROSE Systemtechnik Middle East (FZE)
 Setago.io GmbH
 Sistemas Phoenix Mecano España S.A
 Taiwan Branch Office
 Wiener Power Electronics GmbH

b. Outside the scope of the sustainability report:
 Phoenix Mecano Holding Ltda. (holding organisation with no employees)
 DewertOkin AB (company with no office and only one employee at the end of 2023)
 DewertOkin Latin America S.A. (holding organisation with no employees)
 BEWATEC Technologies Co., Ltd. (minority interest in the process of being dissolved)
 W-IE-NE-R Power Electronics Corp. (company sold in 2023)
 Phoenix Mecano Digital Tunisie S.à.r.l (company sold in 2023)
 Phoenix Mecano Digital Elektronik GmbH (company sold in 2023)

2-3 Reporting period, frequency and contact point
 a. and b. See section 7
 c. Publication date: 23 April 2024
 d. Philipp Eberhard, Head of Corporate Communications

2-4 Restatements of information
 The system boundary for companies included in the report has been expanded to include new acquisitions:
 – PTR HARTMANN S. De R.L. De C.V
 – Setago.io GmbH

No longer included in 2023:
 – W-IE-NE-R Power Electronics Corp. (company sold in 2023)
 – Phoenix Mecano Digital Tunisie S.à.r.l (company sold in 2023)
 – Phoenix Mecano Digital Elektronik GmbH (company sold in 2023)
 – DewertOkin Services GmbH (dissolved)

Some of the energy and materials data and thus also data on greenhouse gas emissions for financial year 2022 has been restated. This is because the 2022 data was reviewed at the time of the 2023 data collection (comparison of time series available). Furthermore, all personnel data is based on full-time equivalents (FTEs) as at 31 December rather than average FTEs or headcount.

2-5 External assurance
 a. Not available

ACTIVITIES AND WORKERS

2-6 Activities, value chain and other business relationships
 See sections 2.1, 4.1, 5.1.2
 Active in manufacturing of industrial and electronic components
<https://www.phoenix-mecano.com/en/group/company-profile>

2-7 Employees
 See section 5.3

2-8 Workers who are not employees
 See section 5.3

GOVERNANCE

2-9 Governance structure and composition
www.phoenix-mecano.com/en/annual-reports/archive

2-10 Nomination and selection of the highest governance body
www.phoenix-mecano.com/en/annual-reports/archive

2-11 Chair of the highest governance body
 a. The chair of the highest governance body is also a senior executive in the organisation.
 b. Explanation on this and on conflicts of interest

The Chairman performs an executive role. In the event of potential conflicts of interest, the Chairman is represented by the Independent Lead Director.

The Chairman's executive duties include in particular:
 – representing the company and the Group externally and overseeing public relations, including media contacts and corporate identity, as agreed internally with the CEO;
 – monitoring compliance with and enforcement of Board of Directors' decisions;
 – setting HR and wage policy, including pensions, unless otherwise determined by law, the Articles of Incorporation or the rules of procedure governing organisational matters;
 – overseeing the acquisition and sale of investments and submitting proposals for approval to the Board of Directors;
 – monitoring subsidiaries' budgeting processes.

2-12 Role of the highest governance body in overseeing the management of impacts
 Section 1.1 and www.phoenix-mecano.com/en/annual-reports/archive

2-13 Delegation of responsibility for managing impacts
 Section 1.1 and www.phoenix-mecano.com/en/annual-reports/archive

2-14 Role of the highest governance body in sustainability reporting
 Review and approval of the sustainability report. The sustainability report was reviewed and approved by the Board of Directors at its meeting on 26 March 2024.

2-15 Conflicts of interest
www.phoenix-mecano.com/en/annual-reports/archive

2-16 Communication of critical concerns
 No information available yet

2-17 Collective knowledge of the highest governance body
 No information available yet

2-18 Evaluation of the performance of the highest governance body
 No information available yet

2-19 Remuneration policies
www.phoenix-mecano.com/en/annual-reports/archive

2-20 Process to determine remuneration
www.phoenix-mecano.com/en/annual-reports/archive

2-21 Annual total compensation ratio
 No information available yet

STRATEGY, POLICIES AND PRACTICES

2-22 Statement on sustainable development strategy
 See sections 1.1, 1.2 and 3.2

2-23 Policy commitments
 See section 4.1.2

2-24 Embedding policy commitments
 See section 4.1.2

2-25 Processes to remediate negative impacts
 Embedded in the Code of Conduct

2-26 Mechanisms for seeking advice and raising concerns
 a. Employees are encouraged to raise concerns with their line manager/managing director or to contact the CEO/Board of Directors.
 b. The Phoenix Mecano Group and several European subsidiaries have a digital whistleblower system.

2-27 Compliance with laws and regulations
 See section 4.1.2

2-28 Membership associations
 No data collected yet, memberships vary from location to location

STAKEHOLDER ENGAGEMENT

2-29 Approach to stakeholder engagement
 See sections 2.4, 7.1

2-30 Collective bargaining agreements
 See section 5.3

ECONOMIC PERFORMANCE

201-1 Direct economic value generated and distributed
See section 4.1 and www.phoenix-mecano.com/annual-report

201-4 Financial assistance received from government
The financial assistance (in the form of tax relief, subsidies, royalty holidays, etc.) that Phoenix Mecano received from government in the reporting year totalled: EUR 4 332 000.

LOCAL SOURCING

204-1 Proportion of spending on local suppliers
No data available yet

ANTI-COMPETITIVE BEHAVIOUR

205-1 Operations assessed for risks related to corruption
In the risk-oriented audit planning by the Internal Auditing Department, one criterion is how Transparency International has assessed the corruption risk for a specific country. However, there is no assessment of risks related to corruption at Group companies.

205-2 Communication and training about anti-corruption policies and procedures
The anti-corruption policy and processes have been communicated to all management and around 35 % of employees (all those with a business email address).

205-3 Confirmed incidents of corruption and actions taken
There were no confirmed incidents of corruption in the reporting period.

206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices
a. During the reporting period, Phoenix Mecano had no legal actions relating to anti-competitive behaviour and violations of anti-trust and monopoly legislation.

TAX

207-1 Approach to tax
See section 4.1.1

MATERIALS

301-1 Materials used by weight or volume
See section 6.2.1

ENERGY

302-1 Energy consumption within the organisation
See section 6.1.1

302-2 Energy consumption outside of the organisation
See section 6.1.1
Heat consumption was reported for the following companies whose buildings are not owned by Phoenix Mecano:
– Phoenix Mecano ApS
– Setago.io GmbH
– Rose + Krieger AHT GmbH
– Haining MyHome Co.
– DewertOkin GmbH
– IFINA Beteiligungsgesellschaft GmbH
– PM Special Measuring Systems BV

302-3 Energy intensity
See section 6.1.1

WATER

303-5 Water consumption
See section 6.2.1

EMISSIONS

305-1 Direct (Scope 1) GHG emissions
See sections 3.4 and 6.1.2

305-2 Energy indirect (Scope 2) GHG emissions
See sections 3.4 and 6.1.2

305-3 Other indirect (Scope 3) GHG emissions
See sections 3.4 and 6.1.3

305-4 GHG emissions intensity
See sections 3.4, 6.1.2 and 6.1.3

WASTE

306-2 Management of significant waste-related impacts
See section 6.2.3

SUPPLIER ENVIRONMENTAL ASSESSMENT

308-1 New suppliers that were screened using environmental criteria
See section 6.2

LABOUR/MANAGEMENT RELATIONS

402-1 Minimum notice periods regarding operational changes
See section 5.3

OCCUPATIONAL HEALTH AND SAFETY

403-1 Occupational health and safety management system
See section 5.3.3

403-2 Hazard identification, risk assessment and incident investigation
See section 5.3.3

403-5 Worker training on occupational health and safety
See section 5.3.3

403-9 Work-related injuries
See section 5.3.3

403-10 Work-related ill health
See section 5.3.3

TRAINING AND EDUCATION

404-1 Average hours of training per year per employee
See section 5.3.2

404-2 Programmes for upgrading employee skills and transition assistance programmes
See section 5.3.2

404-3 Percentage of employees receiving regular performance and career development reviews
Around 1/3 of employees received a regular performance and career development review during the reporting period.

DIVERSITY AND EQUAL OPPORTUNITY

405-1 Diversity of governance bodies and employees
See section 5.3.1

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
See section 5.1.2

CHILD LABOUR

408-1 Operations and suppliers at significant risk for incidents of child labour
See section 5.1.2

SUPPLIER SOCIAL ASSESSMENT

414-1 New suppliers that were screened using social criteria
See section 5.1.2

CUSTOMER HEALTH AND SAFETY

416-2 Incidents of non-compliance concerning the health and safety impacts of products and services
b. Phoenix Mecano had no incidents of non-compliance with regulations or voluntary codes during the reporting period.
See section 5.2.1

CUSTOMER PRIVACY

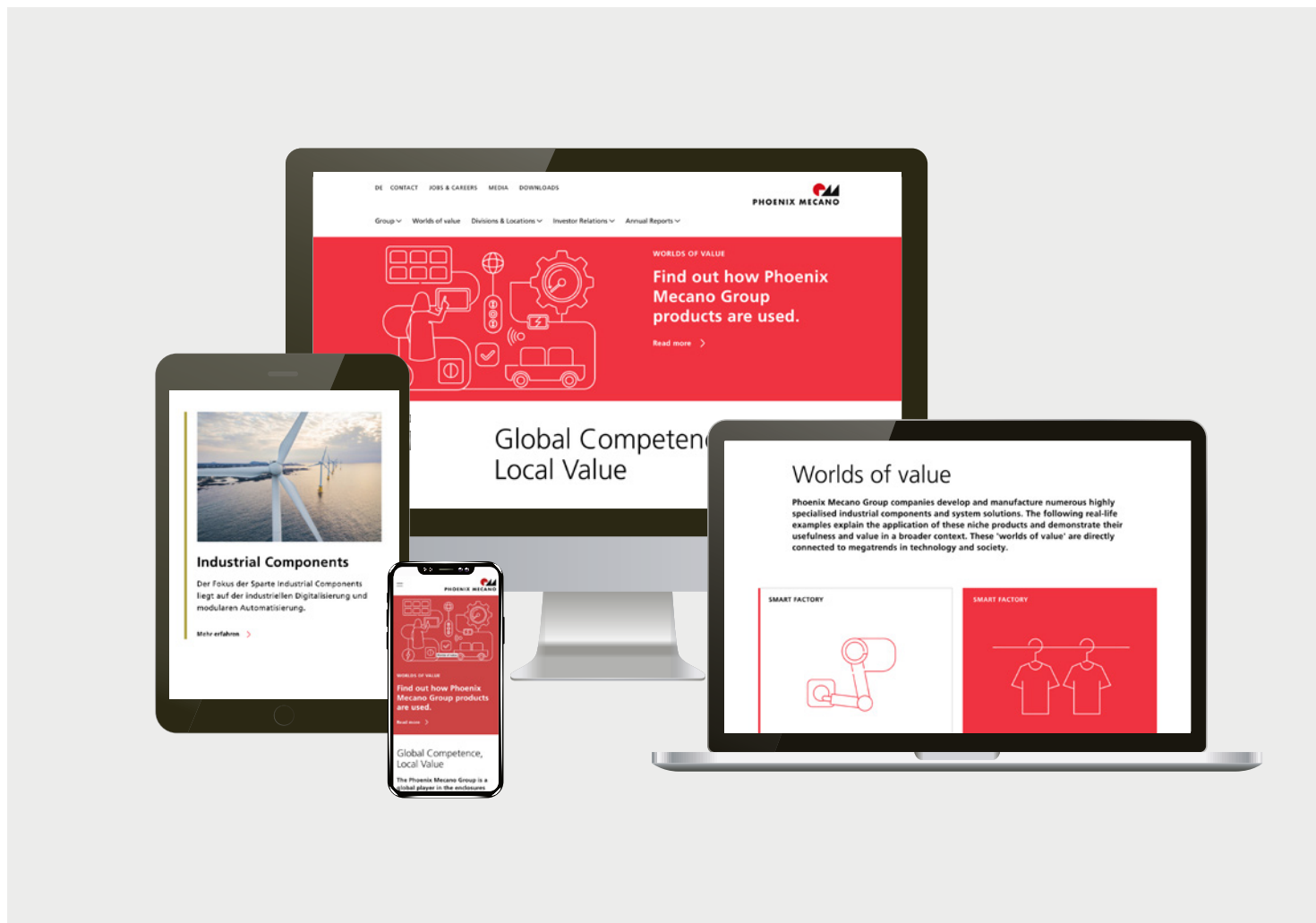
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data
a. Phoenix Mecano did not receive any complaints concerning breaches of customer privacy during the reporting period.
b. See section 5.2.2

7.5 Swiss Code of Obligations Art. 964b

This report was reviewed and approved by the Board of Directors prior to publication. The non-financial matters pursuant to Article 964b of the Swiss Code of Obligations are described in the following sections:

Business model	See section 2.1
Environmental matters	See sections 3 and 6
Social issues	See sections 5.1 and 5.2
Employee-related issues	See section 5.3
Respect for human rights	See sections 1.1, 1.2, 4.1.2 and 5.1
Combating corruption	See sections 4.1.2 and 7.4 GRI index 205-1 to 206-1

MULTIMEDIA



All information is available online and can be accessed and used at any time:
www.phoenix-mecano.com/sustainability

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