

22

SUSTAINABILITY REPORT

1	FOREWORD	2	4	SOCIAL LEVEL	5	6	METHODOLOGICAL ANNEX	11
1.1	Statement by the highest governance body	2	4.1	Social responsibility	5	6.1	Procedure for defining report content	11
1.2	CO₂ target and strategy	2	4.1.1	Dealings with suppliers and business partners	5	6.2	Materiality analysis	11
1.3	Aim of the sustainability report	2	4.1.2	Responsibility towards other stakeholder groups	5	6.3	Allocation of emissions to Scope 1, 2 and 3	11
2	SUSTAINABILITY AT PHOENIX MECANO	3	4.2	Customer focus	5	6.4	GRI Index	11
2.1	Global Competence – Local Value	3	4.2.1	Customer health and safety	5			
2.2	Responsible corporate governance	4	4.2.2	Customer privacy	6			
2.3	Sustainability levels	4	4.3	Phoenix Mecano as an employer	6			
2.4	Stakeholders	4	4.3.1	Diversity and equal opportunity	6			
3	ECONOMIC LEVEL	4	4.3.2	Training and education	7			
3.1	Economic performance	4	4.3.3	Occupational health and safety	7			
3.1.1	Tax	5	5	ENVIRONMENTAL LEVEL	8			
3.1.2	Behaviour and Code of Conduct	5	5.1	Energy and emissions	8			
			5.1.1	Energy consumption	8			
			5.1.2	Greenhouse gas emissions	8			
			5.1.3	Mobility	9			
			5.2	Resources	9			
			5.2.1	Water	9			
			5.2.2	Materials	9			
			5.2.3	Waste	10			

1 FOREWORD

1.1 Statement by the highest governance body

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

Sustainability is becoming increasingly important for investors, customers, employees and lawmakers. In order to meet these growing demands for transparency and to make its own commitment more visible, Phoenix Mecano published a sustainability report for the first time last year. Data collected in line with the Global Reporting Initiative (GRI) Standards forms the basis for the targeted management of activities in this area.

The Group is initially focusing its efforts on reducing CO₂ emissions. As it works towards carbon neutrality by 2050 at the latest, Phoenix Mecano intends to halve CO₂ emissions from its own operations by 2030. Key to this will be boosting operational efficiency and investing in its own solar energy systems.

The past year has shown that great progress is possible with the right incentives and measures. We aim to continue making rapid strides along this path until we have achieved our goals.

Benedikt A. Goldkamp,
Executive Chairman of the Board of Directors

1.2 CO₂ target and strategy

Phoenix Mecano aims to massively reduce its own CO₂ emissions, generating a positive EBIT effect and the greatest possible environmental benefit. Its own operations (Scope 1+2) are to be made carbon neutral by 2050 at the latest, with this goal achieved as far as possible by cutting CO₂ emissions. 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 that 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 4,400 MWh are planned or already under construction, including at major production sites in Kecskemét (Hungary) and Pune (India). 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 so lower CO₂ emissions.

1.3 Aim of the sustainability report

The aim of this second 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 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.



Benedikt A. Goldkamp
Executive Chairman of the Board of Directors

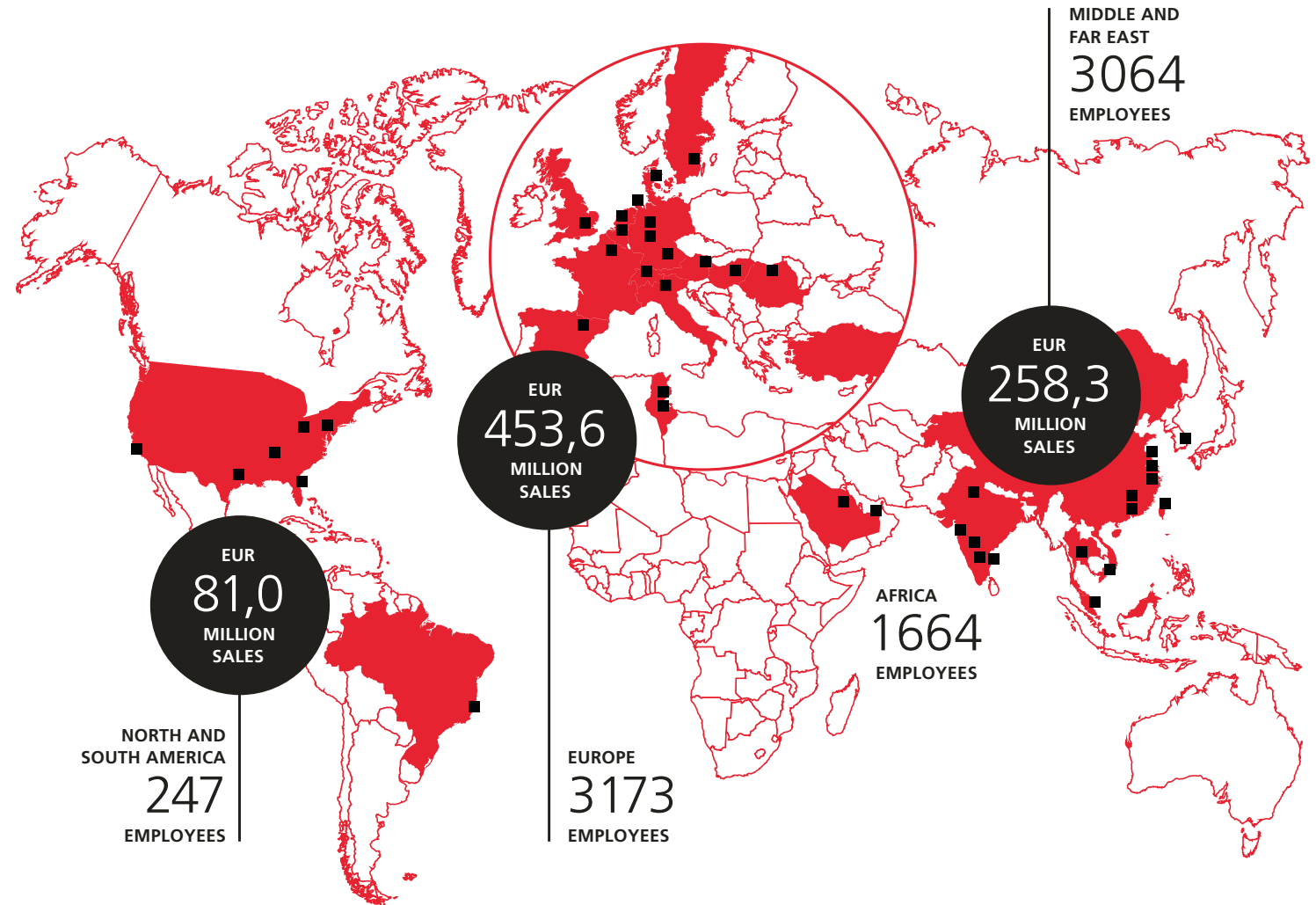
Dr Rochus Kobler
CEO

2 SUSTAINABILITY AT PHOENIX MECANO

2.1 Global Competence – Local Value

Phoenix Mecano is a globally positioned technology company in the fields of enclosures and industrial components and a leader in many markets (phoenix-mecano.com). Focused on professional and cost-effective manufacturing of niche products, it ensures that processes and connections in the machine industry and industrial electronics function smoothly. Areas of application for its products include: mechanical and plant engineering, measurement and control technology, medical technology, aerospace technology, alternative energies, and the residential and care sector.

The holding company's headquarters are located in Stein am Rhein, Switzerland. Also based in Stein am Rhein is Phoenix Mecano Komponenten AG, which distributes all the products of Phoenix Mecano's various subsidiaries in Switzerland. 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. The sales companies facilitate the establishment of production companies as well as the customised manufacture and machining of components 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/ar-2022/corporate-governance.pdf

2.3 Sustainability levels

RELEVANCE AND IMPACT



LOW MEDIUM HIGH

ECONOMIC LEVEL

TAX	ANTI-CORRUPTION ANTI-COMPETITIVE BEHAVIOUR	ECONOMIC PERFORMANCE
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SOCIAL LEVEL

FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING	LABOUR/MANAGEMENT RELATIONS	CUSTOMER PRIVACY
SUPPLIER SOCIAL ASSESSMENT	CUSTOMER HEALTH & SAFETY	TRAINING & EDUCATION
CHILD LABOUR	DIVERSITY & EQUAL OPPORTUNITY	OCCUPATIONAL HEALTH & SAFETY

ENVIRONMENTAL LEVEL

WASTE	MATERIALS	ENERGY
SUPPLIER ENVIRONMENTAL ASSESSMENT		EMISSIONS

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. Stakeholder 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

3 ECONOMIC LEVEL

3.1 Economic performance

In financial year 2022, gross sales for the entire Group amounted to EUR 792.9 million. Material and operating expenses totalled EUR 487 million. Around 80 % of value added was spent for the benefit of employees. The creation and distribution of value added is shown in the tables below.

Creation of value added

		2022	2021
in 1000 EUR	Note		
Net sales		784 442	809 473
Own work capitalised and other income		12 968	17 007
Cost of materials		– 392 125	– 450 936
Other operating expenses	A	– 94 748	– 86 867
Depreciation/ amortisation		– 24 328	– 22 289
Other non-operating result	B	3 983	952
Value added		290 192	267 340

Distribution of value added

		2022	2021
in %	Note		
Employees	C	79.5	82.2
Government (taxes)	D	6.3	5.4
Shareholders	E	4.8	2.6
Lenders (net interest expense)		0.8	1.0
Companies (retained earnings)	F	8.6	8.7
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.

3.1.1 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.

3.1.2 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.

The Phoenix Mecano Group complies with legislation and all guidelines, norms and standards which it has committed to uphold. In 2022, two Phoenix Mecano subsidiaries were fined for non-compliance with laws/regulations. In 2018, BEWATEC failed to disclose its balance sheet for that year. It was fined for this in 2022. This incident occurred before the Phoenix Mecano Group acquired the company. In addition, Okin Vietnam was required to pay a fine following a fire inspection. 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.

On 4 July 2022, the Phoenix Mecano Group announced that an internal investigation had been opened into potential irregularities involving certain customer orders, external sales and trade receivables at a US subsidiary. The investigation was assisted by external forensic experts and lawyers and is now complete. It focused on transactions between 2018 and 2022. The results reveal irregularities in the recognition of sales, material costs, receivables, liabilities and accruals/deferrals.

Once the final results of the investigation were available and in agreement with SIX Exchange Regulation AG (SER), it was decided to treat the effects of the irregularities as a material error in accordance with FER framework No. 30 and to correct the prior-year figures by means of a restatement. The effects of the restatement on the balance sheet, statement of income, statement of cash flow and equity can be found on page 57 of the 2022 annual report.

Compliance with laws and regulations 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.

4 SOCIAL LEVEL

4.1 Social responsibility

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

4.1.1 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 40 % 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 signed by some suppliers or else formed part of the general terms and conditions when the contract was concluded. In 2022, 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.

4.1.2 Responsibility towards other stakeholder groups

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

→ www.phoenix-mecano.com/sustainability

4.2 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.

4.2.1 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, 23 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
Hartmann Electronic GmbH	ISO 9001:2015; EN 9100:2018	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 Komponenten AG	ISO 9001:2015	Switzerland
Phoenix Mecano Ltd.	ISO 9001:2015	UK
Phoenix Mecano S.E. Asia Pte Ltd.	ISO 9001:2015	Singapur
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
Orion Technologies LLC	AS 9100 (also fulfils ISO 9001:2015)	USA
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
BEWATEC Technologies Co., Ltd.	ISO 9001:2015	China
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

Quality management certificates

PM Special Measuring Systems B.V.	ISO 9001:2015	Niederlande
W-IE-NE-R Power Electronics GmbH	ISO 9001:2015	Germany
Ismet transformátory s.r.o.	ISO 9001:2015	Czech Republic

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 prohibiting or restricting the use, contents and handling of certain substances, applicable in the relevant markets.

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.

A key component in ensuring customer health and safety is drive safety.

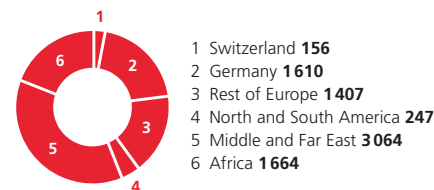
4.2.2 Customer privacy

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. One incident of data loss was detected internally. To prevent such incidents in the future, additional safeguards have been put in place at various levels.

4.3 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 2022, an average of 8 148 staff (measured in full-time equivalents) were employed Group-wide. The graphs below 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 IN 2022**Development of employees by region**

	2022	2016	2011
Europe	3 173	3 331	3 637
North and South America	247	211	185
Middle and Far East	3 064	1 550	819
Africa	1 664	1 145	1 500
Australia	0	15	11
Total	8 148	6 252	6 152

NUMBER OF EMPLOYEES BY DIVISION IN 2022

Around 4 700 employees are covered by collective bargaining agreements, more than half of all Phoenix Mecano Group staff. Of those employees not covered by a collective agreement, around 40 % 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.

4.3.1 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 will be tolerated. The rights of every individual must be respected.

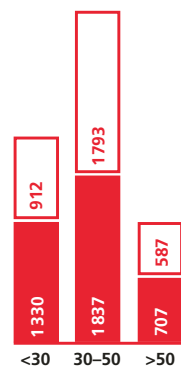
The proportion of female employees was 42 % in 2022. In governance bodies, the proportion of female executives at management level was 35 %.

PROPORTION OF EMPLOYEES BY GENDER IN 2022

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

DIVERSITY OF EMPLOYEES IN 2022

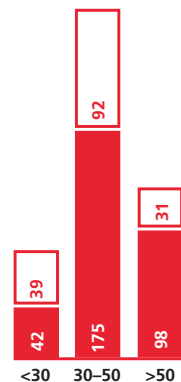
Number of persons



□ Women
■ Men

DIVERSITY OF MANAGEMENT IN 2022

Number of persons



□ Women
■ Men

4.3.2 Training and education

Phoenix Mecano is committed to vocational training, offering training opportunities to 164 apprentices and interns. Continuing training helps to maintain a high quality of work as well as preventing accidents etc. The average number of training hours per employee in 2022 was approximately 20. Around half 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 various external and internal courses as required. New production employees in particular receive suitable training, which contributes to the high number of training hours.

4.3.3 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.

More than half of companies have implemented an occupational health and safety management system, and around 70 % 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
- Local safety department guidelines are used as a basis
- Risks identified in external audits must be corrected for ISO 45001:2018 recertification
- Risks are identified and eliminated based on regular assessments or included in future audit process
- 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 occupational accidents in 2022 shows that prevention efforts are paying off. Worldwide, 167 work-related injuries and no serious occupational accidents were recorded. The accident rate was therefore 0, compared with 0.05 the previous year, while the injury rate halved to 2.20 (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. For the first time in 2022, the injury rate was also recorded for all workers who are not employees but whose work and/or workplace is controlled by the organisation. This was 1.25.

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. Six cases of work-related ill health were recorded in the reporting period, two 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

5 ENVIRONMENTAL LEVEL

5.1 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.

5.1.1 Energy consumption

Final energy consumption was around 64 933 MWh in 2022. 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 8 157 MWh). This corresponds to 8.6 MWh per full-time equivalent and 0.082 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, e.g. replacing light sources with LED lighting. Insecurity of supply and sharp rises in energy prices in Europe provided further incentives to step up these efforts in 2022.

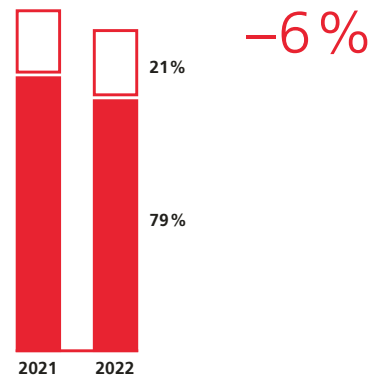
The share of renewable energy consumption within the organisation was 21 %, up slightly on the previous year. As yet, not all locations have detailed information on the composition of their electricity mix. In these cases, the national energy mix was used as a reference, with shares of renewable energy 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. Only a few hybrid or electric vehicles are in use.

A rooftop photovoltaic system at Phoenix Mecano Komponenten AG started operating in late 2021. Other systems with an annual energy output of 4 400 MWh are planned or already under construction, including at major production sites in Kecskemét (Hungary) and Pune (India). This corresponds to around 10 % of the Group's electricity consumption.

DEVELOPMENT OF FINAL ENERGY CONSUMPTION

Total 64 932.6 MWh



■ Renewable final energy consumption
■ Non-renewable final energy consumption

Final Energy consumption by energy source in 2022

MWh/a	Non-renewable final energy consumption	Renewable final energy consumption
Electricity	26 472.5	13 921.8
Heating oil	645.3	
Natural gas	12 111.2	
Petrol	1 009.6	
Diesel	9 362.2	
Hydrogen	14.8	
Propane/LPG	1 395.1	
Total	51 010.8	13 921.8

302-1 Energy consumption within the organisation

Energy [MWh]	2022	2021
302-1a Total fuel consumption within the organisation from non-renewable sources	24 549	25 938
Mobility	8 126	6 532
Buildings	16 423	19 406
302-1b Total fuel consumption within the organisation from renewable sources	0	0
302-1c Total consumption	40 213	43 319
Purchased electricity consumption	39 738	43 248
Own electricity consumption from generating facility	476	71

Energy [MWh]	2022	2021
302-1e Total energy consumption within the organisation	64 933	69 120
Energy consumption from renewable sources	13 922	13 136
Energy consumption from non-renewable sources	51 011	55 984

302-2 Energy consumption outside of the organisation

Energy [MWh]	2022	2021
302-2a Energy consumption outside of the organisation (full data not yet collected for all companies)	6 096	8 494
Heating energy consumption	6 096	8 494

5.1.2 Greenhouse gas emissions

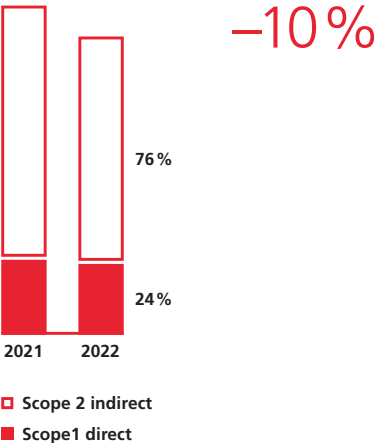
The calculation of greenhouse gas emissions is divided into three scopes. The first sustainability report focused on Scope 1 and 2 emissions. Direct Scope 1 greenhouse gas (GHG) emissions are emissions occurring directly on site as a result of the energy requirements of the company's own buildings and 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 10 % compared with the previous year, totalling approximately 23 037 t CO₂eq in 2022. This corresponds to around 3 040 kg CO₂eq per full-time equivalent and 0.029 kg CO₂eq per EUR of sales.

CO₂-EMISSIONS IN 2022

Total 23 037.1 tCO₂



305-1 Direct (Scope 1) GHG emissions

Emissions [t CO ₂ -eq]	2022	2021
305-1a Gross direct (Scope 1) GHG emissions	5 683	5 876
Scope 1 emissions – mobility	2 142	1 727
Scope 1 emissions – buildings	3 541	4 149

305-2 Energy indirect (Scope 2) GHG emissions

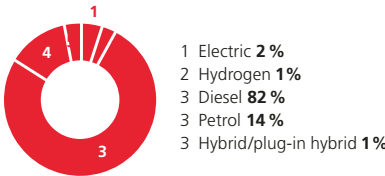
Emissions [t CO ₂ -eq]	2022	2021
305-2a Gross energy indirect (Scope 2) GHG emissions	17 500	19 752
Scope 2 emissions – mobility	2	0
Scope 2 emissions – buildings	17 499	19 752

Other indirect emissions (Scope 3) have not yet been recorded in this report.

5.1.3 Mobility

Work-related mobility increased compared with the previous year. Mobility in the 2022 reporting year was closer to that of an average year. 2021 was not representative, given the reduction in work-related mobility due to COVID restrictions. In 2022, employees drove around 9 127 000 km in company-owned vehicles for business purposes. This corresponds to 1 200 km per full-time equivalent.

SHARE OF DISTANCE DRIVEN IN COMPANY VEHICLES IN 2022



Emissions from the company fleet in 2022 amounted to 2 144 tonnes of CO₂ equivalent, an increase of 24 % compared with 2021. Forklift emissions are included in this value. This equates to emissions of 283 kg CO₂eq per full-time equivalent.

5.2 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. Ten companies currently have ISO 14001 environmental management certification. Environmental aspects are also taken into account in dealings with suppliers. Around 45 % 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).

Environmental management certificates

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
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
Phoenix Mecano Digital Elektronik GmbH	ISO 14001:2015	Germany
REDUR GmbH & Co. KG	ISO 14001:2015	Germany
ROSE Systemtechnik GmbH	ISO 14001:2015	Germany

5.2.1 Water

Water consumption was surveyed for the first time in 2022 and totalled 172,580 m³. The water is mainly used for sanitary facilities. Around a third of companies also use freshwater for processes.

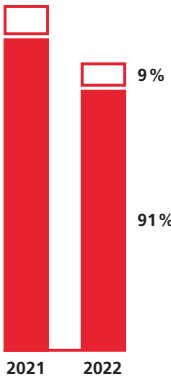
5.2.2 Materials

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.

Packaging material accounts for around 9 % of materials used. Fortunately, the majority of materials used for packaging are made from renewable resources.

DEVELOPMENT OF MATERIALS USED IN 2022

Total 89 021.1 t



Materials used were down slightly compared with the previous year. This was due to lower production volumes in the 2022 reporting year.

Materials used by category in 2022

t/a	non-renewable resources	renewable resources
Raw materials	80 537	
Auxiliary materials	162	
Packaging materials		8 017
Total	80 699	8 017

301-1 Materials used by weight or volume

Weight [t]	2022	2021
Total weight of raw materials used to produce primary products and services	80 520.9	96 721.3
– Aluminium	7 276.7	7 903.9
– Copper	721.1	5 298.7
– Steel	67 891.0	76 766.3
– Plastic	4 494.2	6 586.6
– Other raw materials	137.9	165.7
Total weight of raw materials and semi-manufactured goods/parts of materials with conflict minerals declaration used to produce primary products and services		
– Gold	0.0	n. a.
– Tin	15.7	n. a.
– Tantalum	0.0	n. a.
– Tungsten	0.0	n. a.

Weight [t]	2022	2021
Total weight of process materials used to produce primary products and services	320.7	301.7
– Oil and lubricants	51.9	49.8
– Coolants	51.0	56.0
– Other process materials	217.7	195.9
Total weight of packaging materials used for primary products and services	8 179.6	9 661.9
– Paper	221.6	746.5
– Cardboard	4 234.8	4 356.5
– Wood	3 560.8	4 369.8
– Plastic	162.1	189.1
301-1a Total weight of materials used to produce and package primary products and services	89 021.1	106 684.8
i. non-renewable materials used	81 003.9	97 212.1
ii. renewable materials used	8 017.2	9 472.8

5.2.3 Waste

40 % of sites have a waste reduction strategy. For example, Phoenix Mecano Komponenten 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.

However, it is not just about managing waste correctly and sustainably, but also about how environmental pollution and waste can be avoided in the first place. For example, Phoenix Mecano Komponenten AG succeeded in cutting hazardous chemical waste by 17 %, and the company is currently collaborating on a project involving mushroom-based packaging that provides superb protection for products during transport and is 100% biodegradable.

6 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 second sustainability report was prepared in accordance with GRI guidelines for the financial year from 1 January to 31 December 2022. 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 will be updated annually from now on. No external audit was performed.

6.1 Procedure for defining report content

A working group was established to prepare the sustainability report and ensure that sustainability issues are firmly anchored within the Group. The core group consists of representatives from management, finance and communications. An expanded working group, including representatives from the four largest locations, aims to ensure that the issue of sustainability is broadly supported within the Group.

Before determining the material topics for the report content, the core 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.

6.2 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 core 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.

An overview of the relevant topics can be found in section 2.3 "Sustainability levels" on page 4.

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

6.4 GRI Index

Phoenix Mecano reports the information cited in this GRI content index for the period from 1 January to 31 December 2022, 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

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

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

Phoenix Mecano Management AG
Phoenix Mecano AG
IFINA Beteiligungsgesellschaft GmbH
Bopla Gehäuse Systeme GmbH
HPC Sekure GmbH
Kundisch GmbH & Co. KG
ROSE Systemtechnik GmbH
DewertOkin do Brasil Ltda
BEWATEC Connected.Care GmbH
DewertOkin GmbH
RK Antriebs- und HandhabungsTechnik GmbH + E20
RK Rose + Krieger GmbH
RK Schmidt Systemtechnik GmbH
RK System & Lineartechnik GmbH
DewertOkin AG
DewertOkin Kft.
DewertOkin Services Kft
OKIN America Inc.
Okin Vietnam Company Ltd.
DewertOKIN Technology Group Co., Ltd.
Haining My Home Mechanism Co. Ltd.
Hartmann Electronic GmbH
Phoenix Mecano Digital Elektronik GmbH
PTR HARTMANN GmbH
REDUR GmbH & Co KG

Wiener Power Electronics GmbH
PM Special Measuring Systems B.V
Ismet transformatory s.r.o.
Phoenix Mecano Digital Tunisie S.à.r.l.
Phoenix Mecano ELCOM S.à.r.l.
W-IE-NE-R Power Electronics Corp.
PTR HARTMANN (Shaoguan) Co., Ltd.
Phoenix Mecano NV
Phoenix Mecano ApS
Phoenix Mecano S.à.r.l.
Phoenix Mecano Ltd
Phoenix Mecano (India) Pvt. Ltd.
Phoenix Mecano S.r.l
Phoenix Mecano B.V.
Phoenix Mecano Plastic S.r.l.
Phoenix Mecano Saudi Arabia LLC
Phoenix Mecano Komponenten AG
Phoenix Mecano S.E. Asia Pte Ltd.
Sistemas Phoenix Mecano España S.A
Phoenix Mecano Kecskemét Kft.
Phoenix Mecano Inc.
ROSE Systemtechnik Middle East (FZE)
Mecano Components (Shanghai) Co., Ltd
Phoenix Mecano Hong Kong Ltd.
Phoenix Mecano AB
Taiwan Branch Office
Phoenix Mecano Australia Pty Ltd.
(minority stake)
Phoenix Mecano Korea Co. Ltd.
Bewatec (Zhejiang) Medical Equipment Co., Ltd.
Bewatec (Shanghai) Medical Device Co., Ltd.

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 2022)
DewertOkin Latin America S.A. (holding organisation with no employees)
PTR Hartmann S. De R.L. De C.V. (newly incorporated company with no business activity to date)
BEWATEC Technologies Co., Ltd. (minority interest in the process of being dissolved)

2-3 Reporting period, frequency and contact point

- and b. See section 6
- Publication date: 20 April 2023
- Philipp Eberhard, Head of Corporate Communications

2-4	Restatements of information The system boundary for companies included in the report has been expanded. Small sales offices and minority interests are also now included: <ul style="list-style-type: none"> – Taiwan Branch Office – Phoenix Mecano Australia Pty Ltd. (minority interest) – Phoenix Mecano Korea Co. Ltd. – Bewatec (Zhejiang) Medical Equipment Co., Ltd. – Bewatec (Shanghai) Medical Device Co., Ltd. 2022 nicht mehr berücksichtigt: <ul style="list-style-type: none"> – AVS Phoenix Mecano GmbH – Phoenix Mecano OOO – Orion Technologies, LLC Some of the energy data and thus also data on greenhouse gas emissions for financial year 2021 has been restated. This is because the 2021 data was rechecked at the time of the 2022 data collection (comparison of time series available).
2-5	External assurance a. Not available
ACTIVITIES AND WORKERS	
2-6	Activities, value chain and other business relationships See sections 2.1, 3.1, 4.1.1 Active in manufacturing of industrial and electronic components www.phoenix-mecano.com/en/group/company-profile
2-7	Employees See section 4.3
2-8	Workers who are not employees See section 4.3
GOVERNANCE	
2-9	Governance structure and composition www.phoenix-mecano.com/ar-2022/corporate-governance.pdf
2-10	Nomination and selection of the highest governance body www.phoenix-mecano.com/ar-2022/corporate-governance.pdf

2-11	Chair of the highest governance body <ol style="list-style-type: none"> The chair of the highest governance body is also a senior executive in the organisation. 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: <ul style="list-style-type: none"> – 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/ar-2022/corporate-governance.pdf
2-13	Delegation of responsibility for managing impacts Section 1.1 and www.phoenix-mecano.com/ar-2022/corporate-governance.pdf
2-14	Role of the highest governance body in sustainability reporting Review and approval of the sustainability report
2-15	Conflicts of interest www.phoenix-mecano.com/ar-2022/corporate-governance.pdf
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/ar-2022/remuneration-report.pdf

2-20	Process to determine remuneration www.phoenix-mecano.com/ar-2022/remuneration-report.pdf
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
2-23	Policy commitments See section 3.1.2
2-24	Embedding policy commitments See section 3.1.2
2-25	Processes to remediate negative impacts Embedded in the Code of Conduct
2-26	Mechanisms for seeking advice and raising concerns <ol style="list-style-type: none"> Employees are encouraged to raise concerns with their line manager/ managing director or to contact the CEO/Board of Directors.
2-27	Compliance with laws and regulations <ol style="list-style-type: none"> There were no instances of non-compliance with laws and regulations by Phoenix Mecano during the reporting period. Phoenix Mecano did not pay any fines for instances of non-compliance with laws and regulations during the reporting period.
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, 6.1
2-30	Collective bargaining agreements See section 4.3

ECONOMIC PERFORMANCE	
201-1	Direct economic value generated and distributed See section 3.1 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 4,356,000.
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 <ol style="list-style-type: none"> 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 3.1.1
MATERIALS	
301-1	Materials used by weight or volume See section 5.2.1

ENERGY

302-1	Energy consumption within the organisation See section 5.1.1
302-2	Energy consumption outside of the organisation See section 5.1.1 Heat consumption was reported for the following companies whose buildings are not owned by Phoenix Mecano: <ul style="list-style-type: none"> – Dewert Okin GmbH – Okin America Inc. – Haining My Home Mechanism Co., Ltd. – Phoenix Mecano AB – Phoenix Mecano SRL – IFINA Beteiligungsgesellschaft GmbH – Rose + Krieger AHT GmbH – PM Special Measuring Systems BV – PTR Hartmann – Hartmann Electronic GmbH – Rose Systemtechnik

302-3	Energy intensity See section 5.1.1
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WATER

303-5	Water consumption See section 5.2.1
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EMISSIONS

305-1	Direct (Scope 1) GHG emissions See section 5.1.2
305-2	Energy indirect (Scope 2) GHG emissions See section 5.1.2
305-4	GHG emissions intensity See section 5.1.2

WASTE

306-2	Management of significant waste-related impacts See section 5.2.3
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SUPPLIER ENVIRONMENTAL ASSESSMENT

308-1	New suppliers that were screened using environmental criteria See section 5.2
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LABOUR/MANAGEMENT RELATIONS

402-1	Minimum notice periods regarding operational changes See section 4.3
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OCCUPATIONAL HEALTH AND SAFETY

403-1	Occupational health and safety management system See section 4.3.3
403-2	Hazard identification, risk assessment and incident investigation See section 4.3.3
403-5	Worker training on occupational health and safety See section 4.3.3
403-9	Work-related injuries See section 4.3.3
403-10	Work-related ill health See section 4.3.3

TRAINING AND EDUCATION

404-1	Average hours of training per year per employee See section 4.3.2
404-2	Programmes for upgrading employee skills and transition assistance programmes See section 4.3.2
404-3	Percentage of employees receiving regular performance and career development reviews Around ¼ 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 4.3.1
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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 4.1.1
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CHILD LABOUR

408-1	Operations and suppliers at significant risk for incidents of child labour See section 4.1.1
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SUPPLIER SOCIAL ASSESSMENT

414-1	New suppliers that were screened using social criteria See section 4.1.1
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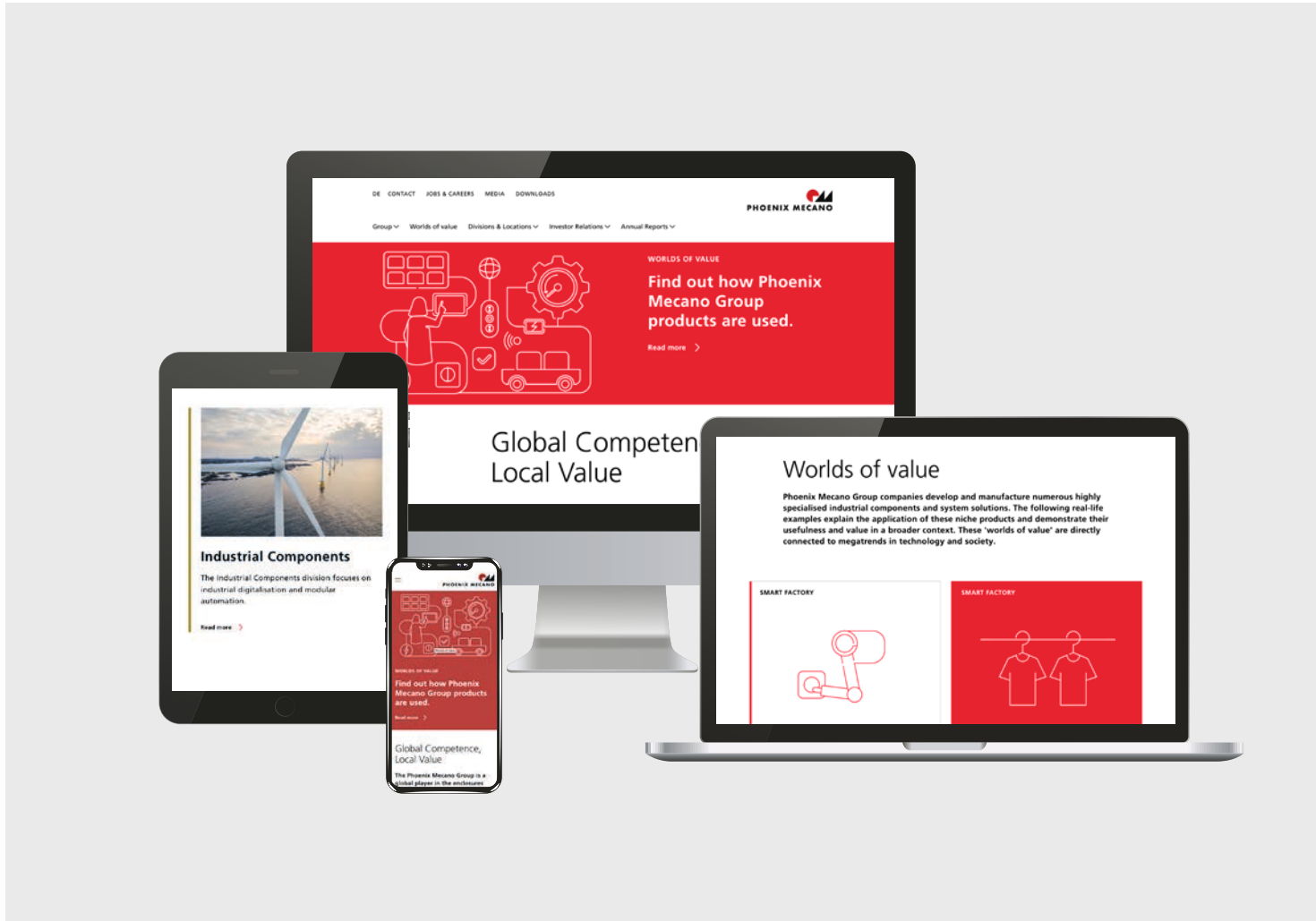
CUSTOMER HEALTH AND SAFETY

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services <ul style="list-style-type: none"> b. Phoenix Mecano had no incidents of non-compliance with regulations or voluntary codes during the reporting period. See section 4.2.1
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CUSTOMER PRIVACY

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data <ul style="list-style-type: none"> a. Phoenix Mecano did not receive any complaints concerning breaches of customer privacy during the reporting period. b. See section 4.2.2
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MULTIMEDIAL



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

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IMPRINT

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