

Blomberg, 28. 01. 2013

Statement on: Raw materials from “areas of conflict”

In July 2010, President Obama signed the “Dodd-Frank Wall Street Reform and Consumer Protection Act” (DFA). Thus in the United States, an initiative was taken to make the origin of raw materials more transparent and to curb the financing of conflicts through commodities. Under article 1502 of the DFA, companies listed on the US stock exchange must document whether their products contain raw materials obtained in conflict regions of the Democratic Republic of Congo (DRC) or its neighbors, the so-called “Conflict Minerals” (tantalum, tin, tungsten and gold / 3TG).

Regarding raw materials processed in the products, information about their origin must be provided in accordance with article 1504 of the DFA. In addition, listed companies extracting these raw materials must disclose their payments to foreign governments.

The US law affects Phoenix Contact insofar as the request for a proof of origin is passed on to the suppliers of the company and all parties concerned in the supply chain.

With the implementation of the contents of the respectively valid “Code of Conduct” of the German electrical and electronic manufacturers’ association (ZVEI), Phoenix Contact has already demonstrated its social responsibility. The “Code of Conduct” is based on the “UN-Global Compact”, which requires companies to acknowledge, support and implement a catalog of core values in the areas of human rights, labor standards, environmental protection and the fight against corruption within their sphere of influence.

However, we also understand our responsibility to the point that we do not want to stigmatize a region as a whole. Thus we want to avoid that many people lose their livelihood due to global trade embargoes. This danger especially exists in countries with weak state structures such as the Great Lake region.

By acknowledging this Code of Ethics, Phoenix Contact also includes the avoidance of directly or indirectly financed conflicts in “conflict areas”. Thus, for instance, we commit our suppliers to observe the contents of the “Code of Conduct” within their corporate responsibility in the manufacture of products or the provision of services, and to not support any conflicts by using raw materials from “crisis areas”.

In this respect, the supplier undertakes to comply with the contents of the respectively valid Code of Conduct. The customer provides the supplier with this Code of Conduct on first request. The supplier also undertakes to not procure raw materials from regions or countries in which serious ethical and/or environmental concerns are rightfully raised, or to use them in products.

Because of the prevailing smuggling activities in this region, the hence unclear distribution channels and the blending of ores from different mines, the origin of the minerals is difficult to retrace.

By global trade, minerals of different origin with a high percentage of recycled raw materials are common, making it even impossible for smelters to identify the origin in an economically viable process.

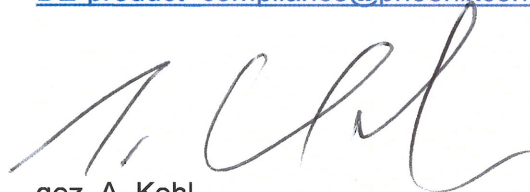
For the processing industry the challenge is even bigger. The precursors and supply relationships at this level are often so complex that the required proof of the non-use of raw materials from conflict regions not only represents unacceptable costs but simply is not feasible.

It is not solely the task of the processing industry to improve this global situation. Therefore we not only cooperate with our suppliers and customers in industry association but also with national and international authorities and government representatives to develop and establish a reliable method for a sustainable process in practice. One way, for example, is the use of certified smelters.

Given the current situation, it is difficult or even impossible for all companies to identify the region or the mine of the "Conflict Minerals" processed in the products. Phoenix Contact will continue to use all practicable means to ensure that our products do not contain any of the minerals mentioned that help finance conflicts. In doing so, we mainly refer to the contracts provided to us and/or confirmations of our suppliers; the statements and information on activities of national and international associations, authorities or governments.

Should you have any questions, please contact the following email address directly:

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