

# Competition Law Policy

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Life Is On

**Schneider**  
Electric

## Policy name

Competition Law Policy

## Purpose

The purpose of this Competition Law Policy (**Policy**), together with its Competition Law Guidelines, is to:

1. Set Schneider Electric's global requirement to comply with the applicable competition rules;
2. Provide support to strategic business decisions to the benefit of Schneider Electric; and
3. Help all Schneider Electric Employees to identify permissible conduct and to avoid illegal conduct.

## Objectives

The objective of this Policy is to govern and manage competition policy within Schneider Electric to ensure that legal, contractual and business requirements are fulfilled. This Policy presents the mandatory competition law principles and how the Policy is implemented. This Policy is related to, and aligned with, the Competition Law Guidelines.

## Audience

This Policy:

1. Applies to all companies under the direct or indirect control of Schneider Electric Industries SAS (**Schneider Electric**).
2. Is addressed to all Schneider Electric officers, employees, consultants, interns, casual and agency workers (**Workers**).
3. Applies to any situation, formal or informal, e.g. informal social gatherings, as well as meetings and workshops.

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# Status

## Status

Schneider Electric may amend this Policy at any time without notice and all Workers are responsible for consulting and complying with the most current version of this Policy.

## Interaction with Schneider Electric Conflict of Interest Policy

Requesters must ensure that Schneider Electric does not enter into a contract or implement a business operation that presents a real or perceived risk of conflict of interest and must comply with Schneider Electric's Conflict of Interest Policy when reviewing, approving or otherwise exercising their authority with respect to a contract or any other business operations. If a conflict arises, the issue must be resolved prior to entering into such contract, as required by the Conflict of Interest Policy.

## Consequences of Non-compliance

Failure to comply with this Policy may result in delay or refusal by Schneider Electric to launch a business programme, to enter into a contract with a vendor, distributor, channel partner or customer or to process any purchase order/order form or invoice, to grant any discount, bonus, rebates, special price agreement (**SPA**), market development funds/co-op (**MdF**) or to give any other allowance or financial or non-financial benefit under the relevant transaction. It may also result in disciplinary action.

## Questions about this Policy

If you have any questions about this Policy, please contact Schneider Electric's Legal Department.

## Our Vision

*“A commitment to compete fairly will only be effective if each employee agrees to comply with competition law and promotes it in all operations, internally and externally.”*

*“Complying with competition law is a core business principle for Schneider Electric and a critical part of Trust Charter.*

*Schneider Electric believes in competitive markets. Competition law is one of the key rules governing our activities around the world and contributes to growing our business. Competition law is also a chance for Schneider Electric to compete fairly and effectively on its markets.*

*Competition law affects many aspects of Schneider Electric’s day-to-day operations and any violation can cause severe consequences for Schneider Electric and the individuals involved in such violation.*

*Against this background, Schneider Electric’s reputation and commercial success is dependent on, and directly linked to, the involvement of each employee. Indeed, a commitment to compete fairly will only be effective if each employee agrees to comply with competition law and promotes it in all operations, internally and externally. It is therefore expected that every employee of Schneider Electric knows, understands and applies this Competition Law Policy, and subsequent Guidelines, as our way of conducting the business day-to-day with our colleagues, customers and other business partners.*

*This Competition Law Policy aims to support you in assessing risks and comply with competition law requirements on markets in which Schneider Electric and / or its suppliers / customers are active. Schneider Electric expects all employees to recognise when it is appropriate to seek competition law advice from Schneider Electric’s Legal Department.*

*The entire Schneider Electric Legal Team, as well as myself are at your disposal should you have any questions, concerns or would like to discuss this policy in further detail.*

*I thank you for taking the time to read this Competition Law Policy and for implementing its rules on a daily basis.”*

Peter Wexler, SVP & Chief Legal Officer

# 1. Introduction

Commitment to competition law (also called “antitrust law”) is of key importance to the business and corporate identity of Schneider Electric and is an integral part of Schneider Electric’s policy of strict adherence to the laws of the countries it does business in.

The observance of competition law is critically important for two reasons.

First, violations of competition law are heavily sanctioned and can result in severe consequences for Schneider Electric, including substantial fines, a serious loss of reputation, damage claims from customers and the invalidity of agreements. Further, individuals involved in competition law infringements may risk substantial fines, imprisonment and director disqualification.

Second, competition rules can be complex and are not always easily understood. Consequently, competition law violations are not self-evident and can be hard to identify without additional guidance.

Schneider Electric takes compliance with competition law very seriously and expects all employees to follow its clear prohibitions and, where appropriate, to seek advice from *Schneider Electric’s Legal Department* before proceeding.

The purpose of this Competition Law Policy (“**Policy**”), together with the Competition Law Guidelines, is to:

- Set Schneider Electric’s global requirement to comply with the applicable competition rules;
- Provide support to strategic business decisions to the benefit of Schneider Electric; and
- Help all Schneider Electric Employees to identify permissible conduct and to avoid illegal conduct.

Each individual within Schneider Electric shall bear the responsibility of following instructions and complying with procedures promulgated by Schneider Electric. In situations involving any doubt, each individual shall have the responsibility of obtaining and being guided by the advice of one of *Schneider Electric’s Legal Department*.

This Policy applies and is relevant to all companies around the globe, irrespective of location, which Schneider Electric wholly owns, has a majority stake in or has overall operational control in (the “**Group**”). This Policy applies to any situation, formal or informal, e.g., informal social gatherings, as well as meetings and workshops.

## 2. Key principles

### 2.1 Compete on the merits

We believe in competitive and open markets as a key to our success. Schneider Electric shall compete independently from its competitors by offering lower prices, better quality, innovative products and solutions and superior service to attract customers. We will lose our good reputation in the market and the trust of our customers if we substitute competition for unlawful cooperation with our competitors.

Competition law sets out the legal framework to ensure that markets remain open and competitive and to protect customers from market arrangements where competitors agree not to compete with each other. All of Schneider Electric's actions, agreements, strategies and other business operations must always comply with all applicable competition rules. Irrespective if we deal with competitors, customers or suppliers.

The activities of Schneider Electric, as a global company, may be subject to a variety of antitrust legislation, including in particular national competition law and EU competition rules. Although the scope and content of antitrust legislation may vary on a national level, generally speaking, the following behaviour is prohibited:

1. **Agreements between Schneider Electric and its competitors** which, for example, seek to share markets, fix prices or otherwise limit competition.
2. **Abuse of a dominant position held by Schneider Electric** on a given market.

### 2.2 Use appropriate language in all business communication

All communication – internal or external – in any form may be regarded as a statement of Schneider Electric and used as evidence of unlawful competition. The language we use in daily business conduct and communication with colleagues, customers, competitors, other third parties, the press and the general public is therefore highly important.

We must always use **accurate information** in all our external and internal correspondence and communication. Misleading information or inaccurate statements may lead to misinterpretations which can trigger competition law investigations or violate Schneider Electric's **duty to cooperate with competition authorities**.

We must **never use language that alludes to or suggests collusive cooperation** with our competitors.

We must **never communicate commercially sensitive information** – directly or indirectly – to our competitors.

### 3. Abuse of dominant market position is prohibited

When holding a dominant position in a specific market, Schneider Electric must be particularly aware of the effects that its decisions and business strategies have on customers, competitors and suppliers.

Dominance is a position of substantive market power and economic strength held by a company which allows the company to behave independently of the competitive pressure from its competitors, customers, suppliers and the final consumer and weaken competition in the market.

***Rule 1: Schneider Electric shall not abuse a dominant position.***

When having 30% or more market share (the presumptive threshold for substantive market power) in a market with respect to a specific geographic region or a market for a given offer (products, services, equipment, software or any other output that Schneider Electric may market and sell), Schneider Electric is not as free to act in the market concerned as Schneider Electric's competitors are.

To limit risks for possible competition law violations, it is essential that Schneider Electric does not engage in abusive practices. In general, abusive practices are those with no legitimate economic purpose and which are implemented simply to restrict competitors from competing.

All actions that restrict or harm the customers, competitors or suppliers can be deemed abusive when implemented by a dominant company. In such circumstances, Schneider Electric shall never engage in the following conducts in markets where it holds or may hold substantive market power:

- **Predatory prices** where offers are priced below cost.
- **Refuse to deal** with an actual or potential competitor, customer or supplier without a legitimate and objectively justifiable business reason.
- **Discriminate** by applying dissimilar prices or other conditions to equivalent transactions with suppliers or customers without a legitimate and objectively justifiable business reason.
- Enter into **exclusivity contracts or loyalty rebates** with suppliers or customers in order to deprive competitors of essential supplies or sales.
- **Tying or bundling offers**, i.e., allowing a customer to purchase one product (the "tying product") only if it purchases a second product (the "tied product").

***Rule 2: Always consult with Schneider Electric's Legal Department before taking action in dominant markets***

In all cases where a dominant position may exist, *Schneider Electric's Legal Department* must be consulted before any actions are undertaken that you suspect may restrict or exclude competitors from competing in the market.



## 4. Agreements and cooperation restricting competition

Competition law prohibits **agreements and other forms of cooperation between Schneider Electric and its competitors, suppliers, customers or within industry associations** that actually or potentially restrict competition.

Competition law applies a very broad definition of what constitutes an agreement. The concept of an agreement is not limited to formal written agreements, but extends to oral agreements and concerted practices where there is informal cooperation and alignment without any formal agreement.

### 4.1 Agreements and cooperation with our competitors

Contacts with competitors may constitute a risk for Schneider Electric from the point of view of competition law. As a general rule, Schneider Electric is expected to act and make decisions independently without any coordination with competitors (i.e., companies active on the same market(s) as Schneider Electric). Any form of cooperation, agreement (in writing or not), strategy, understanding or similar actions between Schneider Electric and its competitors, that have the aim or effect of restricting competition is absolutely prohibited under this Policy.

#### **Rule 3: Cartel activities are strictly prohibited**

- Schneider Electric or any of its employees or representatives shall not enter into cooperation or conclude agreements with competitors – either directly or via a third party:
  - Fixing prices or other trading terms and conditions including discounts, margins, price changes, conditions of sale, distribution, production or costs of manufacture.
  - Limiting, controlling or aligning output, technical development, R&D or investment.
  - Sharing or allocating markets including customers or geographic areas of operation, marketing, employees or sources of supply.
  - Refusing to deal with a supplier or customer.
  - Coordinating strategies with competitors related to public tenders or bidding processes (“*bid rigging*”).

#### **Rule 4: Always consult with Schneider Electric’s Legal Department before entering into any agreement with a competitor**

- Although certain cooperation activities are permitted, joint activities with a competitor remain a high-risk area under competition law. Therefore, no employee shall enter into any agreements or engage in any actions with competitors of any kind without first having such conduct approved in advance by *Schneider Electric’s Legal Department*, including:
  - Joint purchasing agreements.
  - Standardisation agreements.
  - Agreements involving exclusive access or purchasing rights.
  - Agreements involving reciprocal purchasing rights.

## 4.2 Agreements with our customers

### **Rule 5: Never engage in resale price maintenance**

We must always allow our customers and distributors to be free to set their own prices:

- Never agree or require a customer/distributor to resell Schneider Electric's products or services at a certain price or margin.
- We may recommend prices but never take actions (for example monitoring, controlling and imposing sanctions) which cause the recommended price to become a fixed or minimum price in practice.
- Never directly or indirectly give our customers/distributors strong incentives, for examples better contract terms or threats of losing supply from Schneider Electric, to maintain a certain fixed or minimum price.

### **Rule 6: Never enter into exclusivity agreements**

- Never prohibit, directly or indirectly, Schneider Electric's (i) suppliers from selling their products to Schneider Electric's competitors or (ii) distributors from purchasing products from Schneider Electric's competitors.
- In markets where Schneider Electric has substantive market power, never grant rebates that requires the customer to purchase all or nearly all of its demand from Schneider Electric.

### **Rule 7: Never prohibit parallel trade in the EU**

In the EU, Schneider Electric must never prohibit a distributor from reselling the product for export to another EU county nor prohibit him from selling it himself to a customer that is domiciled in another EU country.

### **Rule 8: Always consult with Schneider Electric's Legal Department before entering into restrictive agreements**

- Any new agreement which is about to be concluded between Schneider Electric and a customer/distributor/channel partner and which contains any commercial restrictions on the other party should be reviewed by Schneider Electric's Legal Department.

## 5. Exchange of commercially sensitive information

### **Rule 9: Never exchange or discuss commercially sensitive information with or about a competitor**

Certain exchange of information between Schneider Electric and its competitors can lead to coordination and collusive behaviour.

- Never directly or indirectly (through a trade association or other third party) discuss or exchange with a competitor, or about a competitor, any commercially sensitive information.
- In particular, information relating to current or future prices, discounts, margins, price changes, output, market share, bids, conditions of sale, distribution, production, costs of manufacture or similar non-public information.

Certain information exchanges may be permissible, but only:

- When the conduct or discussion is relevant or necessary to a genuine prospective or existing buyer-seller relationship with that competitor.
- After *Schneider Electric's Legal Department* has advised that the contemplated information exchange or discussion is proper because there is no reasonable basis for inferring a violation of competition law.

### **Rule 10: Every Schneider Electric employee has the responsibility to pro-actively distance Schneider Electric from any inappropriate conduct**

If, in any context, a competitor raises an inappropriate topic or shares commercially sensitive information (verbally or in writing), directly or indirectly through a third party (for example a Trade Association), you must:

- Stop the conversation and refuse to accept any information.
- Do not accept any documents, physical or electronic.
- Respond by saying that you do not want to receive this kind of information and that you will not use the information. Clarify that Schneider Electric has a strong policy to comply with competition law.
- Leave the meeting if the discussion or information exchange continues and have your objection and departure noted in the minutes.
- Immediately inform your supervisor and Schneider Electric's Legal Department of the incident and your reactions in writing.

## 6. Fair pricing practices

Pricing is one of the most important competitive factors through which Schneider Electric competes for customers and markets. All employees must therefore ensure that Schneider Electric applies pricing practices which are fair and compliant with competition law.

- Never **fix or coordinate prices**, margins or other pricing factors with Schneider Electric's competitors (see above under 4.1).
- Never engage in **resale price management** (see above under 4.2).

Where Schneider Electric holds a substantive market power in a specific market, you must never engage in the following abusive conduct:

- **Price discrimination**, meaning discriminate among customers by granting dissimilar prices for goods or services of like grade and quality, or in the provision of promotional services, unless the discrimination is justified by cost savings or meeting competition, or differentials resulting from Schneider Electric's existing promotional programs which have been reviewed by Schneider Electric's Legal Department.
- **Exclusivity rebates** or discounts that are conditional upon the customer purchasing all or most of its supplies from Schneider Electric or other types of rebates or discounts that bears loyalty inducing effects on the customer's purchases.
- Charge customers **excessively high or low prices**.

## 7. Responsibility of deployment

It shall be the duty of all Schneider Electric's Executive and Senior Management to ensure that this Policy is duly communicated and implemented and that the employees within the area of their responsibilities are familiar with, understand and adhere to the Policy.

All Schneider Electric employees are individually responsible for reading, understanding and complying with the Policy where it applies to the employee's area of work responsibility. Each employee is also obliged to speak up and raise concerns about actual or possible violations of this Policy and competition law in general.

No employee shall take any action or engage in any conduct on behalf of Schneider Electric which, in the opinion of Schneider Electric's Legal Department (as communicated to the individual or of which the individual should reasonably be aware), violates applicable competition laws or the terms of any applicable court decree under which Schneider Electric may be operating.

## 8. Contact us for additional support and guidance

As the legislation may vary from region to region, please refer to our Intranet to find the name of your legal contact within Schneider Electric's Legal Department of your region, in case of any query relating to the legality of any contemplated activity, interpretation of this Policy and its Guidelines, or relevant competition laws and regulations in your region.