

Gifts & Hospitality Policy

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Life Is On

Schneider
Electric

Policy name:

Gifts & Hospitality Policy

Purpose:

Provide general guidance on the gifts & hospitality given and received by Schneider Electric employees.

Objectives:

- To define what can be accepted or given
- To define what cannot be accepted or given
- To explain how to prevent someone from asking for or giving undue business courtesy
- To define how to deal with undue gifts and hospitality

“Gifts and Hospitality” and “Business Courtesy” are used interchangeably in the following document.

Audience:

All employees from entities, sites, locations, including subsidiaries and joint-ventures in which Schneider Electric has controlling interests as well as all third parties acting on behalf of Schneider Electric (including but not limited to business agents in particular).

Content:

1. Our Vision
2. Our Principles
 - 2.1. Definitions
 - 2.2. Our principles
 - 2.3. Principles applications
 - 2.4. Undue Gift & Hospitality
 - 2.5. Conclusion : the newspaper test

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Document Owner:

Magali Marie Herbaut , Ethics & Policy VP

Document Reviewer:

Emmanuel BABEAU, Magali Marie Herbaut, Olivier BLUM

Document Approver:

Jean-Pascal TRICOIRE , Chairman & CEO

1. Our Vision

« At Schneider Electric, business integrity is one of our cornerstone values and we are proud to act with the highest ethical standards »



Jean-Pascal TRICOIRE
Chairman & CEO

Our Principles of Responsibility are recognized and valued by our stakeholders and have been part of our success since years.

In order to build positive working relationships with our multi-cultural business partners, it is common to exchange gifts and hospitality but it can also create difficult situations including conflicts of interest and bribery. We trust our employees to use their sense of responsibility and their good judgment, and to behave with appropriate and professional manner when they represent the company.

Nevertheless this Policy intends to provide general guidance to support our employees. The Policy applies equally to all business partners – from both private and public sectors.

The Ethics department is responsible for defining and deploying this Gifts & Hospitality global policy throughout Schneider Electric. Moreover, each country can have more restrictive guidelines based on local regulations and customs. These guidelines would come on top of this Global Policy.

2. Our Principles

2.1. Definitions

2.1.1. Business courtesy

A business courtesy, also called gifts and hospitality, means anything of value that you give or receive, either directly or indirectly. It may be a tangible or intangible benefit including, but not limited to, goods or services, promotional products, hotel accommodations, entertainment (tickets to events, recreational activities, etc), company events, meals, drinks, transportation (including upgrade of airline sitting class), gratuities, discounts, personal favors or anything else with a monetary value. At Schneider Electric, business courtesy, given or received, should be restricted to the business stakeholders. Family members and relatives of the business stakeholders (including employees) should never be eligible to receive business courtesy of any value.

2.1.2. Business stakeholders

In the following policy, “business stakeholders” includes - by way of example, but without limitation -: Schneider Electric employees, customers, suppliers, NGOs, public authorities, public bodies, universities, job applicants...

2.1.3. Charitable contributions

Charitable contributions do not usually constitute “gifts” for the purposes of this Policy. Nevertheless, a specific attention must be paid to the charitable organizations that are closely linked to some of our suppliers or customers (e.g. family trusts, family/personal foundations). In such cases charitable contributions could be considered as gifts and thus this Policy would apply. In any case, charitable contributions should be made to only qualified not-for profit organizations and through the Schneider Electric related Foundations.

2.1.4. Public officials

A public official is a person who is involved in public administration or government, through election, appointment, selection, or employment. In some countries, a significant proportion of companies are state-owned enterprises, and it can be difficult to clearly differentiate between public and private organization. In such situation, employees of state-owned enterprises should be considered as public officials. At Schneider Electric, offering gift or hospitality of any value to public officials is considered as inappropriate; moreover this can be construed as a facilitation payment to speed up a normally legal service and is illegal under US and UK laws anywhere in the world.

2.1.5. Political organisations/parties

Contributions to political organizations/parties are usually considered as inappropriate by Schneider Electric. Exceptions could be accepted, with the formal agreement of both the Country President and the Chief Compliance Officer of the company, in cooperation with the Government Affairs department. In such case, the contributions should be fully transparent and in compliance with the local regulations.

2.2. Our 9 Principles

At Schneider Electric, all employees should consider the following nine (9) criteria before offering or receiving a business courtesy:

- 2.2.1. Legality:** gifts and hospitality must comply with local and international regulations.
- 2.2.2. Intention:** business courtesy must have a clear business reason and not just be for personal enjoyment; it should never create a sense of expectation on the giver or a sense of obligation on the beneficiary; it should never give the appearance of influencing the relationships between Schneider Electric and its business partners.
- 2.2.3. Frequency:** business courtesy involving the same givers and beneficiaries should not be a regular occurrence; it should not raise an appearance of impropriety to any stakeholder, including the wider public.
- 2.2.4. Reasonable:** the business courtesy value must be limited, reasonable and appropriate to the giver and the beneficiary positions and circumstances (no business courtesy should be provided during a competitive bid process or contract negotiation for instance); it should be in line with local customs as long as it does not breach Our Principles of Responsibility.
- 2.2.5. Reciprocity:** you should never accept a business courtesy that you could not offer in return because of its value and/or type.
- 2.2.6. Monetary gifts:** you should never accept or give monetary gifts including cash, shares, loans, stock options, vouchers, cash gift cards, etc
- 2.2.7. Transparency:** received or given business courtesy should always be made openly to avoid any suspicion, and reported to your leadership.
- 2.2.8. Solicitation:** asking for or implying an expectation for a business courtesy – directly or not – is not permitted.
- 2.2.9. Help:** Line managers should be the first contacts to seek for advice. If any doubt remains, Compliance Officers and Principles of Responsibility Advisors are at employees' disposal.

Violations of this global policy may lead to disciplinary actions. Any employee with knowledge of or suspicion of any violation of this global policy must report these concerns according to our internal escalation process (see "Internal Fraud Investigation Policy" – chapter 4.1 Reporting an ethics alert)

2.3. Application of Principles

This paragraph is a declination of the principles mentioned above. It aims at providing some operational precision on the most frequent situations but it is not intended to be exhaustive. Some additional guidelines might be found in the local Gifts & Hospitality Policy and in the Global and Local Travel Policies.

Business courtesy of all types should be strictly restricted to the employees and their business partners which excludes family and relatives on both sides.

2.3.1. Goods and Services (given and received)

They must have a symbolic value. It might include a bottle of regular wine, flowers, fruit baskets, treats and other modest gifts that commemorate a special occasion. It might also include promotional items of low nominal value such as pens, calendars, mugs, USB key, T-shirts, etc. For instance, a 6-bottle of wine box, expensive watches, jewels, perfumes, electronic devices, luxury clothes and treats etc. are not considered as symbolic value.

2.3.2. Meals and drinks

There must be a business purpose and be restricted to the direct business stakeholders. The amount of the meals and drinks should be reasonable in comparison with the amount usually allocated for Schneider Electric employees on business travel. Employees should use good judgement and decline invitations for meals that are inappropriately lavish or excessive or create a perception of undue influence.

2.3.3. Transportation

All transportation must serve a legitimate Schneider Electric business purpose.

The company should usually not accept that a supplier pay for our transportation costs. Some exceptions could be considered such as a request from a supplier to bring a testimony or to provide technical assistance.

The company should usually not offer to pay for the transportation costs (and accommodations) of potential customers (especially during the bid process as mentioned in the above guidelines). During the course of the contract, the company might pay such costs for customers only if it has been specifically mentioned in the contract. In such case it is strongly advised to be as clear as possible in the contract on what will be paid and what will not be paid by the company.

Schneider Electric employees should neither offer nor accept any upgrade of airline/train sitting class compared to the generally accepted travel standards in Schneider Electric, unless offered by the transportation company.

These rules also apply to company events (sponsored events, fairs, trainings, suppliers day, etc.).

2.3.4. Accommodations

All accommodations (hotels, apartments, or any alternatives to hotels other travel-related amenities) must serve a legitimate Schneider Electric business purpose.

Employees should usually not accept that a supplier pays for their accommodation costs. Some exceptions could be considered such as a request from a supplier to bring a testimony or to provide technical assistance.

Employees should usually not offer to pay for the accommodation costs of potential customers (especially during the bid process as mentioned in the 9 principles). During the course of the contract, the company might pay such costs for customers only if it has been specifically mentioned in the contract. In such case it is strongly advised to be as clear as possible in the contract on what will be paid and what will not be paid by the company.

These rules can be adjusted for company events with the formal approval of an ex-com member.

2.3.5. Entertainment

Entertainment must serve a legitimate Schneider Electric business purpose.

Some entertainment activities (received and offered) are always forbidden (participation and/or payment) even where legally authorized. This includes sexually explicit recreation and dangerous sporting activities. Activities such as hunting, fishing, and organized animal fighting should be carefully evaluated: although Schneider Electric does not encourage such activities in the professional business context, the company allows the participation to these activities provided that they comply with the strictest of local laws and international conventions.

Time allocated to entertainment should be reasonable (a couple of hours maximum) and should not represent a substantial part of the business partners' interactions.

Entertainment involving the same givers and beneficiaries should not be a regular occurrence and should be consistent with the business stakes involved.

Employees travelling for business purposes may not expense the cost of any personal entertainment they would enjoy on their own or with other Schneider Employees (including but not limited to well-being or sport fees, cultural events, books...).

2.3.6. Favours

Favours should be avoided as much as possible. For instance, employing a relative of a business partner (private or public), even for a short period of time, could be considered as favouritism and create a conflict of interest.

Giving/accepting a special discount on products/services for personal benefit or enjoying a privileged access to a club thanks to the membership card of the business partner should also be avoided.

In any case, full transparency must always be given to the management.

2.3.7. Exceptions

Employees might face some exceptional situations where they need to break the above 9 principles. In such case, a formal pre-approval is needed from both the line manager and the zone compliance officer. In case of a public official is involved, an additional formal pre-approval is needed from the Country President.

2.3.8. Precision for local policies

For clarity reason, local policy owners are encouraged to fix some maximum amounts (& frequency if relevant) for each type of business courtesy, based on local legislation & habits, in the local declination of this gift & hospitality policy.

2.4. Undue gifts & hospitality

2.4.1. Prevention

From the very beginning of the relationship with our business partners (suppliers, customers, etc.) employees should highlight Our Principles of Responsibility and the relevant policies and directives, especially the Gifts and Hospitality Policy. Schneider Electric ethics standards should be included in the company general terms and conditions of sales and of purchases.

Before giving a business courtesy, Schneider Electric employees should make sure that it is in line with the gifts and hospitality guidelines and/or code of conduct of the business partner.

Accommodations, meals, entertainment and transportation:

- Before attending an event, employees should look into every aspect of the invitation and make sure it is compliant with the above 9 principles. In particular, employees should ensure that the attendance has a clear business purpose and should usually pay for their transportation and accommodation costs.
- In business contracts, hospitality given or received must be clearly described in the terms and conditions to avoid unpleasant surprises. This includes: type of expense, maximum amount per expense and per day, number of beneficiaries, transportation and accommodation standards, number of days covered, decision maker on the trips, etc.

2.4.2. Dealing with undue gift & hospitality

Business courtesy of high value must be politely refused (or returned if already received). Employees should politely explain that it is not a personal rejection but an obligation by company policy. Employees should seek for advice if they don't feel comfortable to do this.

Business courtesy of moderate value may be accepted in cases where it would seem offensive to refuse. The gift would be regarded as company property and must be handed over to the management. Depending on the gift nature and value, it could be given, for instance, to a local Schneider Electric Country designated charity.

Employees are expected to be open with their superiors about everything related to the acceptance of gifts and hospitality.

2.5. Conclusion: the “newspaper test”

If employees have any doubt about accepting or offering a business courtesy, they may ask themselves how they would feel if what they were about to do was reported on the front page of the local newspaper read by their relatives.

If employees feel they would have a hard time to justify their decision (gift received or offered in this case), the best course of action is *not* to do it.

If any doubt remains, Schneider Electric strongly encourages employees to seek for advice up-front rather than deciding alone and possibly make a mistake and/or hide their decision. Their manager, their PoR Advisors and their Compliance Officer are at their disposal to support.
