

Anti-Corruption Policy

First publication : 01/11/2017

Current publication : 30/09/2021

Version : 3

Document type : Policy

Scope : Global

Life Is On

Schneider
Electric

Document name: Anti-Corruption Policy

Purpose:

As stated in our Trust Charter, the Anti-Corruption Policy (“Policy”) sets forth Schneider Electric's comprehensive anti-corruption policy;

The Policy outlines the risks related to corruption and describes the behaviors expected of Schneider Electric employees to mitigate those risks.

Audience: All Schneider Electric employees and affiliates

Content:

1. Our Vision
2. Our Rules of Conduct
3. How raise a concern ?
4. Sanction Policy

Confidentiality Status: Public restricted

Local adaptation authorization: Possible to update the Policy at local level by integrating risks identified by local corruption risk mapping and specific local laws; such amendments are under Peter Wexler's formal approval after review by Group Compliance Department.

Document Owner: Audrey Morin, Group Compliance Director

Document Reviewer: Nicolas Vlieghe, SVP Chief Compliance Officer

Document Approvers:

- Jean-Pascal Tricoire, Chief Executive Officer & Chairman
- Hervé Coureil, EVP Chief Governance Officer & Secretary General

1. Our vision

“No company will survive in the long term if it acts against the interest of the Society”

Jean-Pascal Tricoire, CEO and Chairman

At Schneider Electric, we act ethically and responsibly. It is the only way to build an attractive and sustainable company. With this Anti-Corruption Policy, we, on Group Executive Committee’s behalf, reassert a zero-tolerance policy toward corruption, bribery and all other unethical practices.

The fight against corruption has intensified. More and more countries enforce strict anti-corruption regulations. Cross-border judicial cooperation has taken corruption investigations and prosecutions to a new level, focusing on corporate liability but also, more and more, on individual liability.

As a member of our company and regardless of your position, you must reflect our ethical commitment by conducting business in full compliance with this Policy and all relevant international and local regulations. By doing so, you preserve the reputation and assets of Schneider Electric; You ensure trust and confidence in our relationships with our clients, partners and external stakeholders, such as investors and shareholders. Finally, you preserve the people of our company, and most of all yourself.

Our Anti-Corruption Policy shall serve as a handbook which you may consult when having doubts about appropriate business practices. It is not intended to address every issue you may encounter, but it should provide you with appropriate examples of corruption risks you may encounter and guide you to sort out many ethical dilemmas.

We count on you to promote business integrity.

Jean-Pascal Tricoire & Hervé Coureil

2. Rules of Conduct

“The fight against corruption is everyone’s business.”

Nicolas Vlieghe, SVP Chief Compliance Officer

2.1 General rules regarding anti-corruption policy

Bribery and corruption have a tremendous cost:

- For companies: this is the financial and reputational cost, accompanied by legal proceedings, prosecutions and sanctions.
- For individuals: this is a “human” cost, with penalty of imprisonment.
- For the business: this is a competition cost, as companies accepting/giving bribes break the fair competition rules; also, a company may be debarred from public tenders/ public funds related projects in case of corruption.
- For the Society: an economic, politic and environmental cost, as bribery and corruption maintain countries in poverty, by diverting public resources from crucial priorities, such infrastructures and access to basic needs such as energy.

Our Anticorruption Policy mandates that everyone comply with our internal rules, dedicated policies and procedures put in place at Group and local levels.

Managers are intended to walk the talk by complying with rules, spread the right message in their teams, and support reporting of misconducts.

Beyond these internal policies and procedures, our Anticorruption Policy defines a course of action to be followed in all circumstances. In case of doubts, please contact your Compliance Officer.

Local legislations may be stricter or less strict than our Policy: keep in mind that the stricter rule always prevails.

Any non-compliance with the Anticorruption Policy will lead to sanctions, as defined in the section 4 “Sanctions” of this Anticorruption Policy.

What is corruption? What is bribery?

 Corruption can be defined as the abuse of entrusted power for private gain and it can take many forms, including bribery.

 Bribery can be defined as the offering, promising, giving, accepting or soliciting money or anything of value, to obtain an undue advantage for oneself, for another person or for the company, by ensuring that someone in the public or private sector fails to respect his or her duties. Undue advantage can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, favors, etc.).

Nature: active (briber) or passive (bribed person) bribery.

Form: direct (directly by the company, its officers, directors or employees) or indirect (through an intermediary, business agent, partner....)

Recipient/giver: our Anticorruption Policy applies to both private and public sectors, including but not limited to state-owned companies, government representatives and any other public officials.

In this Policy, "Bribery" and "Corruption" are used as synonyms.

How to recognize risky situations? ("Red flags")

Beyond a direct request to pay a bribe there are many situations that may represent a red flag and therefore specific caution is needed and enhanced diligence may be necessary to avoid or mitigate risks. Such red flags are but not limited to:

- Use of a business agent or an intermediary;
- Specific third party required or recommended by the client, without any legal basis;
- Undocumented or insufficiently documented service;
- Abnormally high fees or commissions;
- Repetitive and / or disproportionate hospitality (meals, trips, etc.);
- Unusual payment terms or cash payments;
- Project to acquire or merge with a company located in a country at risk regarding corruption and which often interacts with public customers;
- A potential business partner who refuses any reference to our Trust Charter and related policies in the consortium or joint-venture agreement



example

A customer demands, for the final signature of a contract, the payment of a commission, in the form of a consulting service delivered by a third company imposed by the customer.

⇒ You must inform immediately your manager and your Compliance Officer.

The procurement officer of a client requests a small compensation to increase our chance to win a bid Schneider Electric is participating.

⇒ You must refuse this kickback, defined as a type of bribe involving the payment of something of value to a recipient as compensation or reward for providing favorable treatment to another party.

2.2 Additional rules concerning specific risks

2.2.1 Gifts and hospitality



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.

Business courtesies help build good business relationships, but they can be interpreted as corruption.



You must ensure that:

- All gifts, invitations and hospitality packages offered are appropriate and in line with our global and local Gift & Hospitality policies;
- Before accepting or receiving a gift, a benefit or an invitation, you consider how it might be perceived publicly and refuse those that might put you in a conflict of interest;
- You are transparent with your manager so as to avoid any suspicion of violating the internal declaration procedures regarding gifts, invitations and other benefits;
- You never give cash as a gift, whether directly or indirectly, even if such gifts are permitted under local laws or acceptable according to local practices.
- You comply with Gift & Hospitality policies and internal authorization process regarding business events, by first contacting your Compliance Officer.



Case 1: You are planning to travel abroad to meet with foreign public officials to obtain some legal authorizations. To make sure that the public officials will support your case, you offer him a 6-bottle wine box and perfume for his wife.

⇒ Disproportional hospitality and gifts are often linked to obligation or expectation to provide a benefit in return, characterizing bribery or giving the appearance of corruption.

Case 2: You participate to a big sales event of one of our partners, and you participate to the contest organized for the event. You win the contest and related price which is a trip for you and your spouse in a dream-like destination.

⇒ You must refuse and explain our Gift & Hospitality Policy; in parallel, please inform your Compliance Officer and your manager.

2.2.2 Facilitation payments



A facilitation payment involves paying a sum of money, directly or indirectly, to a public official (for example, a customs or immigration officer) to perform or speed up administrative formalities.

These payments are often made in the context of the processing of a visa application, the issuance of an authorization, a permit or a license or customs formalities.

Facilitation payments are strictly prohibited.



You must ensure that:

- You refuse any facilitation payment request made by public official;
- You immediately alert your manager and your Compliance Officer, especially when refusal of such payment may represent a security risk for an employee;
- You never decide alone if you face a facilitation payment request.



Some of our products are stuck in customs for clearance: the customs officer tells you that to accelerate the release of the products, you need to pay him a “special” fee in cash.

- ⇒ You must refuse it if there is no security risk for you and explain our zero-tolerance policy against corruption.
- ⇒ If there is any potential security risk, please just reply that you must get confirmation of your manager, and contact him and your Compliance Officer immediately, for guidance.

2.2.3 Corruption risks related to our business agents, partners, suppliers and subcontractors



Schneider Electric may be responsible for the acts of third parties it has contracted with, especially when such acts are non-compliant with anticorruption laws and made on behalf of or for the benefit of Schneider Electric. In addition, business integrity within our sphere of influence is part of business values, preserving our reputation towards our clients, partners, shareholders and society in general.

To help mitigate the possible adverse legal, financial and reputational impacts related to third parties with whom we work, we use, preventive measures, called due diligence, to ensure that we know with whom we are doing business. This assist us in anticipating risks and therefore managing, in more sustainable way, our growth.



You must ensure that:

- You comply strictly with the Business Agent Policy before contracting with any Business Agent as well as through the whole contractual relation;
- You conduct due diligence on third parties in accordance with our internal processes and have them approved by the relevant managers;
- You never engage in a relationship with a third party who refuses a clear commitment to fight against corruption;



example

A supplier approaches you to inform you that he has relatives working for some potential clients to which Schneider Electric will submit an offer and he proposes to liaise with such relatives asking them to do a favor for Schneider Electric. He suggests being paid for this “assistance” by issuing an invoice for “other costs” linked to its supplying agreement.

- ⇒ You must refuse the proposal and report to your Compliance Officer.
- ⇒ “Other costs” allocation requested by a contractor is considered as a red flag.

2.2.4 Mergers and acquisitions



Acquiring a company or company shares or proceeding to a merger with another company may represent some risk for Schneider Electric. Once an acquisition is consummated, we may be held liable for wrongdoings occurring before the acquisition or the merger.



You must ensure that:

- You comply with internal procedures of due diligence related to M&A operations;
- You ensure full compliance with Post-Merger Integration process, especially regarding implementation of our Trust Charter and our Anticorruption Policy.
- You report to your Compliance Officer any suspicions of violation of either our Anticorruption Policy and of anticorruption laws and regulations.



example

During the review of specific contracts inherited from a company just acquired, you learn that some “privileges” were granted several years ago by the company to its clients to maintain the relationship, such as regular invitations to sports events for the management and their families, and annual event with entertainment activities were planned, hosted and paid by the company.

- ⇒ You must report that to your Compliance Officer.
- ⇒ Even if the company is a joint venture in which Schneider Electric has only shares, we must ensure compliance with laws and regulations and promote our Trust Charter and Anticorruption Policy.

2.2.5 Conflict of interests



Conflict of interest arises when an employee's personal interest conflicts with those of Schneider Electric, leading to affect his/her judgement in performing his/her work.

Situations where potential conflicts of interest arise are:

- Being officer or director of any company not belonging to the Schneider Electric Group;
- Having directly or indirectly, any financial relationship with any Schneider Electric's competitor, partner or supplier, unless it is purely for financial investment purpose;
- Having directly or indirectly any personal relationship with any Schneider Electric's competitor, partner or supplier, when your job position includes interaction with external parties;
- Engaging or having interests (in either case, directly or indirectly) in any other activity, business or employment in a manner that interferes with his/ her job position at Schneider Electric or which may constitute a breach to labor laws;
- Having a political mandate which may interfere with his/her job position.

Such situations are not illegal per se but must be properly disclosed.



You must ensure that:

- You comply with internal processes related to disclosure of potential conflict of interest;
- You declare to your manager and to your HRBP any potential conflict of interest and refrain from participating in debates and decision-making on the subjects concerned;
- You update your declaration in case of any significant changes.



You are the decision-maker in the selection process for a new supplier and your uncle is the representative of one of the applicants.

- ⇒ You must report this conflict of interests and ask to be replaced in the selection process of the new supplier.
- ⇒ It is essential to take decision only in the best interest of the company, based on objective criteria of selection.

2.2.6 Philanthropy and sponsoring



Philanthropy can be defined as social donations and contributions given for a charitable purpose or to support a specific social initiative. A donation or charitable contribution can be in the form of cash, services, development aid support and new or used goods.

Sponsoring is a form of marketing by which the company pays all or part of the costs associated with a project or program, in exchange for visibility on communication media or events.

Such initiatives are part of our corporate citizenship, part of our Trust Charter. However, they may represent significant risks of unlawful use of money and then corruption.

In addition, the Group refrains from making any financial contribution to candidates, elected representatives or political parties.



You must ensure that:

- Company funds or sponsoring activities are always lawful and in line with our Trust Charter;
- You refuse any donations to individuals or for-profit organizations, nor to organizations indirectly benefiting or controlled by politicians, public officials or their relatives;
- You seek approval of any sponsoring agreement by Legal;
- Grant a donation or a sponsoring to an organization related to projects aligned with our corporate citizenship strategy.



example

A client requests that Schneider Electric sponsors a sporting event in exchange for signing a contract or donate to personal foundation of the CEO.

- ⇒ You must refuse, reasserting our Trust Charter and our Anticorruption Policy.
- ⇒ Such solicitation may be interpreted as a bribery, specifically as a kickback.

2.2.7 Lobbying



Lobbying is the act of informing public officials about a company's activity to provide decision makers with precise and technical expertise.

Such activities are more and more regulated and subject to transparent reporting.

External lobbyists are subject to our Business Agent Policy and employees who perform lobbying activities must be registered in accordance with local regulations.



You must ensure that:

- You are transparent about your lobbying activities inside and outside the Group and that you report on your mandates in the various professional organizations;
- You comply with our Business Agent Policy before contracting with an external lobbyist.
- You comply with our Gift & Hospitality Policy.



A Member of Parliament asks you to buy him an airline ticket in exchange for supporting a new law in a certain direction.

- ⇒ You must refuse, reasserting our Trust Charter and our Anticorruption Policy.
- ⇒ You must inform your Compliance Officer about this unlawful solicitation.

3. How to raise a concern?

In case of serious doubt about the behavior of a third party or an employee which will be potentially contrary to the provisions this Anticorruption Policy, please report your concern through Trust Line or to your Compliance Officer.

- Trust line website:

<https://www.se.com/ww/en/about-us/sustainability/responsibility-ethics/trustline/>

- For the toll-free number in your region, click on “Report by Phone”.

Please note that the use of Trust Line is regulated by our global Whistleblowing Policy. This includes a strong policy against any retaliation or unfair treatment due to the use of the Trust Line.

4. Sanctions

Failure by an employee to comply with the provisions of applicable laws and/or this Policy may result in corrective actions or disciplinary sanctions. That decision is taken by relevant management.

In addition, Group Compliance Committee or relevant management may decide to submit confirmed breach to this Policy to the Disciplinary Committee for review and decision on the most appropriate sanctions. The Disciplinary Committee’s role is to independently consider the evidence and conclusions provided by the Group Compliance Committee, and to levy sanctions when appropriate.

Corrective and disciplinary sanctions include, but are not limited to:

- Managing performance (coaching, training);
- Verbal warning;
- Written warning;
- Internal action;
- Employment termination;
- Additional legal action.

It is the goal that any sanctions are proportionate to the issue. Moreover, the appropriate sanction will be determined in full compliance with any relevant applicable local labor laws and procedures.