Supplier Guide Book
Collaborate, perform, grow together
Dear Supplier,

We are pleased to publish the Schneider Electric Supplier Guide Book. This document has been designed in order to provide you, in a simple way, an overall view of what it means to be a Supplier of Schneider Electric. The Guide Book describes how we work in Schneider Procurement, and how we intend to drive and animate our relationship with you in a mutually demanding and collaborative mindset. It also details our expectations and commitments in order to deliver mutual benefits and continued progress.

This Guide Book is a reference for our joint efforts towards excellence, best-in-class competitiveness, and it also serves to enhance our collaboration.

Therefore, I count on your commitment, as well as our alignment within Schneider Electric, to follow these principles for continued cooperation, always inspired by Customer Satisfaction as our number one priority.

Dan Bartel
CPO
Schneider Electric
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Schneider Electric in a nutshell

Schneider Electric is the global specialist in energy management and automation.

~ 26 billion euros
Yearly Sales

~ 5% of revenues
devoted to R&D

~ 137 000 people
in more than 100 countries

On 5 diversified end markets

We are a ‘Tech’ Company

With balanced geographies:

Accounting for 75% of the world’s energy consumption:

- Utilities & Infrastructure
- Industry & Machines
- Data centers & Networks
- Non-residential Buildings
- Residential Buildings

We make energy safer, more reliable, more efficient, more productive.

Schneider Electric leading the digital transformation of energy management and automation

Key figures for 2018

- 5% of revenues devoted to R&D
- €26 billion 2018 revenues
- 42% of revenues in new economies
- 137,000+ employees in over 100 countries

A well-balanced global presence – 2018 Revenues breakdown

- 28% North America
- 27% Western Europe
- 29% Asia Pacific
- 16% Rest of world

Four End Markets

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01
Supplier Code of Conduct
Schneider Electric has a track record and is recognized as a leader on Sustainable Development. Schneider has joined RBA (ex EICC) global alliance and endorses RBA Code of Conduct.

Our Suppliers have a key role to play and our expectations are listed a ‘Code of Conduct’ reference document. We expect this Code of Conduct to be implemented by all our suppliers delivering goods or services to Schneider Electric, supported by an effective management system, applied and maintained to ensure compliance with this Code of Conduct, mitigate any risk of deviation and guarantee continuous improvement.

Some of the topics covered by this Code of Conduct are shown here. The complete reference document shall be found in RBA website.

Beyond and above these expectations, we encourage all our Suppliers to follow the guidelines of ISO26000. This is even a prerequisite for certain of our Suppliers.

Environment
- Compliance (REAC, RoHS)
- Natural resources
- Carbon footprint reduction
- ISO14000 & ISO26000

Human Rights
- No Child Labour
- Student rights
- Non-Discrimination
- Diversity promotion policy (gender, origin, education, handicap...)

Labour Practices
- Fair and ethical workplace
- Freely chosen employment
- Compliance to Labour Regulations
- Working Conditions
- Health & Safety
- Freedom of Association

Fair & Ethical Business Practices
- Integrity & Transparency
- No corruption, extortion, bribery, embezzlement
- Formal Business commitments
- Conflicts of Interest prevention
- Gift & Amenities limitation policy, Conflict of Interest
- Intellectual Property
- Protection of Identity and Non-Retaliation

Sustainable Procurement
- Suppliers Management with inclusive guidelines and equal opportunities
- Conflict Minerals - free regulation
- Code of conduct communication to Suppliers and monitoring
02
Procurement Vision
Procurement mission

High quality, innovative, agile, competitive and responsible suppliers are key.

Our global procurement mission aims to strongly align with our company strategy of delivering customer value through transformation of energy management. We will do this by contributing to top line and bottom line growth, while establishing a leadership position in sustainable sourcing.

Our key priorities of Quality, Innovation, Cost, Cash and Sustainability are strongly supported by our people, our Tailored, Connected, Sustainable Supply Chain and Digitization. As a key part of our end-to-end supply chain, we count on our suppliers to be strong contributors across all aspects of performance.
Procurement organization

Addressing a geographically balanced spend representing 50% of Schneider Electric sales revenue.

**Regions**
- Perform operational procurement operations & indirect procurement for all sites in the region
- Manage Regional suppliers

**Support functions**
- Lead procurement transformation through global and transversal projects
- Drive procurement excellence through process capabilities building

**Businesses**
- Support Offer Creation Process needs
- Lead Finished Goods procurement

**Markets**
- Design and implement strategies for direct and indirect categories, supporting businesses and regions needs
- Manage Global supplier

🔗 Procurement missions
🔗 Procurement organization chart
03

Collaborating with Schneider Electric
Indirect Procurement
Indirect Procurement organization involved from anticipation to operations supporting regional needs

Global Solutions Procurement
A dedicated organization working in project mode delivering custom solutions for our Customers

Schneider Supplier Portal*
*Supplier Relationship Management
*Supply Chain Management
Co-Innovation with Suppliers

**Supplier innovations** are encouraged, then systematically **evaluated and selected** at new projects early stage to improve value creation and create offer breakthroughs.

A limited number of **strategic partners** are selected based on their innovation capabilities and technology leaderships, global reach, competitive performance to boost collaboration intensity and joint value creation.

**Innovation** is a Schneider Electric **top priority** to create a sustainable competitive advantage on the market: capture un-met & emerging needs, delight our Customers, make their life easier, solve their painpoints, leverage the best of technology.

**Innovation arena** is very large: business models, customer experience, technology, services, processes, supply chain performance, tools for efficiency.
The Project Management Process (PMP) is the Schneider Electric unified collaborative model needed to support the offer projects execution.

Activities with suppliers

- Sign non disclosure agreement
- Perform suppliers audits
- Establish co-development contract (feasibility and design)
- Set-up project reviews
- Launch request for information & request for quotation

- Select suppliers for business award
- Organize contract reviews based on selected design
- Perform Industrialization
- Validate Supply / Solution / Process
- Approve Quality and delivery requirements

- Secure ramp up of Supply Chain
- Ensure project targets are met
- Identify incremental improvements
- Organize feed back on the project performance
Our customers have different supply needs supporting different business needs.

**Customers**

1. Understand Schneider Electric service needs
2. Define custom Supply Chain services
3. Product deliveries meeting Schneider Electric service & Quality needs

**Suppliers**

1. Understand Schneider Electric service needs
2. Define custom Supply Chain services
3. Product deliveries meeting Schneider Electric service & Quality needs

From catalog Products to tailored Solutions and Projects, we support our Customer business needs with specific supply chain approaches. We expect suppliers to deploy such capabilities with our plants and Solutions centers.
Suppliers are an integral part of our end-to-end Supply Chain. We leverage digitization to enhance quality, speed, transparency, efficiency with Suppliers.
Procurement Excellence model
Supplier selection, performance & development

Our ‘Procurement Excellence System’ (PES) supports Supplier sourcing, Relationship Management & Procurement model, with a primary focus on Quality and customer satisfaction in a unified way across our Company.

Sourcing
- Market/ Needs Analysis
- Supplier classification
- Supplier development & selection

Business Allocation
- Supplier qualification
- Negotiation
- Contracts and business awards

Implementation and Relationship Management
- Relationship governance
- Product & Service development
- Collaborative projects
- Supplier development

Ongoing Procurement
- Purchase Orders
- Transaction Management
- Delivery, Acceptance and Payment
- Performance management
Supplier collaboration steps

Aiming at best in class performance on 7 dimensions, where quality is #1 priority.

Supplier Approval Module (SAM)
To secure Suppliers capabilities to satisfy Schneider Electric’s needs

Supply Qualification Module (SQM)
To ensure rigorous evaluation of Supply and Supplier commitment against all the qualification requirements

Supplier performance module (SPM)
To optimize the performance of our End-to-End supply chain to maximize our Customers satisfaction

Gaps in performance must be tackled by suppliers themselves or through development programs initiated by Schneider Electric (Quality, Logistics, Lean…)

For Indirect Procurement; Quality, Delivery & Logistics are merged into 1 dimension: Service Level
Our strategy brings growth potential to best suppliers

Schneider Electric procurement strategy is focused on developing a robust network of suppliers as the foundation of our extended Supply Chain.

~1,000 strategic Suppliers provide a wide variety of products, services and solutions. They are selected upon demonstrated Performance & Collaboration. Our Schneider Supplier Leader will foster bi-directional communication, and facilitate the relationship.

This strategy brings the following benefits to you:

- Global business opportunities and visibility
- Prime access to new offer creation projects
- Procurement spends concentration

* For Solution Procurement : the Supplier Leader role is taken by Solution Purchaser.
Our priorities and expectations

Our first priority is the satisfaction of our Customers

We want to turn our Supplier relationship toward higher business added value

We expect you to collaborate & innovate

Grow

Our Supply Chain model is buy-oriented, Suppliers are critical to our performance

We consider cooperation as a must for successful relationship

We are engaged in business transformation with you. Our mutual commitment to be fully responsive is essential

Collaborate

We expect outstanding service across all our Supply Chain needs, starting by Quality

Perform

We concentrate our spend and efforts on most performing suppliers

Sustainable development is part of our DNA

We expect you to engage with us and share a Business ‘Code of Conduct’

You are a key component of our price competitiveness

We expect you to deliver at any time the best total cost of ownership, with permanent progress