

Message from the Chief Procurement Officer

At Schneider Electric, our purpose is to empower all to make the most of our energy and resources bridging progress and sustainability for all. We are convinced, it is the duty of companies like ours to make the world a better and more sustainable place.

As you know, we are fully dedicated to achieve the 17 United Nations Sustainable Development Goals, in particular through the application of [Trust Charter, Schneider Electric's Code of Conduct](#), and translated into tangible business actions. The impact which we have on society, is not limited to our own operations, but extends across the value chain. Hence, we collaborate and coordinate our efforts with all our partners to fulfill these goals.

As a value chain partner we need your full support and collaboration to achieve our vision for sustainable procurement, with all suppliers building an inclusive and carbon neutral world, where ecosystems and resources are preserved through enhancing circular economy, where we develop an ethical way of conducting business, with a focus on human rights and social impact at all levels.

We consider sustainability as a key driver for business performance, reputation, attraction and retention of employees, and corporate citizenship. We expect you as a business partner to ensure that the commitments set forth below are acknowledged and undertaken, then implement standards and actions, which facilitate this vision and mission

Thank you for your commitment to this important work.

Regards,

Daniel W. Bartel

Chief Procurement Officer

Contents

Message from the Chief Procurement Officer.....	2
Preamble	4
Environment	5
Human Rights & Decent Working Conditions.....	6
Occupational Health & Safety.....	7
Fair Business Practices	8
Grievance Redressal.....	8
Inspection and Corrective Actions	8
Sustainable Procurement.....	9
Access to Remedy	9

Preamble

This document summarizes the most fundamental requirements from Schneider Electric towards its Suppliers.

We expect these principles illustrated in this document to be applied by all suppliers delivering goods or services to Schneider Electric. This implies implementation of a strong management system to ensure compliance with these key expectations, mitigate the risk of deviation and guarantee continuous improvement.

Schneider Electric's Sustainable Development agenda is clearly visible through our commitment to the United Nations Sustainable Development Goals and extension of our [Trust Charter, Schneider Electric's Code of Conduct](#)¹ to our suppliers, especially focusing on six long term commitments:

1. Act for a **climate** positive world
2. Be efficient with **resources**
3. Live up to our **Trust** Charter, Supplier Code of Conduct
4. Create **equal** opportunities
5. Harness the power of all **generations**
6. Empower local **communities**

To proceed with those expectations, we require all our Suppliers to review their own operations, take ambitious targets, and initiate bold actions in the areas mentioned in this Supplier Code of Conduct.

Your commitment and action are a prerequisite for being a supplier to Schneider Electric.

As part of our global performance management system, we may require some of our suppliers to leverage the ISO26000 guidance, with minimal rating requirements and permanent progress monitoring through 3rd party assessment.

For Schneider Electric, every employee is individually committed to follow and align on [Trust Charter, Schneider Electric's Code of Conduct](#). This 'Charter' includes basic conditions and behaviours in the context of relationships with 3rd parties and relevant members.

¹ [Trust Charter, Schneider Electric's Code of Conduct](#) serves as a guide for every person and every team at Schneider Electric in terms of ethics and compliance. Together they aid us in pursuing our objectives in a way that is meaningful, inclusive and positive.

Environment

Schneider Electric is committed to protecting the environment, and environmental responsibility is at the core of how we operate. We expect the suppliers to implement appropriate management system, organizational structure and procedures to assess the environmental risks, implement adequate controls to mitigate the impact, maintain environmentally responsible business practices and have a competent person to manage. In particular we expect key focus on:

- **Comply to Environmental regulations**
Suppliers shall identify and adhere to all applicable legal environmental requirements, including obtaining applicable permits, licenses or registrations in a valid and up to date manner, meeting the prescribed performance thresholds, discharge monitoring and timely submission of all returns and filings, as required.
- **Address Climate change & reduce greenhouse gas (GHG) emissions**
Suppliers should quantify their greenhouse gas emissions and adopt ambitious emission reduction targets to limit global warming to 1.5-degree C. The suppliers are expected to take steps to address their own operations towards Carbon neutrality and ultimately Net Zero emission, while challenging their own supply chain to develop similar approach. The required policy should go beyond energy efficiency measures and encourage innovation by revisiting the raw material composition/technology use and extending the measures to their own supply chain.
- **Prevent environmental hazards and pollution**
Suppliers shall implement adequate management systems or equivalent to identify, manage, communicate and reduce the risk of environmental hazards from their operations, including impacts like pollution, from air emissions, effluent discharge, waste disposal and use of hazardous substances.
- **Develop resource conservation and circularity**
The suppliers shall strive to conserve and use the natural resources responsibly, including, raw materials, minerals, fossil fuels etc by revisiting the practices such as production processes/technologies, increasing recycled content in products/raw material mix, exploring the use of alternate materials, drastic residual waste control and implementing circular business models.
- **Respect ethics in Material usage**
Suppliers will adhere to all regulatory and customer requirements regarding the prohibition or restriction in use of specific substances like critical raw materials, and others prone to sourcing from conflict zones and various regulations.

Human Rights & Decent Working Conditions

Suppliers are committed to uphold the human rights of workers, treat them with dignity and respect and ensure decent working conditions as defined by the International Labour Organization (ILO) and the United Nations Global Compact (UNGC). This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker and extends to the suppliers in the subsequent tiers.

- **Child labour & young worker**

Employment of child labour is strictly prohibited in any form. The term child refers to any individual, under the age of 15 or under legal minimum age, as defined by local law-whichever is higher. In case of employing young workers (15 years - 18 years), appropriate safeguards should be implemented to prevent exposure to hazardous working conditions. In case of employing students or interns as part of educational trainings, legal minimum age criteria must be respected. All appropriate measures required for young workers or interns, especially related to nature of work, duration of work, compensation and maintenance of necessary records should be strictly adhered.

- **Freely chosen employment**

No individual shall be employed against their will. Forced, bonded (including debt bondage), involuntary prison labor or victims of slavery, human trafficking, coercion shall not be used in employment. All employees should have basic liberty, dignity, freedom of movement and clearly written contracts in language that is understandable to them. Workers should have freedom to leave the employment at reasonable notice without any penalty or obstruction. The suppliers, any agent/intermediary, shall not withhold original documents, wages of the workers, migrant or otherwise.

- **Working hours and weekly off**

Supplier should ensure that working hours, including overtime, should not exceed applicable legal requirements, and where such requirements do not exist, the working hours should not exceed sixty hours per week including overtime. Workers should get at least one day off after six days of subsequent work.

- **Wages and benefits**

Compensation extended to the workers should be more than the legal minimum standards, at least equal to, living wages based on the place of work done. This should include the legally mandated benefits for workers such as social security, paid leaves etc. In case of overtime work, the wage should be paid at premium rate. All wage calculations, including payment and standard deductions should be done in a clear and transparent manner and communicated in written form, e.g. wage slip, in a language that is understandable to the worker. No disciplinary deduction of wages should be done.

- **Freedom of association**
In conformance with local laws, participants shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities
- **Compassionate treatment**
The workers should not be exposed to corporal punishment, disciplinary measures or any behaviour which violates the dignity, liberty and basic human rights. Any behaviour, including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative is prohibited.
- **Non-discrimination and diversity**
There should not be any discrimination of workers on the basis of race, colour, creed, age, gender, sexual orientation, ethnicity, religion, political affiliation, union membership, marital status etc. during the period of employment. Suppliers are encouraged to actively promote and develop diversity and inclusion, notably gender diversity and equitable access to responsibilities and management positions.

Occupational Health & Safety

Workers health and safety, well-being is very important to Schneider Electric. Suppliers shall provide and maintain a safe work environment and integrate sound health and safety management practices into their business. This should include occupational health and safety risk assessment, implementation of adequate hierarchy of controls, communication and training to the workers.

- Workers should have knowledge of inherent risk involved in the process (e.g. chemical exposure, physical risk etc), access to protection. They have a recognized right to refuse unsafe work and to report unhealthy working conditions.
- Suppliers shall provide workers with appropriate personal protective equipment and properly maintain physical guards, interlocks and barriers where machinery presents an injury hazard to workers.
- Suppliers shall commit to have no deviation to health and safety local regulations, including a periodic health check-up of workers.
- Physically demanding work is to be identified, evaluated and controlled. Onsite training on workplace Health and Safety must be done. Ready access to potable water, sanitary food preparation and clean toilets should be made accessible.
- When provided by the Suppliers, housing facilities and food should be maintained in hygienic conditions in accordance to local laws.
- Recognized management systems such as OHSAS 18001 and ILO Guidelines on Occupational Safety and Health can be used as a reference.

Fair Business Practices

Schneider Electric expects from its employees and its suppliers the highest standards of fair business practices and ethical conduct in all of endeavours.

- **Business Ethics**
Suppliers shall conduct their business in an ethical manner and act with integrity. Suppliers shall always be ethical in every aspect of their business, including relationships, practices, purchasing, and operations. All forms of bribery, corruption, extortion and embezzlement are clearly prohibited. Suppliers are also expected to report to Schneider Electric any business misconduct from a Schneider employee.
- **Transparency in doing business and reporting**
Information regarding Suppliers' labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices.
- **Intellectual Property**
Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights; and, customer information is to be safeguarded. Suppliers should be aware of counterfeiting risks and to all extent possible, protect Schneider from receiving counterfeit products or sub-components.
- **Partnering in Global Initiative**
Schneider Electric encourages its suppliers to actively engage in its global initiatives. Effective actions, especially related to climate change, decent work and social excellence is a Schneider Electric requirement for 'recommended' and strategic suppliers.

Grievance Redressal

- **Protection of Identity and Non-Retaliation**
Suppliers' should implement a process that allows the employees to raise a concern without fear of retaliation. The process should ensure the confidentiality, anonymity and protection of the employees/whistleblowers are maintained.

Inspection and Corrective Actions

To ensure and demonstrate compliance with the Supplier Code of Conduct, the suppliers shall keep record of all relevant information and provide Schneider Electric supporting documentation upon request. Schneider reserves the right to engage, visit, inspect or audit the suppliers, with or without support of third party, to ensure that all tenets of this Supplier Code of Conduct are satisfactorily met. If the results of such an exercise cause us to believe that suppliers do not comply with this Supplier Code of Conduct, suppliers shall take necessary corrective actions in a timely manner, as directed by us. In case of failure we may act, including suspending or terminating activities as one of our suppliers.

Sustainable Procurement

Suppliers shall engage in procurement in a responsible manner. They shall engage socially and economically different categories of suppliers through inclusive sourcing processes that promote equal opportunities.

It is expected suppliers shall communicate the above 'Key Expectations' as a Schneider Electric Supplier to their own suppliers and shall monitor their suppliers' compliance. Schneider Electric reserves the right to organize jointly with the Supplier an audit of a tier 2 supplier. It is expected the supplier will extend the Schneider Electric supplier engagement with their own suppliers, especially in field of climate change, decent work and social excellence.

Access to Remedy

In its business relationship with Schneider Electric, if a supplier or its employees feel that any of the Schneider employees are not adhering to the letter and spirit of this Supplier Code of Conduct or its own [Trust Charter, Schneider Electric's Code of Conduct](#), they are required to report such instances via the stakeholder reporting channel the [Trust Line](#).

- The [Trust Line](#) is Schneider Electric's global helpline for external stakeholders. It is a confidential channel through which supplier/its employees can ask questions and raise concerns about ethics, compliance or Schneider Electric's Trust Charter, Schneider Electric's Code of Conduct and related policies.

Life is On