

Gifts & Hospitality Policy

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Policy name: Gifts & Hospitality Policy

Purpose: This policy sets forth the mandatory compliance rules and processes regarding giving and receiving business courtesies by all Schneider Electric employees. As such, it details the principles set forth in the [Trust Charter](#).

Schneider Electric (the Company) has a zero-tolerance policy against any form of corruption. The Company does recognize that providing and receiving business courtesies (as defined in this Policy) such as gifts, entertainment and hospitality packages is common practice to develop and maintain positive and constructive business relationships.

In different geographical locations, this practice can vary significantly, depending on local laws and specific customs. Irrespective of that, some business courtesies may create improper influence and conflicts of interest and, in some instances, such incentives may be or be perceived by regulatory bodies as corrupt practices to obtain undue advantage (ex. a deal, inside information, advantageous contractual terms, etc.).

The Policy does not apply to:

- business courtesies offered by Schneider Electric internally to its own employees and
- donations, grants (see Philanthropy policy) or sponsorship activities (see Sponsorship policy).

The Policy complements Schneider's existing rules, including those contained in:

- The Global Travel Policy
- The Anti-Corruption Policy

Audience: The Policy applies to all Schneider Electric employees and in all Schneider Electric's affiliates when giving and receiving business courtesies.

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1. Definitions

Business Courtesies – anything of value, such as Gifts, Entertainment or Hospitality, directly or indirectly offered to or received by third parties (customers, suppliers, partners, etc.).

Business Courtesies may include, but isn't limited to:

- **Marketing material** – any kind of branded element and material used to promote a company, its product or its services (business cards, letterhead, flyers, brochures, booklets, thank you cards, catalogues, postcards, USB drives, pens, mugs, tote bags...).
- **Gift** – any tangible or intangible benefit given or received without the expectation of payment or anything in return (e.g. loans, prizes, transportation, use of another company's vehicles, use of vacation facilities, stocks or other securities, participation in stock offerings, home improvements, tickets, gift certificates, etc.).
- **Entertainment** – any form of hospitality, promotional spending, cultural or sports activities, events, occasional business meals or drinks where Schneider Electric employee and third-party employee are present. If Schneider Electric employee is not present during the activity, such activity is considered as a gift.
- **Hospitality Package** – any reception and entertainment for existing/potential partners, distributors, customers or other third-party to participate in Schneider Electric-organized events or third-party events for marketing, promotional or advertising purposes (e.g. Innovation Summit) or to perform a Factory Acceptance Test.

Public Official (also called Government Official):

- anyone holding a legislative, administrative or judicial position;
- any elected official or employee of a government, ministry, public agency, political party, state-owned enterprise, or other government institution;
 - ⇒ for the purposes of this Policy, a *state-owned enterprise*, is a legal entity created by a government to take part in commercial activities on its behalf or with a specific purpose defined by law. If needed, please rely on local legislation for other definitions applicable to your jurisdiction.
- any official or agent of a public international organization (e.g. the United Nations Organization, the World Trade Organization...).

2. Acceptability assessment – Key Principles

2.1. Principles for all Business Courtesies

In line with our Anti-corruption policy, Schneider Electric employees must assess compliance of a Business Courtesy before offering or accepting them, by using the 6 “Golden” principles:

Principles	Description	Examples of allowed Business Courtesies	Examples of forbidden Business Courtesies
1. Regulatory Compliant	Must comply with local and international laws and	Allowed by receiver's country of residence / country of origin and recipient's company.	<i>In some countries Business Courtesy for public officials are</i>

	regulations, and recipient's internal rules.		<i>prohibited. See Appendix if not forbidden.</i>
2. Legitimate Business Purpose	<p>Must have a legitimate business reason, i.e. any purpose that is principally designed to promote, demonstrate or explain products or services.</p> <p>Should benefit only the recipient and not be extended to friends, life partners or family members.</p>	<p>- The team in charge of a client's project hosting a meeting with a client's representative to discuss next steps. At the end of the meeting, the team organizes a cocktail reception at SE's office.</p> <p>- <u>Inviting a customer representative for a site visit to demonstrate a solution which is present only in this location</u></p>	<p>- paying for an <u>expensive dinner</u> in a fancy restaurant with a customer representative</p> <p>- paying for travel cost for the customer representative <u>and his/her family</u></p> <p>- inviting for a site visit in a touristic location <u>to obtain an advantage</u> in a tender</p>
3. Frequency acceptable	Should be offered to or received occasionally (from the same person).	<p>- The team offers some goodies and branded pens to the clients participating in an innovation workshop at Schneider.</p> <p>- Meeting with a vendor on a monthly basis for a project update and then inviting him/her for a working lunch</p>	Travelling with customers to a conference and paying for their meal in restaurants for all 7 days of travel. (see principle 4 below for reasonable value)
4. Reasonable in value and nature	<p>Never accept/offer a Business Courtesy that could not be offered/accepted in return because of its value and/or nature.</p> <p>What is reasonable in value and nature:</p> <ul style="list-style-type: none"> • No cash or cash equivalent (gift vouchers, shares or anything redeemable to cash) regardless of the amount • No gifts or entertainment valued over 250 EUR (per gift/per person) • Hospitality Packages with minimum 80% agenda dedicated to business related activities • No use of personal funds; • No Business Courtesy personally benefiting the recipient; • Any gift in the form of a commitment 	<p>- Brand materials</p> <p>- A site visit agenda which has 6 hours training/business meeting and 1 hour sightseeing tour</p> <p>TIPS: Schneider's catalog of SE products that employees can choose from to offer to third parties is available here: https://www.se-branded.com/Index</p>	<p>- Adult entertainment, i.e., nightclub-type entertainment with an overtly sexual content.</p> <p>- Factory acceptance test travel to a touristic location where the test takes 2 days and other 3 are allocated for pleasure</p> <p>- Commitment to hire a public official's relative in exchange of a deal</p>

<p>5. Free from undue influence</p>	<p>Business Courtesy should be appropriate to the giver and the beneficiary positions and circumstances. It should therefore never be offered to influence a decision in favor of the given counterparty or be solicited or creating an obligation on the recipient to give something in return</p> <p>Pay attention to appearances. Even the only appearance of such a situation might create inappropriate judgement.</p>	<p>Providing a small souvenir for national holiday and other customary occasion which does not oblige the recipient (e.g. bar of chocolate, postcard, flowers) (see principle 4 above for reasonable value and nature)</p>	<ul style="list-style-type: none"> - a Business Courtesy given in secret and/or undocumented. - invitation to travel given to/received from a supplier/customer during a tender process or contract negotiation/renewal given to influence decision maker. - a small, unlawful sum of money given directly or indirectly, to someone to perform routine functions or speed up administrative formalities which the person is required to provide (also called "facilitation payment").
<p>6. Properly approved and recorded</p>	<p>Business Courtesies must be properly approved (see Section 3 - Approval process) and recorded as such in the accounting documents.</p>		

2.2. Additional principles for Hospitality Packages

Specific attention should be given to Hospitality packages due to a high cost and potential risk of misuse of such incentives. See below requirements for such travel:

Allowed	Forbidden
<ul style="list-style-type: none"> • Lodging: Hotel Accommodations must be aligned with Schneider Electric's local Travel policies in terms of standing and costs (price per room for a hotel in the Country where the Hospitality Package is given or received). No 5-star hotels are allowed for public officials • Transportation (airfare, train, taxi): Travel class must be aligned with local Travel policies • Meal (in line with local thresholds for hospitality) • Some entertainment activities are possible but should be limited to 20% maximum of agenda's time • Third-party events' participation fees • Other travel related expenses (e.g. visa's cost) 	<ul style="list-style-type: none"> • Travel and travel-related expenses for relatives, spouses and other guests • Personal expenses • First-class air travel or private jets expenses • Per diem payments* <hr style="width: 20%; margin-left: 0;"/> <p><i>* Per diems or daily allowances are specific amount of money that an organization gives to cover living expenses when travelling on the employer's business.</i></p>

Certain countries ban Business Courtesies to public officials (including hospitality packages), See Appendix for a list of those countries.

In countries that allow Hospitality Packages to clients who are Public Officials (e.g. employees of state-owned companies) - such as travel to see a solution prior to a tender or conduct factory acceptance tests abroad after delivery of the project - it is required to clearly state the conditions for the travel by following requirements:

- Send an official invitation to the Public Official stating the reason for travel and what exactly the Hospitality Package will contain (i.e. what will be paid and what will be not paid by Schneider Electric)
- Inform the third party that, in the end, the costs will be charged on the project costs
- Obtain a confirmation from the third party that the Hospitality Package is in line with
 - ✓ local legislation and
 - ✓ their internal policies.
- The Public Official should arrive to the location maximum 1 day before the event and leave maximum 1 day after - no extra stay is allowed.

What about Innovation Summits related Hospitality Package?

Global guidelines are set up specifically for Innovation Summits, which may include specific rules for related Hospitality Packages, validated in advance by Group Compliance Team. Such rules may include local review by Compliance Officers: to do so, the Hospitality Package must be approved as defined in Section 3.

3. Approval Process

Before accepting or offering a Business Courtesy, Schneider Electric employees must review their local charts of approval and received necessary pre-approval if needed.

4. Accounting Controls

Business Courtesies offered by Schneider are entered without delay in its accounting documents. They are precisely and clearly identified in the accounts and are unequivocally worded (e.g. equivocal wording: miscellaneous expenses, other, expense reports without receipt, etc.).

5. Common Dilemmas

“I don’t know the value of the Business Courtesy...”

If you are given a Business Courtesy in a face-to-face setting, and you are unable to immediately ascertain what its value is and if you need pre-approval or not, you may seek approval for such Business Courtesy upon your return to the office following the process described in section 3. If approval is not given, you must make immediate arrangements for its return, explaining politely why you are unable to accept it.

“But it would be impolite to refuse...”

Employees may encounter situations where they feel social pressure to accept a Business Courtesy that goes beyond Schneider Electric’s Gifts & Hospitality policy, and do not wish to offend the donor. In such case, employees have to decide on the spur of the moment and must use their judgment. In practice, a polite refusal, by referring to Schneider Electric’s internal policy, may well be understood.

“Surely there is no problem with a seasonal gift...”

Similar dilemmas can apply to seasonal gift-giving, for example at Christmas, Ramadan or during the New Year period. Schneider’s policy applies all year round. As such, employees need to ensure that they do not offer or accept anything that does not align with this policy during such seasonal periods by respecting the rules defined in this policy.

“But he’s a personal friend of mine!”

In some cases, it may turn out that a business partner is a personal friend, or they may become a friend as a result of a long professional relationship. Even so, the same principles apply.

In the event that a personal relationship entails frequent exchanges of Business Courtesies, said relationship should be registered in Schneider’s conflict of interest register as a potential conflict of interest. The conflict of interest register is accessible through Schneider’s intranet page. Please read the Conflict of Interest Policy if needed.

Use your common sense and always ask yourself whether this is something you would want to see on the front of the newspaper or testify to in court.

6. In case of doubt

If in doubt about any aspect of this Policy (in particular when a Business Courtesy has no face value or the face value is in a different currency), employees should seek advice from their line manager or contact their Regional Compliance Officer. Their contact information is available on Schneider’s Ethics & Compliance intranet page.