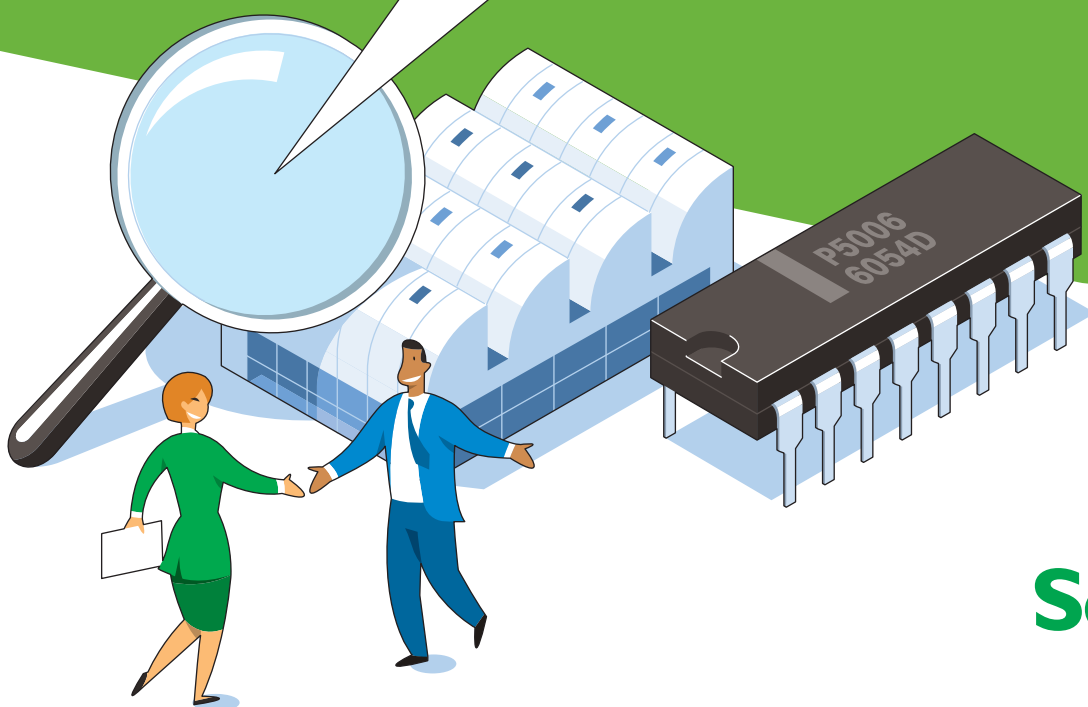
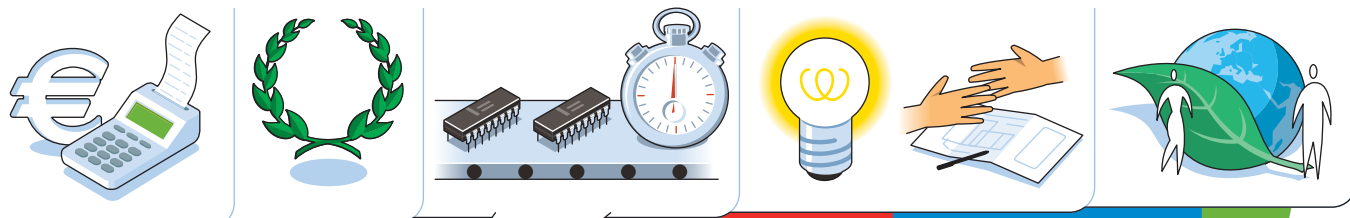


# Schneider Electric Supplier Guide Book

**Working together toward  
operational excellence**



**Schneider**  
Electric

**SSQM = SAM + SQM + SPM**

**Supplier Approval Module**

Assess the Supplier Site on management of:

- Purchasing**
- Quality**
- Supply chain**
- Technical skills, collaborative design, sustainable development**

**SAM**

**Offer Creation Process**

Work together to develop:

- New technologies**  
**OTM Offer & Technology Management**
- New products & services**  
**PMP Project Management Process**
- Improved products & services**  
**PEP Product Evolution Process**

Approved supplier

**OCP**

**SQM**

**Supply Qualification Module**

Assess Supplier capability to deliver required goods:

Qualified Supply

- Compliant with specifications**
- Meeting technical performances**
- Manufactured through a capable process**

With the **PPEP process:**  
Part product evaluation plan

**SPM**

Production

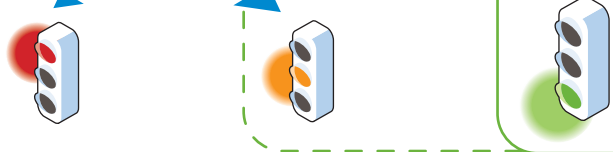
**Supplier Performance Module**

Measure continuously supplier performance on:

- Purchasing**
- Quality**
- Supply chain**

Ensure Supplier Compliance on:

- Sustainable Development**
- Customs**



# SSQM

## Schneider Electric Supplier Quality Management

### SAM Supplier Approval Module

Assess the Supplier Site on management of:

- Purchasing** (Icon: Circuit board)
- Quality** (Icon: Laurel wreath)
- Supply chain** (Icon: Components and stopwatch)
- Technical skills, collaborative design, sustainable development** (Icon: Hands, globe, and leaf)

### OCP Offer Creation Process

Work together to develop:

- New technologies**  
**OTM Offer & Technology Management**
- New products & services**  
**PMP Project Management Process**
- Improved products & services**  
**PEP Product Evolution Process**

### SQM Supply Qualification Module

Assess Supplier capability to deliver required goods:

- Compliant with specifications** (Icon: Document with checkmark)
- Meeting technical performances** (Icon: Chip and lightbulb)
- Manufactured through a capable process** (Icon: Chips on a production line)

With the **PPEP process: Part product evaluation plan**

### SPM Supplier Performance Module

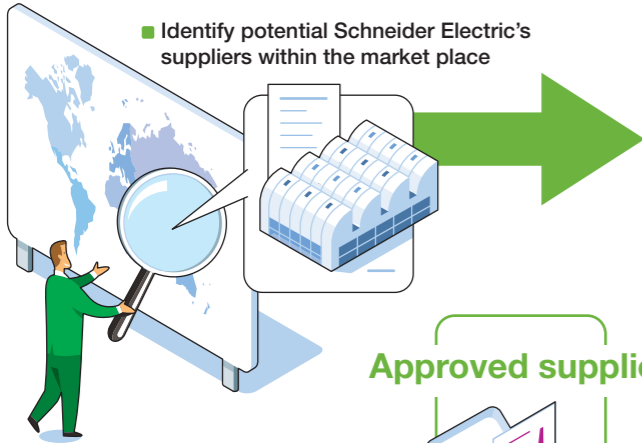
Measure continuously supplier performance on:

- Purchasing** (Icon: Euro symbol and calculator)
- Quality** (Icon: Laurel wreath)
- Supply chain** (Icon: Components and stopwatch)

Ensure Supplier Compliance on:

- Sustainable Development** (Icon: Leaf and globe)
- Customs** (Icon: Two people with documents)

Identify potential Schneider Electric's suppliers within the market place



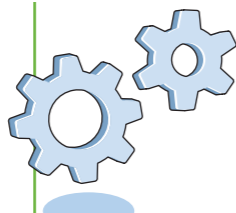
Approved supplier



Qualified supply



Production



# SSQM

=

SAM

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SQM

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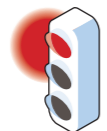
SPM

SAM

SQM

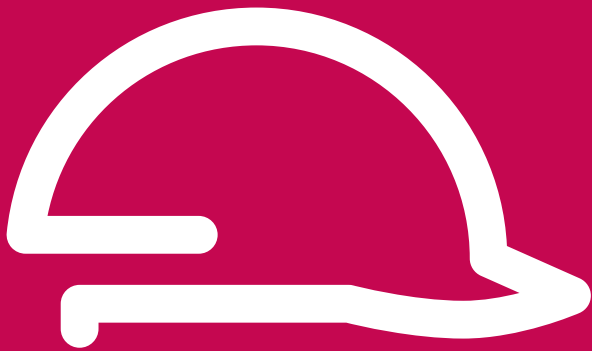
SPM

OCP



# Contents

- 04 AN EVERYDAY REFERENCE DOCUMENT
  - 05 SUPPLIER QUALITY POLICY
  - 06 MUTUAL COMMITMENT
  - 07 SSQM | SCHNEIDER SUPPLIER QUALITY MANAGEMENT
  - 08 SAM | SUPPLIER APPROVAL MODULE
  - 10 OCP | OFFER CREATION PROCESS
  - 16 SQM | SUPPLIER QUALIFICATION MODULE
  - 18 SPM | SUPPLIER PERFORMANCE MODULE
  - 30 GLOSSARY
  - 30 REFERENCE DOCUMENTS
  - 30 SUSTAINABLE DEVELOPMENT
- APPENDICES: OPERATIONAL DOCUMENTS



# Schneider Electric Supplier Guide Book, an everyday reference document

We are pleased to publish the Schneider Electric Supplier Guide Book. This document serves as the reference to structure and ease our relationship with suppliers, by defining responsibilities from both sides (Schneider Electric and Supplier) and by defining clearly Schneider Electric's expectations.

This Guide Book is an everyday development lever of our global performance, therefore I count on everybody's engagement to respect the processes and rules outlined in this document and to formalise this commitment at purchasing management level and at plant level (through Quality & Supply Chain terms and conditions presented in the Operational Document booklet).

**Alain Mercier**  
SnVP, Corporate Purchasing  
Schneider Electric

# Supplier Quality Policy

In order to achieve complete customer satisfaction, Schneider Electric's quality targets are to **deliver best in class quality and highest level of service in our industry**. Our customers decide our future by awarding us new projects and businesses, and by putting their confidence in us. To meet these objectives, Schneider Electric and its suppliers are **jointly involved in a continuous improvement process**.

Schneider Electric emphasizes the high level of performance it expects from its supplier network i.e. :

- Suppliers shall ensure quality and service level as per Schneider Electric requirements and under **Schneider Electric Supplier Quality Management (SSQM)** process, aiming at selecting and approving suppliers, qualifying parts/products and monitoring supplier performance. Suppliers shall inform Schneider Electric if any requirements seem unclear or contradictory.
- Suppliers (including sub-contractors) **should not make any changes** to part designs, materials, manufacturing processes, manufacturing locations or logistic flows **without prior Schneider Electric approval**.
- Suppliers shall **monitor their processes and product quality performance** and shall demonstrate continuous improvement with **effective tracking methods**.
- Suppliers must provide **maximum responsiveness and professionalism** on the analysis and resolution of quality issues.
- Suppliers shall have full responsibility for their parts, including the financial cost of all non-conforming materials/products and their impact.

What we expect from our suppliers is not different to what our customers expect. To achieve **mutual growth**, we will focus on suppliers who are committed to optimum performance in terms of product quality, on-time delivery and cost, as well as to achieving year-over-year continuous improvement in each of these areas.



**Alain Mercier**  
SnVP, Corporate Purchasing  
Schneider Electric



**Serge Goldenberg**  
SnVP, Corporate Quality  
Schneider Electric

# Mutual Commitment



We, **Schneider Electric**  
and **Supplier representatives**,  
acknowledge having a common  
understanding of the requirements expressed  
in this Schneider Electric Supplier Guide Book.

We are committed to respect the processes  
and rules outlined in this document  
and to deploy the necessary means  
to have them applied in relevant entities.

**Schneider Electric**  
**Purchasing Representative**

Date:

Signature:

**Supplier**  
**Representative**

Date:

Signature:

# SSQM Schneider Electric Supplier Quality Management

**Schneider Electric has standardized the basic supplier quality management processes, tools and requirements, including the following key activities:**

- **Supplier Approval Module (SAM)**

A systematic and rigorous cross-functional evaluation of our suppliers, to ensure that the suppliers we choose to conduct business will have the capability to satisfy Schneider Electric's needs.

- **Supply Qualification Module (SQM)**

A structured, cross-functional qualification method for suppliers' goods, to ensure that the supplier has the capability to consistently satisfy Schneider Electric's expectations.

- **Supplier Performance Module (SPM)**

A concise definition of the requirements covered by regular supplier performance evaluations, to ensure that Schneider Electric retains those suppliers who provide the most benefits.

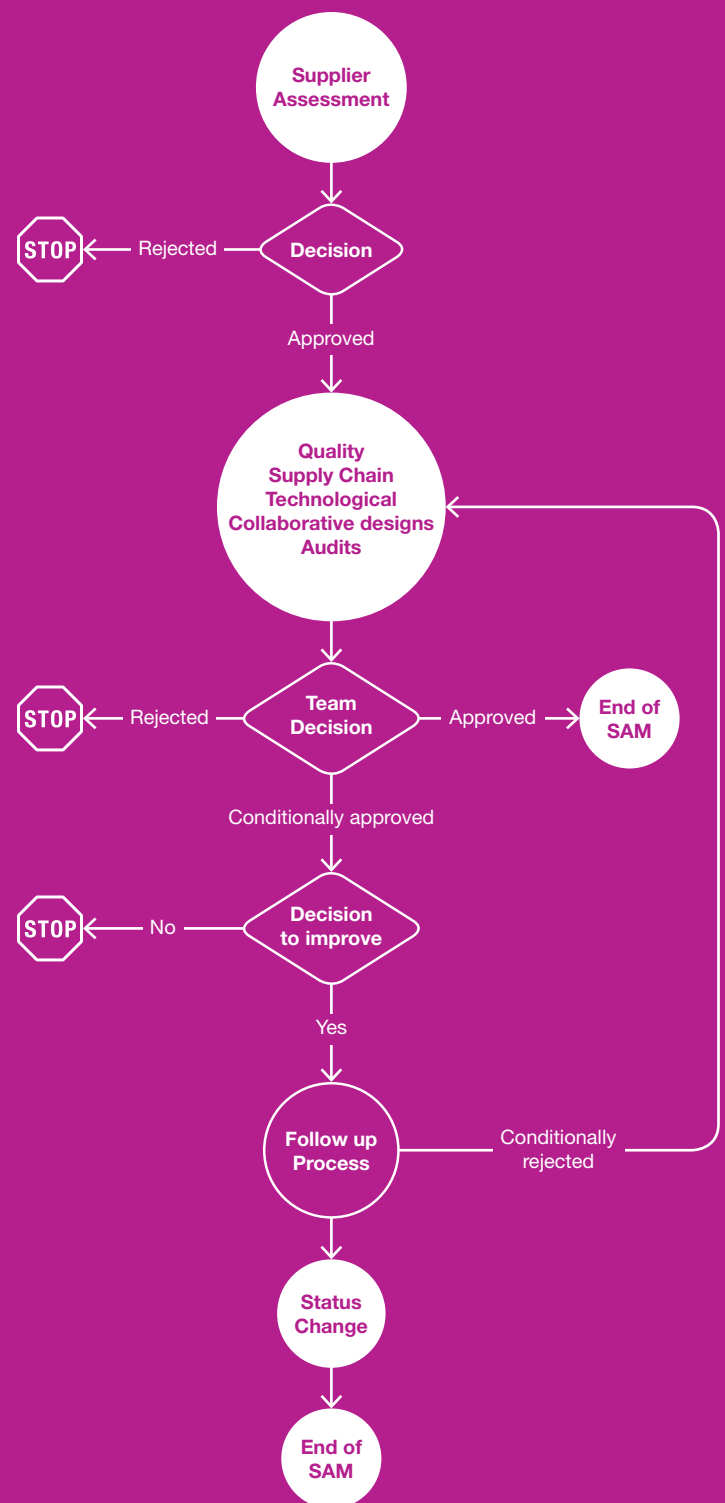
# SAM

## Supplier Approval Module

**This module is intended to inform potential suppliers of how Schneider Electric selects its suppliers. It provides a general assessment tool to determine the strengths and weaknesses of the supplier through a set of functional evaluations.**

**This evaluation applies when a new supplier enters the selection process or when an existing supplier:**

- Delivers a different commodity from the one it was originally selected for,
- Delivers from a new plant,
- Is performing poorly (technical and/or service quality).



# Schneider Electric & Supplier responsibilities

Schneider Electric	Supplier
Evaluate the capability of the supplier to work with Schneider Electric.	At Schneider Electric's request, allow Schneider Electric's representatives to conduct the required audits.
Ensure the thorough implementation of the Supplier Approval Module in the SSQM Process.	Lead/implement corrective measures in due time.
Provide feedback to the supplier (including the full results of the evaluation) and request an action plan within 10 business days.	Ask for a follow-up audit only when the appropriate measures have been implemented.

## SAM Process (Supplier Assessment and Functional Audits)

Supplier Assessment (general information)	Quality Audit (general organization)	Supply Chain Audit (general organization)	Technological audit (as required)	Collaborative Design Assessment (as required)
Products & Services & Commercial Information	Production Order Review Process	Forecast & Capability		Evaluate the supplier's ability to design products and to integrate its know-how and resources into Product Development projects implemented by Schneider Electric
Technological & Design Capabilities	Production: Procurement	Customer Order Management: Downstream	In the case of electronic PCBAs, a technical evaluation will be conducted systematically	
Financial Information	Production: Manufacturing of parts/products	Transportation: Downstream	Additional evaluations (design, technical, etc.) may also be conducted	
Purchasing Information	Production: Tooling/ Measurement Tools	Inventory & Warehouse Management: Internal Process		
Manufacturing Capabilities & Capacity	Quality: Quality Indicators	Order Launching, Planning & Control: Internal Process		
Total Quality Systems Information	Quality: Non-Conformance Management	Purchasing & Procurement Management: Tier 2 Suppliers and Sub-Contractors (refer to our suppliers' suppliers & sub-contractors, for raw material components, semi-finished assemblies, electro-plating, heat treatment, etc.)		
Delivery & Inventory Systems Information	Quality: Skills and Manpower			
Sustainable development: Human Rights, Labour and Environment	Safety, Health & Environment			

## SAM Outputs

At the end of the SAM assessment, the Supplier is placed in one of the following 4 categories:

● **Approved** for business. The supplier is classified as "green".

● **Conditionally Approved:**

If the supplier satisfies most of the functional requirements, but there are some weaknesses and points to be improved within 6 months. The supplier is classified as "yellow".

The purchaser is responsible for following up action plans. Business may begin with the supplier.

● **Conditionally Rejected:**

If the supplier fails to meet more than 2 criteria. A follow-up audit is mandatory and should be concluded within 6 months. The supplier is classified as "orange".

If the improvement measures are unsuccessful, the supplier is rejected.

● **Rejected:**

No business with this supplier. The supplier is classified as "red".

# OCP

# Offer Creation

# Process

## New Product Development & Product Evolution

**Schneider Electric's objective is to provide its customers with innovative products at the right level of quality and cost, in accordance with time to market requirements.**

**To achieve this objective, Schneider Electric keeps its best suppliers fully involved by:**

- including them at the right time in new product development and product evolution projects,
- relying on their skills and expertise,
- providing them with all the necessary information and tools,
- listening to their proposals and constructive criticism.

**Adopting these guidelines facilitates business growth and results in quality and long-term collaboration.**

**Schneider Electric provides a standardized process for all its development sites and subsidiaries.**

**The overall OCP (Offer Creation Process) can be broken down into three main processes:**

- OTM (Offer and Technology Management); anticipation, innovation, creation of blocks enabling development platforms to be set up,
- PMP (Project Management Process); development and marketing of new families and products,
- PEP (Product Evolution Process); management of existing products to the end of their service life.

**Schneider Electric may also purchase whole products from its suppliers, with the intent of brand labeling them BLMP (Brand Labeling Management Process); development of partnerships to create new product offers.**

## Key Points

- The supplier must meet and exceed project objectives by:
  - > implementing quality control procedures,
  - > incorporating new and innovative solutions,
  - > optimizing the supply chain,
  - > optimizing costs,
  - > respecting the development timing.
- Throughout the project, the supplier must strive to prove its ability in the following areas:
  - > improvement of processes (like 6 Sigma) and management of complaints (like Global 8 Disciplines – G8D),
  - > quality monitoring with regards to PPEP (Part Product Evaluation Plan, further explained in the Supply Qualification Module),
  - > delivery in accordance with logistic requirements.
- The Contract Review for Product Development represents the joint commitment to reach the targeted cost, quality and timing targets.
- We rely on project performance evaluations to guarantee continuous improvement in the effectiveness of our developments.
- As a general rule, Schneider Electric owns the design, intellectual property and tools/equipment. Depending on the development situation, Schneider Electric may help pay for a portion of these costs.

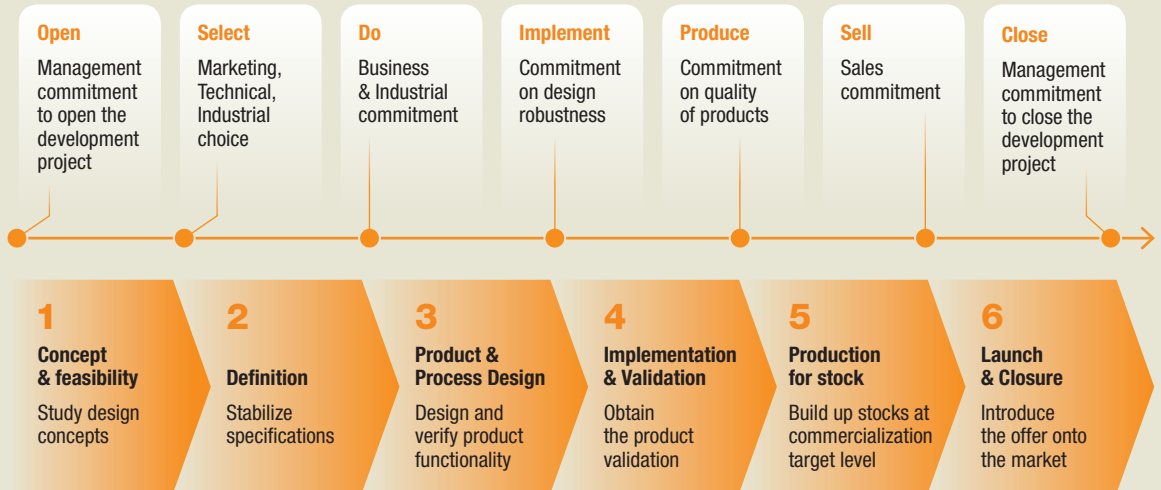
## OTM (Offer and Technology Management): Roles & Responsibilities

During the OTM process, Schneider Electric may concentrate on designing functional modules or new products. This is the process in which suppliers are asked to propose innovative ideas and solutions.

<b>Schneider Electric's commitments</b>	<b>Suppliers commitments</b>
Schneider Electric asks for and is receptive to innovative proposals from the supplier market.	The supplier presents its current and future offers, its 'roadmap' for technologies, products and services.
Schneider Electric evaluates innovative proposals from suppliers.	The supplier informs Schneider Electric of recent and future innovations.
Schneider Electric provides the detailed specifications for the technology blocks.	The supplier collaborates on designing blocks and/or developing processes that will be used for future development platforms.  The supplier is willing to study distant upstream scenarios, architectures and technological variations and estimate their feasibility and costs.
Schneider Electric makes a proposal and, at the start of the relationship, signs a non-disclosure agreement and, if necessary, a design contract.	The supplier signs the non-disclosure agreement and, where applicable, the design contract .

# PMP (Project Management Process) and PEP (Product Evolution Process)

During the PMP Process, Schneider Electric concentrates on developing and marketing new families and products. In the PEP Process, the Group manages the existing products evolution to the end of their service life. After the project has been decided, PEP and PMP share similar milestones. PMP projects are conducted in six consecutive phases, with highly formalized progression through the main milestones:



## Involvement of suppliers in PMP and PEP

To optimize quality, cost and the supply chain, and facilitate the integration of innovative solutions, suppliers may be involved from the early phases, during which architectures are chosen and iterations are still possible.

The roles and responsibilities involved in the different development stages are described:

- 1 Pre-selection
- 2 Consultation and selection
- 3 Design and/or process development
- 4 Contract Review for Product Development
- 5 Industrialization
- 6 Change management
- 7 Production launch
- 8 Project evaluation and closure

### 1. THE PRE-SELECTION STAGE

Schneider Electric's commitments	Suppliers commitments
As a general rule, Schneider Electric targets Key and Challenger suppliers (K&C, see definition in Supplier Classification part of the Supplier Performance Module).	The supplier meets its delivery and quality goals for the business in question. The supplier is responsive to the requests.
Schneider Electric carries out audits to approve its new suppliers.	The supplier participates in the audits and implements the corrective action plans identified in the audits.
Schneider Electric is transparent about supplier selection criteria.	The supplier is transparent about its motivation and its relevance to the project.
Schneider Electric signs a non-disclosure agreement.	The supplier signs a non-disclosure agreement.

## 2. THE CONSULTATION AND SELECTION STAGE

Schneider Electric's commitments	Suppliers commitments
<p>Schneider Electric provides an exhaustive consultation file (including technical, quality and logistics objectives and project deadlines).</p> <p>Schneider Electric consults using an e-sourcing platform.</p>	<p>The supplier submits an offer based on an in-depth study, with comments and recommendations regarding the request (on both product and processes).</p> <p>The supplier keeps to the consultation deadline.</p> <p>The supplier responds using an e-sourcing platform.</p> <p>The supplier presents its best offer on the first occasion.</p>
<p>Schneider Electric keeps the offer confidential.</p>	<p>The supplier keeps the consultation file confidential.</p>
<p>Schneider Electric provides project resources to explain the consultation file and study the supplier's proposals.</p>	<p>The supplier provides resources to study and propose innovative and effective solutions.</p>
<p>The project team assesses the supplier's offer, organization and facilities.</p> <p>Schneider Electric provides feedback on the offer.</p> <p>Schneider Electric is transparent about its selection criteria.</p>	<p>The supplier explains how its project team is organized and how they will manage the project.</p>
<p>Schneider Electric proposes and signs a design, co-development or co-industrialization contract as appropriate, including as a minimum the project objectives (costs, deadlines and quality), intellectual and industrial property aspects and guarantee aspects.</p>	<p>After negotiation, the supplier signs a design, co-development or co-industrialization contract as appropriate, including the project objectives (costs, deadlines and quality), intellectual and industrial property aspects and guarantee aspects.</p>

## 3. THE DESIGN STAGE

Schneider Electric's commitments	Suppliers commitments
<p>Schneider Electric provides the specifications for the requirements and deliverables.</p>	<p>The supplier analyses the specifications in detail and draws up counter-proposals and possible improvements regarding the technical, economic and industrial aspects.</p>
<p>Schneider Electric provides access to methods, tools and training: Tango and other tools as required. Tango is a process and associated methods &amp; tools used in supplier early involvement of product design and process development. It integrates a secured web collaborative platform that allows Schneider Electric and supplier's teams to ease the collaborative efforts done remotely.</p>	<p>By default, the supplier uses Schneider Electric methods and tools.</p>
<p>Schneider Electric provides a list of project contacts.</p> <p>Schneider Electric manages the relationship (e.g. project reviews).</p> <p>Schneider Electric supervises the project schedule.</p>	<p>The supplier appoints one project manager.</p> <p>The supplier manages its second-tier suppliers.</p> <p>The supplier allocates adequate resources to meet the project schedule.</p>
<p>Schneider Electric receives and approves the deliverables.</p>	<p>The supplier produces all its deliverables on time (design files, prototypes and pre-production goods that are right the first time).</p>
	<p>The supplier handles data management and archiving efficiently and shares files with Schneider Electric if required.</p>
<p>Schneider Electric is responsive to the supplier when dealing with unforeseen circumstances and will notify the supplier as soon as possible of any delays or other unforeseen developments.</p>	<p>The supplier informs Schneider Electric as soon as possible of any delays or other unforeseen developments, and implements appropriate corrective measures.</p>

#### 4. THE CONTRACT REVIEW STAGE

In order to achieve the required level of cost, service and quality, Schneider Electric and the supplier will develop jointly and formalize commitment on each component or sub-assembly, depending on its criticality and specificity.

<b>Schneider Electric's commitments</b>	<b>Suppliers commitments</b>
Schneider Electric formalizes its commitments by signing the 'Contract Review for Product Development' document (see appendix).	The supplier formalizes its commitments by signing: - the 'Contract Review for Product Development' document (see appendix), - the PPEP (Part Product Evaluation Plan) form.  The supplier commits on delivery dates for each of the deliverables in the PPEP form.

#### 5. THE FINAL TOOLING PRODUCTION STAGE

<b>Schneider Electric's commitments</b>	<b>Suppliers commitments</b>
Schneider Electric is responsible for the 'Contract Review for Product Development' follow-up.	The supplier respects the commitments made in the 'Contract Review for Product Development' (deliverables, deadlines, costs, quality objectives, etc.).
Schneider Electric manages the relationship (e.g. project reviews). Schneider Electric supervises the project schedule.	The supplier manages its project schedule (in particular, the supplier manages its second-tier suppliers).
Schneider Electric receives and approves the deliverables.	The supplier produces all the deliverables specified in the PPEP form on time (reports, prototypes, etc.).
Schneider Electric is responsive to the supplier when dealing with unforeseen circumstances, and notifies the supplier as soon as possible of any delays or other unforeseen developments.	The supplier informs Schneider Electric as soon as possible of any delays or other unforeseen developments, and implements appropriate corrective measures.

#### 6. THE CHANGE MANAGEMENT STAGE

<b>Schneider Electric's commitments</b>	<b>Suppliers commitments</b>
Schneider Electric carefully manages change descriptions and documentation.	The supplier carefully manages change documentation.
Schneider Electric is responsive to the supplier when dealing with the impact of changes.	The supplier analyses the impact of the changes in detail, and provides feedback on the effects on the schedule, cost...  The supplier will also provide a timely service with regard to tooling changes and parts for re-qualification and testing.
Schneider Electric manages changes to the contract.	The supplier is responsive and apply the new terms in the contract.

## 7. THE PRODUCTION LAUNCH STAGE

Schneider Electric's commitments	Suppliers commitments
Schneider Electric provides the information needed for the production start-up plan, in a timely manner, including forecast for the production ramp up.	The supplier agrees to set up the facilities and resources required for production launch and ramp up period.
As required, Schneider Electric will draw up separate agreements covering advance supplies.	The supplier analyses the impact of the start-up plan in terms of the supply chain, and anticipates the supply of components and materials in line with the agreements with Schneider Electric.
Schneider Electric ensures that the first industrial production run is compliant.	The supplier agrees to manufacture the first industrial production run, while guaranteeing seamless control of the supply chain. The supplier will document and share the process parameters used to produce the parts. On request, the supplier organizes an audit of its manufacturing process.

## 8. THE EVALUATION AND CLOSURE STAGE

Schneider Electric's commitments	Suppliers commitments
Where the supplier is extensively involved, Schneider Electric carries out a formal evaluation of the supplier's performance, shares the results with the supplier.	If required, the supplier carries out a self-evaluation, analyses the success of the collaboration with Schneider Electric, and develops improvement plans with the project teams.
Schneider Electric will share supplier's performance through Tango evaluation tools and develop improvement plans with the project team.	Supplier will also evaluate and provide feedback on Schneider Electric's performance with the project.
Schneider Electric assembles all of the project evaluations and uses them in the business review with the supplier.	The supplier commits to a progress plan.

### The use of Schneider Electric's Tools in Project Mode

Schneider Electric will provide the development tools for each new project (software, databases, procedures, etc.), along with relevant training. These tools are standardized. The supplier undertakes to use these tools according to Schneider Electric's recommendations. Schneider Electric, more often the buyer, always initiates the training of the supplier on the selected tool ; the supplier are not supposed to train by themselves.

Below is a non-exhaustive list of the main development tools.

Tools used by Schneider Electric	Impact of this tool on the supplier
Schneider Electric issues requests for quotation using an 'e-sourcing platform'.	The supplier responds to requests for quotation within the set deadline, using an 'e-sourcing platform'.
Schneider Electric will manage all its technical and industrial data with Symphony.	By default, the supplier will receive files exported from Symphony, via email, Tango, or the e-sourcing platform. It may also come via mail in the form of drawings or on a CD.
Phenix is a software used for Mechanical Component & Sub-Assembly verification.	By default, the supplier will use Phenix to produce the verification reports.
Tango is a process and associated methods & tools used in supplier early involvement of product design and process development. It integrates a secured web collaborative platform that allows Schneider Electric and supplier's teams to ease the collaborative efforts done remotely.	The supplier will be given access to the Tango collaborative design secured web platform.

# SQM

## Supply Qualification Module

**Schneider Electric's qualification process is supported by the Part Product Evaluation Plan (PPEP), which contains all Schneider Electric's requirements (Technical, Quality, Logistics).**

**The PPEP tool provides a check-list of qualification requirements to ensure that:**

- the part meets specifications,
- the supplier process is capable and stable to deliver parts as per desired quality and quantity,
- the performance of Schneider Electric's end product is satisfactory.

**In the following circumstances, a PPEP form is required for each combination of supplier location and Schneider manufacturing location:**

- new product,
- new supplier,
- material change,
- supplier process change,
- supplier location change,
- design change,
- part non-conformity,
- outsourcing & insourcing,
- different Schneider Electric manufacturing location.

Supply refers to components, sub-assemblies or brand-labeled products that Schneider Electric purchases from external suppliers; every part must go through this process.



## PPEP Process

**Purchasing Request for Quotation (RFQ):** the purchaser sends the PPEP form with the Request For Quotation, along with all the files containing Schneider Electric's development requirements. The final version of the PPEP will be submitted at the Contract Review stage.

**Contract review:** the contract review is a mandatory meeting between the supplier and Schneider Electric's project team, to validate the requirements in the PPEP Form. A joint agreement is reached regarding these requirements and the supplier signs the PPEP Form.

**PPEP deliverables completion:** based on the requirements expressed by Schneider Electric and agreed by the supplier, each party will have to complete the listed deliverables.

**Process audits during Part Pilot Run:** if a process audit is requested during the contract review, the Schneider Electric purchaser should inform the supplier. The audit will be conducted when the supplier performs the Part Pilot Run. The delivery should comply with logistic and traceability requirements.

**PPEP closed:** the PPEP is closed once the Supplier and the Qualification Team (Quality, Supply Chain and R&D) have made sure that all the requirements have been met and all the acceptance criteria have been satisfied. As described in the inspection policy, the Schneider Electric plant has the responsibility to conduct a probationary period of at least six months, during which a minimum of six batches should be inspected with no reject.

## Supply Chain Management

The following critical Supply Chain parameters are determined before mass-production begins:

### MATERIAL FLOW

Schneider Electric	Supplier
<p>Schneider Electric may require a specific flow to be implemented between the supplier and certain entities, such as a SMI (Supplier Managed Inventory) or a consignment inventory ('on-site' inventory).</p> <p>This flow is documented in the 'Logistic terms and conditions' (refer to the Operational Document booklet), when defining: inventory location (Schneider Electric /Supplier /3<sup>rd</sup> Party), inventory management responsibility (Schneider Electric /Supplier) and inventory ownership (Schneider Electric /Supplier).</p> <p>Schneider Electric commits to conduct a flow analysis with the supplier, analyzing the procurement lead-time, summarizing a flow chart and determining the management rules for this specific flow.</p>	<p>If a specific flow is required, the supplier will commit to this decision and will take the necessary steps to comply with the defined procedures.</p> <p>The supplier shall proactively propose best-in-class solutions and participate actively in implementing new flow typology.</p>

### LEAD TIME (Delivery or Procurement)

- Each reference shall have a standard **delivery lead-time** shared with the supplier, which includes all process steps from order placement to change of ownership (Incoterm).
- Each reference shall have a standard **procurement lead-time** shared with the supplier, which includes all process steps from order placement to receipt by Schneider Electric.
- The supplier commits **to optimize** its production process to reduce the standard procurement lead-time as much as possible, in its logistics offer.

### BATCH SIZE

Schneider Electric	Supplier
<p>Order and delivery batch sizes are defined by Schneider Electric. The Group has the ability to differentiate between order and delivery batch sizes.</p> <p>Batch sizes and packaging specifications are detailed in the 'Logistic terms and conditions' (refer to the Operational Document booklet), for each reference.</p>	<p>The production batch size is defined by the supplier and approved by Schneider Electric.</p> <p>The supplier commits to optimize and reduce its production process to reduce the batch size and thus ensure continuous flow (Kanban, JIT...).</p> <p>The supplier must ensure that the size of the delivery batch complies with specifications, regardless of the production batch size.</p>

# SPM Supplier Performance Module

**The SSQM Supplier Performance Module (SPM) monitors supplier performance in order to evaluate and continuously improve the performance of Schneider Electric's supply base.**

# Supplier Quality & Supply Chain Performance Monitoring

Quality and On Time Delivery (Service rate) performance indicators are established and measured monthly. A summary scorecard including Cost, Quality & On Time Delivery performance is reviewed during business reviews. If objectives are not met, suppliers and Schneider Electric must jointly analyse the root cause and set up relevant action plan in order to solve the problems. Suppliers are also involved within Schneider Electric's Customer Complaints Process to propose corrective actions related to their supplies. The efficiency of the involvement is an additional factor in the supplier performance monitored by Schneider Electric.

## Quality KPI's

- All suppliers are required to meet and continuously improve agreed quality targets.
- The supplier has to deliver good parts.
- From early 2008, the quality performance KPI: **ENCR** (External Non-Conformance Rate) is being replaced by the Defect Per Million external (**DPMe**). The ultimate target is 0 ppm (parts per million). During the 2008 transition period, ENCR will still be measured (see the Operational Documents booklet for ENCR and DPMe definitions).
- Schneider Electric should inform the supplier of its quality performance, at least on a monthly basis.
- The supplier will adopt Schneider Electric definitions/principles to measure and monitor part quality.

## Supply Chain KPI's

- **ESSR** (External Supplier Service Rate) measures the performance of the flow from the supplier to reception at Schneider Electric plant:
  - > the commitment date is the '1<sup>st</sup> delivery date',
  - > predominantly the '**1<sup>st</sup> delivery date**' will be the standard procurement lead-time, as an exception the date used is the one agreed upon during the Order Acknowledgement process,
  - > any change in the date after the Order Acknowledgement process (unless requested by Schneider Electric and agreed by the supplier) is considered a '2<sup>nd</sup> delivery date' and is regarded as being late.
- Schneider Electric should inform the supplier of On Time Delivery performance on a monthly basis.
- The supplier will adopt Schneider Electric definitions/principles to measure and monitor ESSR = External Supplier Service Rate (see appendices for ESSR definition).
- The supplier must measure regularly (at least monthly) its own Service Rate (if possible at incoterm location, otherwise leaving its facility) in order to analyse its results and improve them.

# Supplier Classification and Scoring Model

## SCORING MODEL

- Suppliers are assessed in four categories:
  - > Result of supplier qualification (SAM assessment),
  - > Strategic fit (integration of Innovation & Engineering collaboration capabilities),
  - > Performance,
  - > Specific commodity requirements.
- Suppliers are ranked on the basis of this assessment, allowing Schneider Electric to promote future business growth for the best performers or disengagement for the worst.
- At the end of the scoring process, the supplier is placed in one of the five categories: Key, Challenger, Active, No new business and Active Disengagement.
- This tool is used in business reviews organized with suppliers.

## SUPPLIER CLASSIFICATION

The meaning of the five categories mentioned earlier is explained below:

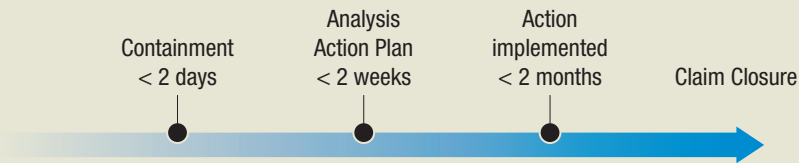
- **Key Suppliers** are to be actively grown by Schneider Electric entities. They are technology leaders with best in class track records for quality, delivery and productivity. They have demonstrated mutual interest in a close partnership with an established global contract.
- **Challenger Suppliers** are attractive suppliers with development potential to become, within 2 years, future Key suppliers if proving themselves.
- **Active Suppliers** are competitive suppliers delivering a solid performance in one or more regions. There is no active growth mandate, but they are retained as backbone suppliers.
- **No New Business** suppliers are on probation due, for example, to repeated poor performance or specific circumstances (example: intellectual property). No New Business suppliers do not receive additional volumes from Schneider Electric and should be removed from the supply base in the mid-term if no improvement is shown.
- **Active Disengagement** suppliers are to be actively removed from the supplier base within 12-18 months.

# Quality Management

## DEVIATION MANAGEMENT

- The Supplier shall notify Schneider Electric in writing of any changes (including all process changes, supply changes for key components, design changes, geographical relocation of the manufacturing site) that affect the agreed specifications or the mechanical design & function, packaging, environmental compatibility, durability, reliability or quality of the products.
- Schneider Electric's written approval is required before making engineering and/or manufacturing changes, especially to characteristics listed as critical in Schneider Electric's PPEP. **Suppliers must not ship any parts without written approval.**
- The supplier shall perform a review of the proposed change, including a review of the following:
  - > capability of the supplier to incorporate the change from a process and technology perspective,
  - > potential impact on product quality,
  - > potential non-recurring cost impact, relating to materials, tooling and added value,
  - > potential recurring cost impact, relating to materials and added value.
- Sufficient advance notification of change request shall be given by the Supplier to Schneider Electric, in order to allow a deep analysis of the proposal.
- The Supplier remains fully accountable and responsible for any major changes made to the products delivered to Schneider Electric or its assembly subcontractors.
- Upon notification, Schneider Electric will communicate the qualification requirements necessary to approve the change, or may refuse the change.
- Supplier records and archives files during the lifespan of the part: successive PPEP forms, documents created and Schneider Electric decisions relating to FAIR (First Article Inspection Report) and documents requested in the PPEP form.

## NON-CONFORMANCE MANAGEMENT



- **A defective part** is defined as being different from the part specification and PPEP-approved process.

- When a defective part is identified, Schneider Electric must notify the supplier of the incident using Schneider Electric's standard report (Global 8 Disciplines - G8D).

- The response time requirements are:

- > **Containment:** within 2 working days of the notification date, the supplier must identify, replace or sort all defective products. In case of sorting, the supplier may do it either in Schneider Electric location either in its own facility within the 2 required days. In case the 2 days rule can not be achieved, a recovery plan with expedited production & shipment shall be put in place and communicated to Schneider Electric by the supplier at their cost.

- > **Corrective action:** within 2 weeks of the notification date, the supplier must: perform an exhaustive analysis of the root causes of the non-conformance using the G8D method, and issue a corrective/preventive action plan to be validated by plant Purchasing & Quality before it is implemented by the supplier.

- > **Preventive action:** within 2 months of the notification date, the supplier must implement the actions identified and extend the implementation to all Schneider Electric products.

## QUALITY WALL

- In cases of recurring non-conformance, where the supplier clearly does not have sufficient control of its production process, the Quality Wall will be applied.

- Following a request from Schneider Electric, the supplier will implement production sorting in accordance with criteria defined by Schneider Electric Quality.

- A special incoming inspection will be set up, with pre-defined characteristics to control.

- The supplier formally guarantees the conformance of goods delivered.

- When the supplier fails to meet the commitments stipulated, an external company validated by Schneider Electric will implement sorting in line with the criteria defined.

- The cost of sorting will be met by the supplier. Sorting results will be communicated to both Schneider Electric and the supplier.

## Supply Chain Management

### PURCHASE ORDERS

- Schneider Electric commits to place standard purchase orders according to the following conditions:
  - > Schneider Electric reference (including revision number) and/or supplier reference,
  - > Order quantity,
  - > Requested reception date according to standard procurement lead-time (reception at Schneider Electric plant),
  - > Order, Incoterm & Incoterm place (location),
  - > Schneider Electric contact,
  - > Price, currency and payment conditions.

- Any order sent with a shorter requested procurement lead-time than the standard one, must be agreed with the supplier (during order acknowledgment process).

- The same principle is applied if the quantity ordered during the month exceeds the quantity flexibility agreed with the supplier.

- In the case of an 'Express/Urgent' order, the supplier shall be proactive and do its utmost to satisfy the needs of the Schneider Electric customer.

- The supplier should reduce the number of deliveries that are received too early.

## ORDER ACKNOWLEDGEMENT

### Schneider Electric

The Order Acknowledgement process comprises:

- > Schneider Electric Purchase Order (PO) placement (requested delivery date, using predominantly the standard lead-time),
- > PO processing (Schneider Electric & Supplier's),
- > Supplier order review (proposed delivery date) & negotiation (only as an exception to standard lead-time),
- > Date agreement (Order Acceptance) with the supplier ('1<sup>st</sup> delivery date' is set).

**Predominantly the '1<sup>st</sup> delivery date' will be the standard lead-time.**

### Supplier

If there are any issues regarding the completion of the order as requested, the supplier must notify its contact in Schneider Electric within 48 hours and submit a best proposal for this order.

If no communication is received from the supplier the order is considered as accepted.

If no agreement on delivery date is reached, then the standard lead-time will be used to measure performance.

The communication mode and order acceptance/rejection time are defined in the 'Logistic terms and conditions' (refer to the Operational Document booklet).

## TOOLING CAPACITY

### Schneider Electric

Schneider Electric will ask the supplier to monitor, at least once a year, the capacities & status of all the Schneider Electric owned and critical production means and/or tools used by the supplier.

A production means or tool is critical if it can not be substituted without significant impact on committed delivery dates or capital expenditures (i.e. it takes a long time to replace it or it is expensive).

All the critical production means and/or tools used by the supplier are listed in the 'Logistic terms and conditions', along with their capacity.

### Supplier

The supplier commits to verify, at least once a year (before Business Review), the capacities & status of all production means and/or tools (its own and those provided by Schneider Electric). For capacity verification purposes, the supplier will use the previous year's highest monthly demand plus an additional 10%.

In the event of an issue regarding either capacity or tool status, the supplier will contact its Schneider Electric representative.

## FORECASTING

### Schneider Electric

Rolling forecasts shall be communicated monthly or at least quarterly:

- > the recommended forecast horizon is between 6 and 12 months,
- > the forecast is in goods received and not the quantity of orders placed,
- > the unit should be specified.

The most recent forecast replaces those previously received.

Forecasts are indicative and do not represent an undertaking to buy.

#### **Forecast Accuracy:**

Analysis of discrepancies between consecutive rolling forecasts, and between forecast and real orders should be done on a monthly basis.

### Supplier

Suppliers shall have a planning system that is capable of detecting capacity or resource issues, based upon the rolling monthly forecast and taking into account the flexibility cone.

Suppliers, upon receipt of the forecast, shall acknowledge the appropriate production capacity and advise any potential shortfalls to the appropriate Schneider Electric facility within one week.

## FLEXIBILITY

- The **maximum supplier's procurement lead-time** is defined as the longest procurement of "Bill of Material" item, from purchase order's placement (Supplier) to reception at Supplier's plant.
- The **supplier's manufacturing (production) lead-time** is the lead-time from Supplier's production order to shipment (not reception).
- **Maximum period for cumulative flexibility** is the number of time units (week, month,...) the supplier can sustain the quantity flexibility.
- **Flexibility ramp-up** is the time required to go from average consumption to the quantity flexibility within the procurement lead-time.

Schneider Electric	Supplier
<p><b>Quantity:</b></p> <p>'Quantity flexibility' means the accepted variation between the actual delivery requirements versus the forecasted quantity, along the forecast horizon.</p> <p>The flexibility is defined as an additional % of the forecasted quantity that the supplier can deliver within the standard delivery time.</p> <p>The 'supplier launch quantity' is the minimum number of parts required to run the production process.</p> <p><b>Time:</b></p> <p>'Time flexibility' is the number of days prior to the scheduled delivery date that the supplier can commit to for 'Express/Urgent' orders. These orders are exceptions to the standard delivery time.</p>	<p><b>Quantity:</b></p> <p>Inside this flexibility range, the supplier must be able to deliver on time, according to the standard delivery lead-time (Procurement or Supplier).</p> <p>Outside this flexibility range, the supplier shall propose a new, specifically-defined delivery date, which shall be approved by Schneider Electric during the approval process.</p> <p><b>Time:</b></p> <p>For 'Express/Urgent' orders, the supplier commits to do its utmost to comply with this 'time flexibility'.</p> <p>The quantity/time flexibilities &amp; supplier launch quantity are defined in the 'Logistic terms and conditions'.</p>

## DELIVERIES

Schneider Electric	Supplier
<p><b>Late and early deliveries:</b></p> <p>Schneider Electric tracks late deliveries and will contact the supplier to agree on a new delivery date. This new date is registered as the '2<sup>nd</sup> delivery date'.</p> <p>If deliveries are systematically early, Schneider Electric reserves the right to reduce the standard delivery/procurement lead-time.</p>	<p><b>Late and early deliveries:</b></p> <p>The supplier shall inform Schneider Electric as early as possible of any risk of delivery delay vs. the first committed delivery date. This could be done by a periodical review of the Purchase Order list (weekly as a minimum).</p> <p>The supplier shall bear the additional cost of late (or early deliveries) for which it is responsible.</p>

## STOCK RETRIEVAL

### Schneider Electric

Stock retrieval (securing) applies in the following cases:

- > technical evolution at Schneider Electric,
- > end of life of the product,
- > change of supplier (after negotiation).

Schneider Electric will inform the supplier as soon as it becomes aware of one of these cases.

### Supplier

Upon request from Schneider Electric, the supplier should disclose inventory levels at the different manufacturing stages (finished goods, Work In Process - WIP and Schneider Electric specific raw material orders in progress).

The supplier does its utmost to cancel the orders in progress for raw materials provisioned to the products affected.

The maximum stock is specified in the 'Logistic terms and conditions', and is defined as the maximum liability stock that Schneider Electric will accept responsibility for (WIP, finished goods & Schneider Electric specific raw material). This stock remains with the supplier and is delivered according to the normal ordering process.

## TIER 2 SUPPLIERS

### Schneider Electric

Schneider Electric may require the supplier to use specific raw materials or components from tier 2 suppliers. The list of references is detailed in the 'Logistic terms and conditions'.

Schneider Electric commits to notify the supplier of any changes.

### Supplier

The supplier commits to apply the same principles and conditions to their suppliers, regarding forecasting, capacity analysis and parameters.

The supplier must alert Schneider Electric when issues with tier 2 suppliers are discovered (unless Schneider Electric is notified and approves, no changes can be made).

## OPENING & CLOSING PERIODS

### Schneider Electric

Each Schneider Electric entity shall inform the supplier of the working days/hours of its receiving area.

Schneider Electric shall notify the supplier of any periods of closure during the year. These are documented in the 'Logistic terms and conditions'.

Schneider Electric must ensure continuity of service (order placing and goods receipt) during these periods.

Schneider Electric's periods of closure shall not cause any delivery delays, impacting supplier performance.

### Supplier

The supplier shall respect the receiving hours and will inform Schneider Electric of its own working days/hours.

The supplier shall notify Schneider Electric of any periods of closure during the year. These are documented in the 'Logistic terms and conditions'.

The supplier must ensure continuity of service (order acceptance and deliveries) during these periods.

The supplier's periods of closure shall not cause any shortages at the Schneider entities.

# Supplier Compliance Requirement

## Customs

This part has been prepared to facilitate the Customs clearance of your products sold to a Schneider Electric company. There are many rules and regulations governing export/import transactions. By following the procedures detailed herein, clearance time and costs will be minimized while maximizing government compliance.

### SCOPE

This brochure focuses on requirements universal to most Customs agencies. Your Schneider Electric customer will inform you of any additional requirements unique to his/her country.

### DOCUMENTATION

**A detailed invoice** is essential to clear your shipments through Customs.

#### Required elements include:

- 
- |  |  |
|--|--|
| ● Seller's full name & address   | ● Parcel dimensions for shipments to Schneider Electric Europe   |
| ● Shipping location's full name & address  | ● Weight – gross, legal & net  |
| ● Purchaser's full name & address  | ● Cubic feet of all parcels in shipment to Schneider Electric Europe   |
| ● Consignee's full name & address  | ● Catalogue number   |
| ● Schneider Electric will provide the name of the Customs broker to be included on the invoice     | ● Quantity of the merchandise shipped by line item – Everything physically included in the shipment must appear on the invoice. Even 'no charge' items shipped under warranty as spares, replacements or gifts must be described in the invoice and have fair market values.             |
| ● Invoice number   | ● Unit of measure  |
| ● Invoice date   | ● Detailed description including voltage (Good examples: Insulated copper conductors, less than 1,000V fitted with connectors – Cold rolled sheet steel in coils, 5 mm in thickness & 1 m wide – Plastic molded lens for 120V switches. Bad examples: conductors-steel-electrical part). |
| ● Schneider Electric purchase order number   | ● Total invoice value including an itemized list of any additional charges such as for export packing, freight, insurance, any rebates, commissions, royalties, etc. If discounts have been provided, they should be explained.  |
| ● Incoterms with the named place as stated in the purchase agreement                               | ● Currency   |
| ● Payment terms  |  |
| ● Freight terms  |  |
| ● Parcel Type – cartons, wooden box, skids, pallets, etc.  |  |
| ● Schneider Electric Europe customers also require the Harmonized Tariff Code for each line item.  |  |
| ● Country of origin, meaning where the item was made, not the country from which it was purchased. |  |
| ● Unit cost and the cost extended by quantity for each line item.                                  |  |
| ● Number of parcels  |  |
-

## THE PACKING LIST

When accompanied by a complete export invoice and bill of lading, **the packing list needs to contain only very basic information:**

- 
- |  |   |
|--|---|
| ● Seller's full name & address   | ● Parcel dimensions for shipments to Schneider Electric Europe  |
| ● Shipping location's full name & address  | ● Weight - gross, legal & net   |
| ● Purchaser's full name & address  | ● Cubic feet of all parcels in shipment to Schneider Electric Europe  |
| ● Consignee's full name & address  | ● Item number as referenced on the purchase order   |
| ● Invoice number to which the packing list corresponds                           | ● Catalog number  |
| ● Schneider Electric purchase order number to which the packing list corresponds | ● Description   |
| ● Shipping marks for the name of the project or job                              | ● Quantity of the merchandise shipped by line item - Everything physically included in the shipment must appear on the packing list |
| ● Parcel type - cartons, wooden box, skids, pallets, etc.                        |   |
| ● Numbers of parcels   |   |
- 

**A bill of lading or air waybill** is also required for Customs clearance.

### Duty Reduction Documentation:

Where duty reduction opportunities exist, such as through the provision of a certificate of origin in support of a free trade agreement or other such program, Schneider Electric expects this document to be included with the invoice and packing list.

### Sample Documentation for Review:

It is very helpful to provide Schneider Electric a sample of all shipping documentation, including any supporting duty reduction program document, prior to the first shipment so that it can be proofed to ensure all data elements are provided as required by the receiving country.

### EDI:

Schneider Electric companies appreciate the speed & efficiency EDI transmissions provide. When available the supplier shall ask Schneider Electric Purchasing Representative how the shipping documentation may be transmitted via EDI. The supplier should allow at least two weeks to have the transmission set up.

## OTHER REQUIREMENTS

### Origin Marking:

Products & their packaging should be legibly, conspicuously and permanently marked with the country of origin/manufacture.

### Hazardous Materials:

If a shipment contains any chemicals, e.g. grease, paint, solvents, etc., they must be clearly identified on the invoice & packing slip, and a Material Safety Data Sheet must be included.

### Wood Packing Requirements:

Many countries are concerned about the transmission of infestations and/or diseases via wooden pallets or other wood products. The supplier should refer to: [http://www.aphis.usda.gov/import\\_export/plants/plant\\_exports/wpm/country/index.shtml](http://www.aphis.usda.gov/import_export/plants/plant_exports/wpm/country/index.shtml) to find the requirements that pertain to the country where the shipment is destined and ensure that your packing materials fulfil the specifications.

### Security:

Schneider Electric is committed to global supply chain security and values partners supporting such efforts. The supplier should advise the Schneider Electric Purchasing Representative of the security programs in which the supplier's company participates and of the security controls in place on the shipments that will be delivered to us.

The supplier should **advise the Schneider Electric Purchasing Representative** if the items ordered are considered dual use, or were designed for military end uses or end users, nuclear or chemical/biological applications.

# Sustainable Development

## Schneider Electric's Commitment to Sustainable Development:

Schneider Electric recognizes that our activities and the activities of our supply chain have a global impact. Schneider Electric is committed to acting with social responsibility towards those involved in the production of our goods and services. We feel that such a commitment is crucial if we are going to help create a world in which our company can flourish, now and for generations to come. Our products are produced and manufactured across the world and sold in many countries. Schneider Electric has signed the United Nations Global Compact agreement, an initiative that promotes ten universal principles in the areas of human rights, labor, environment and ethics. This approach is based on public declaration/registration at the United Nations and shared by major multinational companies.

Integrating sustainable development into our growth strategy, we have made it our priority to ensure safe working conditions and basic health coverage for all our employees. We promote diversity and develop our employees' talent and potential. In the course of conducting business, we are committed to ensure that we are not complicit in human rights and labor standard abuses. If we were to find ourselves inadvertently implicated in such abuses, we would take immediate steps to rectify the situation.

## HEALTH & SAFETY

Schneider Electric	Supplier
<p>Schneider Electric promotes the Global Compact initiative and appeals to suppliers to register to the Global Compact initiative.</p> <p>Schneider Electric communicates its Health &amp; Safety policy.</p>	<p>The supplier shall take note of the Health and Safety Policy of Schneider Electric. It shall conform to sector standards as regards to occupational health and safety, as well as to specific locally applicable standards and regulations. In line with Schneider Electric's own objective "to reduce the number of days lost from industrial accidents by 20% per employee and per year", the Group reserves the right to request information at any time regarding the number of industrial accidents in supplier premises on a global scale.</p> <p>Schneider Electric reserves the right to question the supplier about his conformity with OHSMS (Occupational Health and Safety Management System) standard such as ILO-OSH2001 guidelines.</p> <p>The supplier shall provide its personnel with any training necessary to perform a task that has or could have an occupational health and safety impact. Schneider Electric reserves the right to require any document attesting to this competence.</p> <p>The supplier shall use the most effective techniques for each industrial process with potential occupational health and safety impact or significance, in order to protect its employees (electrical safety, machine guarding, protective equipment, hazardous materials, ergonomics etc).</p>

## HUMAN RIGHTS & LABOR STANDARDS

### Schneider Electric

Schneider Electric promotes the Global Compact initiative and appeals to suppliers to register to the Global Compact initiative.

Schneider Electric would take immediate steps to rectify the situation if we were to find ourselves inadvertently implicated in human rights and labor standard abuses.

### Supplier

#### Human Rights:

The supplier shall support compliance with ethical standards and human rights. The supplier also agrees that it is responsible for controlling its own supply chain and that it shall encourage compliance with ethical standards and human rights by any subsequent supplier of goods and services, used by the supplier when performing its obligations under agreements with Schneider Electric.

Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence, and make sure that they are not complicit in human rights abuses.

#### Labor Standards:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. Elimination of all forms of forced and compulsory labor. Effective abolition of child labor. Elimination of discrimination in respect of employment and occupation.

## ETHICS & OBLIGATIONS

### Schneider Electric

Schneider Electric has a strict ethic policy with buyers.

Schneider Electric promotes the Global Compact initiative and appeals to suppliers to register to the Global Compact initiative.

### Supplier

We expect suppliers to act in such ways that our buyers will never infringe these rules and to report to Schneider Electric management any violation by Schneider Electric employees.

The supplier shall support compliance with ethical and anti-corruption standards as specified in the Global Compact initiative. Schneider Electric reserves the right, whenever necessary, to require evidence of conformity to this text.

The supplier shall provide its personnel with any information necessary to acquire the skills (awareness) needed to perform a task that has or could have an ethical impact. Schneider Electric reserves the right to require any document attesting to this awareness.

## ENVIRONMENT & COMMUNITY (Policies and Standards)

Schneider Electric	Supplier
<p>Schneider Electric promotes the Global Compact initiative and appeals to suppliers to register to the Global Compact initiative.</p> <p>Schneider Electric communicates its environment policy.</p>	<p>The supplier shall take note of Schneider Electric's environmental policy. It shall conform to sector standards related to environment, and to specific locally applicable standards and regulations. Schneider Electric reserves the right to require conformity with a standard such as ISO 14001.</p> <p>The supplier shall provide its personnel with any training necessary to perform a task that has or could have an environmental impact. Schneider Electric reserves the right to require any document attesting to this competence.</p> <p>The supplier shall meet the 'Environment' requirements integrated into any Schneider Electric request (Calls for Tenders, etc). It shall provide Schneider Electric with any qualification or certificate necessary to service delivery.</p>

## ENVIRONMENT & COMMUNITY

Schneider Electric	Supplier
<p>Schneider Electric promotes the Global Compact initiative and appeals to suppliers to register to the Global Compact initiative.</p> <p>Schneider Electric communicates its environmental policy.</p>	<p><b>Hazardous Substances and Best Available Techniques:</b></p> <p>The supplier shall deliver products free of the hazardous substances listed in the European RoHS directive (Restriction of the uses of certain Hazardous Substances) or similar, as mentioned under the general conditions of purchase. The delivery of products free of hazardous substances will include directives such as REACH and other similar directives in other countries, when applicable.</p> <p>In view of continuously improving environmental performance, the supplier should, as far as possible, apply the principles of the BAT – 'Best Available Techniques' – approach, and comply with the BAT references (BREFs) published by the European Union, for each industrial process of environmental significance (surface treatment, degreasing, etc).</p> <p><b>Packaging and Deliveries:</b></p> <p>The supplier shall set up improvement measures aimed at reducing the quantities of packaging used and favoring their re-use or recycling, in the absence of other specific Schneider Electric requirements.</p> <p>The supplier shall provide Schneider Electric with the information needed to develop Product Environmental Profiles (material declarations, energy consumption, etc.), for all purchased materials, products, subsets and functional units).</p> <p>Schneider Electric reserves the right to require Product Environmental Profiles or other eco-design related information.</p> <p>If chemicals have been ordered for several sites the supplier shall, for safety reasons, deliver to each site individually (as specified on the order).</p>

## Glossary

**AEC:** Automotive Electronic council  
**AIAG:** Automotive International Action Group  
**APQP:** Advanced Product Quality Planning  
**BLMP:** Brand Labeling  
**BOM:** Bill Of Material gives the quantity, supplier and commercial name of all the components for the product  
**CSL1 (-2):** Controlled Shipment Level  
**ESD HBM:** Electrostatic Discharge, Human Body Model  
**FAIR report:** First Article Inspection Report  
**FMEA:** Failure Mode and Effect Analysis  
**FPY:** First Pass Yield  
**GQA:** General Quality Agreement  
**GQAS:** General Quality and Approval Standards  
**IMDS:** International Material Data System  
**K&C:** Key & Challengers  
**MSA:** Measurement System Analysis  
**MSL:** Moisture Sensitivity Level  
**NFF:** No Failure Found  
**OCP:** Offer Creation Process  
**OTM:** Offer and Technology Management  
**PCN:** Product Change Notification  
**PDF417:** 2D code on the shipping note based on ISO/IEC 15434  
**PEP:** Product Evolution Process  
**PMP:** Project Management Process  
**PPEP:** Part Product Evaluation Plan  
**PPF:** Produktionsprozess- und Produktfreigabe (VDA)  
**PPAP:** Production Part Approval Process  
**PTN:** Product Termination Notification  
**QM:** Quality Management  
**RFQ:** Request for Quotation  
**RPN:** Risk Priority Number  
**SLC:** Safe Launch Concept  
**SPC:** Statistical Process Control  
**SSC:** Supplier Strategic Contract

## Reference documents

Jedec J-STD-002 Solderability Tests for components leads, terminations, lugs, terminals and wires  
Jedec JESD-46-B Customer Notification of Product/Process Changes by Semiconductor Suppliers.  
Jedec J-STD-020 Moisture sensitivity classification for plastic integrated circuit surface mount devices  
2002/95/EC Directive of the European parliament on restricted and banned substances  
2000/53/EC Directive of the European parliament on end of life of vehicles  
2002/96/EC Directive of the European parliament on waste of electronic & electric equipments  
VDA 232-101 List of declarable substances

**www.vda.de** VDA Information (German Car-Manufacturer Association)  
**www.vda-qmc.de** International Oversight Office of IATF (ISO/TS16949)  
**www.aiag.org** QS-9000 Information (Automotive Industry Action Group)  
**www.jedec.com** Solid State Technology Association Homepage  
**www.ipc.org** Association Connecting Electronics Industries  
**www.mdsystem.com** International Material Data System (IMDS) Homepage

## Sustainable development

**United Nations Global Compact web site:**  
<http://www.unglobalcompact.org>

**Schneider Electric's responsibility\*:**

From Schneider Electric main intranet page > Fonction & Projects > Globalization & Industry > Environment > Sustainable Development > Reference Documents > Sustainable Development > Principle of responsibility

**Schneider Electric's environmental policy\*:**

From Schneider Electric main intranet page > Fonction & Projects > Globalization & Industry > Environment > Reference Documents > Policy

**International standard for Health and Safety Management (ILO-OSH):**

<http://www.ilo.org/public/english/protection/safework/managmnt/index.htm>

**Schneider Electric's environmental Health & Safety policy\*:**

From Schneider Electric main intranet page > Fonction & Projects > Globalization & Industry > Environment > Health & Safety > Reference Documents > Health & Safety

(\*) Access only from Schneider Electric intranet.



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1. FSC: Forest Stewardship Council

2. PEFC: Programme for the Endorsement of Forest Certification schemes

