

July 20, 2020

Dear Schneider Electric Channel Partner,

As our world continues to experience unprecedented challenges due to the COVID-19 pandemic, we'd like to share an update on our efforts to service our customers. Schneider Electric places its top priority on the health and safety of employees. All of our North American plants are fully operational and complying with local government health guidelines to protect our employees.

Due to COVID-19, we experienced disruption previously at one plant producing the following products:

- QO/QOB and Homeline, two and three pole breakers
- QO/QOB and Homeline, Arc Fault Breakers, Dual Function and Ground Fault Breakers
- QOU, one, two, and three pole breakers

We recognize the disruption these delays have caused your business and your customers and are working to recover production levels as quickly as possible.

At this time, all plants and distribution centers are in full operation and we have ramped up fully to pre-COVID production rate, working overtime around the clock. While we have strong production and stock level for our high runner products, we continue to see longer than normal lead times on other products as we work through filling increasing market demands. **Once we reach 30% extra capacity, we should be able to start clearing the backlog and anticipate a full recovery by the end of the year.**

To supplement our production and avoid future disruptions, we have added manufacturing capacity in three existing plants in North America. This will increase production output, duplicate production locations and accelerate recovery. This action is critical in driving the incremental 30% capacity above pre-COVID production levels accelerating our recovery time.

We continue to monitor this pandemic and adjust to market demand swings. We remain committed to serving your needs and we greatly appreciate your patience, support, and partnership.

Sincerely,

Charles Buckley
SVP, National Sales

Ralph Harris
VP, Channel Development

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Disclaimer: all responses contingent upon pandemic growth/changes.

Questions concerning plants and products

1) What is the status of plants and DCs in North America?

We experienced disruption at one plant due to COVID-19 producing the following products:

- QO/QOB and Homeline, two and three pole breakers
- QO/QOB and Homeline, Arc Fault Breakers, Dual Function and Ground Fault Breakers
- QOU, one, two, and three pole breakers

At this time, all plants and DCs are operating and have resumed pre-COVID production rate, working overtime around the clock 24/7. Once we reach 30% extra capacity, we should be able to start clearing the backlog and anticipate a full recovery by the end of the year.

2) What is the impact to plants in North America?

Schneider Electric places its top priority on the health and safety of employees. All North American plants are complying with Schneider Electric's corporate policy for COVID-19 guidelines, as well as local health and labor laws to protect our employees. Currently, we are not experiencing any significant interruptions at our plants.

3) What are you doing to catch up? Has your Global Supply Chain (GSC) taken steps to move production to other plants?

To supplement our production and avoid future disruptions, we have added manufacturing capacity in three existing plants in North America. This increases production output, provides duplicate production locations and accelerates recovery. This action is critical in driving the incremental 30% capacity above pre-COVID production levels accelerating our recovery time. We continue to monitor this pandemic and adjust to market demand swings.

4) Do you know if your competition is facing the same issue?

Many manufacturers in all industries are facing similar service interruptions. It is not appropriate for us to comment on our competition as the situation for all manufacturers is constantly changing.

Questions concerning shipments

5) When will shipments be back to normal for the plant mentioned with the temporary interruption?

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In July we started to produce a typical one-week supply. There are a number of catalog numbers impacted, and due to the complexity and market demand it is difficult to predict your exact ship date. As we produce at the +30% production level, we will reduce back orders and expect to see large improvement by end of Q3.

Given the current situation, expedites cannot be served. We are in a staged recovery. We suggest that you prioritize your inventory for critical applications and customers. We are prioritizing our shipments for essential and emergency applications and for our customers.

For project jobs, contact your local field sales or project manager.

For stock orders, contact your local area channel manager.

6) Should we limit what we sell to emergencies only?

No. We are resuming normal business/sales and order intake activities.

7) How should we escalate if we have emergency situations requiring affected circuit breakers?

We are prioritizing our shipments for essential and emergency applications and for our customers.

For project jobs, contact your local field sales or project manager.

For stock orders, contact your local area channel manager.

8) Are you going to airship my breakers?

Our standard terms and conditions allow you to request air ship or drop ship at your cost. If this is not acceptable, please speak to your local area channel manager or sales manager.

9) How should we address claims and damages due to late or missed shipments of MCBs?

Our standard terms and conditions address this issue where we do not accept related damages.

10) I have a big order to place for XX. What lead time can I expect for it?

We are resuming normal business/sales and order intake activities.

For stock orders, contact your local area channel manager.

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Questions concerning orders for Project Jobs

11) What if I have an order for COVID-19 Essential service or manufacturer or an otherwise emergency order?

The Project Execution team has created a team to rapidly filter and escalate urgent customer opportunity/quote and existing order requests related to COVID-19.

To engage this Rapid Response Team, field managers (ASM, PEM, RCM, etc.) must vet and then submit quotes/opportunities and existing orders

Please refer your specific request to your Schneider Electric project manager.

12) If I have a project that is impacted can I use my inventory to make sure it's supplied?

In specific cases, you can. Please contact your Schneider Electric project manager for specific requests.

13) What are your criteria for the prioritization across all your partner and customer base? Is it first come, first served?

This will be our standard first come, first served fulfillment process, however, we will prioritize critical applications and strategic customer needs. Forward buys or excess ordering of material is discouraged.

14) What is the expected lead time for production?

We are in a staged recovery for the affected products. Many factors are considered in determining lead time. As such, we are unable to predict the impact currently. We will continue to update you as information becomes available.

15) I have an order for a Factory Assembled Panelboard, can I get it shipped with every breaker that is offered?

Our Project managers are available to discuss short ship options for your project. Please contact your Schneider Electric Project Manager. NQ panelboards may experience an extended lead-time.

16) How does this impact Switchboard and Switchgear shipments?

Switchboard and Low Voltage Draw Out Switchgear plants are experiencing shipment delays due to COVID-19 impact to plant operations, upstream supply and transportation. Backlog is being rescheduled through Q3. We expect to progressively recover over the quarter and end Q3 back to normal levels. Lead times have been extended 1-8 weeks

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depending upon complexity, with lower complexities less impacted than higher complexities. We expect recovery of lead times to start in August and progressively get back to normal by end of September. To escalate issues related to order delays, work with the order's Project Manager or their manager, the Project Execution Manager.

Questions for SPD Shortage Action Plan

17) Why am I experiencing longer lead times for Schneider Electric SPDs?

A material (component) shortage caused by a supplier temporary shutdown due to COVID has impacted our Square D branded SPD production flow for IMA (used in our equipment products – panels, MCC, switchboards, switchgear, busway), the EMA and the HWA products.

18) What is the recovery time?

We are already receiving normal flow of the component from our supplier to fill orders including backorders. Full recovery is projected for the end of August.

19) I have an external mount SPD which I need for my customer – what should I do?

The ASCO brand SPDs have products to meet most situations, and in many cases are available to the customer. Please contact CCC, Tech Support/SPD specialists, or ASCO inside sales to assist with the conversion. You can also reach out to your channel manager or project manager.

20) What if there is a pricing difference?

Consult your SPD specialist or sales contact for support.

21) Will the ASCO product fit in the same space?

The ASCO products are different designs, so sometimes it will be smaller and in a few cases it may be slightly larger so always confirm that the footprint is acceptable prior to ordering the alternate.

22) Will the engineer approve ASCO SPDs?

In most cases this should not be an issue, the ASCO offering is comprehensive and well received in the market. If there is an issue, please engage the SPD specialist or your sales contact in your area.

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23) Is the ASCO product installable in the equipment?

No. The conversion to ASCO is only for External mounted SPDs.

24) What if I have other questions, who do I contact?

Please contact CCC, Tech Support/SPD specialists, or ASCO inside sales for support.

Questions concerning orders for stock

25) If I source product from another channel – will you cover any price discrepancies for purchases outside of my normal channel?

No, we will not be able make any adjustments, our standard channel policies remain in effect at this time.

26) If I source product from another branch or company affiliate – will you cover any price discrepancies for purchases outside of my normal channel?

No, we will not be able make any adjustments, our standard channel policies remain in effect at this time.

27) If I am ready to pay extra, can I get expedited delivery for the products listed?

Given the current situation, expedites cannot be served. We have started a staged recovery. We suggest that you prioritize your inventory for critical applications and customers.

28) Why don't I see a delivery date in mySE?

This order may be blocked by our systems. Please check with your local Schneider Electric representative.

29) This lead time on the system doesn't work for me. Who can I talk to?

Speak to your project manager or area channel manager for questions pertaining to your order.

30) Why can't I get a 'normal' amount of stock from the DC?

We experienced disruption at one plant due to COVID-19 producing the following products:

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- QO/QOB and Homeline, Arc Fault Breakers, Dual Function and Ground Fault Breakers
- QOU, one, two, and three pole breakers

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31) Why can't you split my order to both DCs? I see you have stock there.

We are prioritizing our shipments for essential and emergency applications and then will fulfill demand in the order received.

For project jobs, contact your local field sales or project manager.

For stock orders, contact your local area channel manager

32) I see material not available in my normal DC, but available in XX DC. Why don't you change my order and ship from that DC?

We are shipping via prioritization process inclusive of all distribution centers, you have not yet reached your prioritization position. At this time, we are unable to give a definite date.

Questions concerning orders for Residential Applications

33) Has Square D communicated with contracted national builders?

Yes, we have or are attempting to contact our builder customers with whom we are contracted. Our Builder National Account team is working with those builders to advise them of the same information herein.

34) I have homes/apartments/projects waiting to close ASAP and need just a few products – can you expedite this request?

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- a. QO/QOB and Homeline, two and three pole breakers
- b. QO/QOB and Homeline, Arc Fault Breakers, Dual Function and Ground Fault Breakers
- c. QOU, one, two, and three pole breakers

At this time, all plants and DCs are operating and have resumed pre-COVID production rate, working overtime around the clock 24/7. **Once we reach 30% extra capacity, we should be able to start clearing the backlog and anticipate a full recovery by the end of the year.**

For project orders, contact your project manager or channel manager, local sales contact or your Home & Distribution line of business Regional Manager. They will know how to best

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advise further.

35) Instead of using a GFI / AFCI, I am using the standard breaker. Will this pass inspection?

We recommend consulting your local Authority Having Jurisdiction (AHJ) for the local code in effect to ensure compliance and safety.

36) I want to talk to a person who knows about the products that aren't shipping. Who can I talk to?

Speak to your local Schneider Electric sales representative, project or channel manager for questions pertaining to your order.

37) Can I use other manufacturers' breakers inside our load centers?

No, our load centers and breakers are tested individually and as a system to comply and meet all UL Standards. We support and comply with The National Electrical Code (NEC) Section 110-3(b), which requires equipment to be "used or installed in accordance with any instructions included in the listing or labeling." Breakers not produced by Schneider Electric have not undergone the same testing which voids the UL Listing and creates a potential safety risk.

38) Can we buy from Breaker Brokers?

Authorized Schneider Electric distributors shall not purchase Schneider Electric products from unauthorized resellers. Purchases from unauthorized resellers violate Schneider Electric's policy and distribution agreement. Distributors purchasing Schneider Electric products from brokers, liquidators, or other unauthorized sources could face penalties. Schneider Electric's terms and conditions include the right to inspect the distributor's inventory and audit purchases. If an audit reveals purchases of Schneider Electric products from unauthorized sources, the distributor could be subject to legal action and/or penalties up to and including termination of their Schneider Electric distributor authorization.

39) Have lead times increased for all Factory Assembled NQ Panelboards?

Those NQ panelboards are available at extended lead times. Please refer your specific request to your local field sales or project manager.

40) Have lead times increased for NF Panelboards?

No change has been made to NF panelboard lead times, and these may be selected in place of NQ Panelboards for most applications requiring neither Arc Fault or Ground Fault protection. NF panelboard lead times are subject to change in response to increased demand. Please refer your specific request to your local field sales or project manager.

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Alternative actions and recommendations

41) Do you have any recommendations for managing through this pandemic crisis?

Yes, we recommend you review and prioritize your most critical business needs. In addition, we recommend a few pointers to protect your business:

- Guard both installed and on-site product against theft of affected product!
 - Advise your staff
 - Advise your builder customers to ensure product is not left unprotected
- Use affected product to perform “Hot-checks” and remove breakers until closing
- Limit breakers installed for other trade to work during rough-in
- Look for possible and applicable product substitutions.
- Install products on an as-needed basis and only to close projects.
- Physically check your inventory, as systems are not always updated