



Promoting equality of treatment & fostering diversity

Principle 6 of the UN Global Compact (labour): *"Business should uphold the elimination of discrimination in respect of employment and occupation"*.

Contact at Schneider Electric:

Rémi Deveaux

Stakeholders Relations & CSR analyst

remi.deveaux@fr.schneider-electric.com

Preamble: Executive statement of continued support of the Global Compact by Schneider Electric

Dear Mr Secretary-General,

It is an honour for our company, Schneider Electric, to have endorsed the Global Compact Principles – which enable the group to clearly reveal its commitment regarding human rights, working conditions, environment and corruption. We have undertaken to make a clear statement of this continued support with the release of a Communication On Progress once a year since 2005. After several COP in the field of environmental protection, we have decided to share with the United Nations an example of the action undertaken to implement the Principle 6 "Business should uphold the elimination of discrimination in respect of employment and occupation". Our 2008 Communication On Progress submits our strategy to promote equality of treatment and foster diversity throughout Schneider Electric.

Schneider Electric works on respecting its commitment in favour of the Global Compact: our company programme New² has set targets in line with Global Compact Principles in the fields of environment or health & safety.

Furthermore, Schneider Electric commits to disseminate the Global Compact Principles in its sphere of influence:

- We encourage our subsidiaries to sign the Global Compact Principles, so that they actively involve in their implementation. Schneider Electric subsidiaries in Canada, Turkey and Argentina have already adhered to the 10 Principles and submitted a Communication On Progress.
- We have set a target regarding the Global Compact Principles in New²: "make 60% of total purchases from suppliers who support the Global Compact" by end-2008. To reach this ambitious target, we have in particular trained our 400 buyers all over the world. At end-2007, 25% of total purchases stemmed from suppliers who support the Global Compact.

I invite you to visit our website www.barometer.schneider-electric.com for further information.

Yours sincerely,

Gilles Vermot Desroches

Sustainable Development Vice-President

A) Why promoting equality of treatment and fostering diversity at Schneider Electric?

Definition

Schneider Electric claims in its Principles of Responsibility that *"the company's employees can express their cultural diversity and are managed without discrimination"* and that *"Schneider Electric's goal involves providing everyone with equal opportunity in recruitment, jobs and mobility."*

Our commitment vis-à-vis non-discrimination consists of :

- 1- Selecting people owing to their **competencies** and guarantee an **equality of treatment**;
- 2- Preventing discriminations that occur in society (stereotypes, inequality of chances...). To achieve its goal of "managing people without discrimination", Schneider Electric has to influence socio-cultural representations that would lead to discriminatory management behaviours. Proactive actions have to be led as a priority in four main fields to guarantee a real diversity among our workforce: disability, gender equality, age and origin (ethnic, social, educational cursus...);
- 3- Promoting **cultural diversity**. Schneider Electric's people work in 106 different countries in 2007. The Group should do its best to make this cultural wealth an asset for the company.

Schneider Electric's strategy

Our diversity policy claims that *"diversity lies at the foundation of Schneider Electric's history, culture and identity. The Group was built by a series of acquisitions and is now present in 130 countries; its entire structure has been modelled on this attitude of openness."*

Schneider Electric promotes equality of treatment and fosters diversity for both **assuming our responsibility and boosting our performance**. We know that employees who feel respected are more motivated and effective and that the expression of differences enables us to be more successful. Professional equality for men and women, inclusion of disabled and coloured people or the promotion of senior people's experience are strategic challenges for both individual growth and the company's own development.

It is crucial for the Group to be able to integrate everyone owing to its professional competencies and to be in line with the diversity that constitutes our stakeholders (employees, customers, shareholders, suppliers, local communities...); for social and political reasons, Schneider Electric has to show its stakeholders that it is an inclusive company.

Moreover, Schneider Electric is influenced at Group level by **legislation on non discrimination** that applies in the countries where we operate (US, Canada or UK Acts...), and especially in France. French legislation strictly frames diversity and non-discrimination practices:

- Disabled people have to represent 6% of total wages;
- Law on professional equality for men and women: companies have to implement a committee for professional equality, keep track of gender indicators, set a road map every 3 years, etc;
- Law against discrimination, possibility for people to send a complaint to the "HALDE" (Haute Autorité de Lutte contre les Discriminations et pour l'Egalité) that asks companies to prove non discriminatory practices.

As a consequence, Schneider Electric has soon implemented non-discrimination policies demanded by the legal and institutional context.

B] Schneider Electric's system for promoting equality of treatment and fostering diversity

The objective of Schneider Electric is to implement a **comprehensive policy** to foster diversity all over the Group. To do so, Schneider Electric has created a dedicated **Diversity Team**: in 2008, the company employs a Diversity VP, headed by the Sustainable Development Department, with a dedicated team of four persons. Its mission is to assist each Group entity (from corporate functions to local subsidiaries) around the world to successfully implement improvement plans concerning diversity. In France, the team coordinates specific diversity policies in line with current legislation and company goals, with gender, disability, ethnic origin and age as priority fields.

Reference documents frame the work of this dedicated team.

- Our Principles of Responsibility;
- Our diversity Charter, our apprenticeship Charter (in France) and our corporate diversity policy. Schneider Electric signed the Diversity Charter launched by Institut Montaigne in 2004. Going beyond France, the Group has decided to apply the charter's principles in all host countries or to update similar policies, for example in the United States;
- Agreements in France with trade unions regarding gender equality, disability and age. In 2008, Schneider Electric has signed a "GPEC" plan (forecasting management of employment and competencies) with trade unions: the Group aims at managing employment and competencies by forecasting the evolution of its age pyramid. It enables Schneider Electric to better manage diversity and end-of-career.

These reference documents set **guidelines** that Schneider Electric aims at implementing at Group level:

- 1- Non discrimination: Schneider Electric has to analyse its recruitment and career management processes to reduce discriminatory processes through awareness-raising of managers and HR;
- 2- Positive actions:

Schneider Electric has to increase disabled people hires and create working conditions that enable disabled people to express their competences at work (through accessibility, working schedules, team support during its period of inclusion...).

The Group is pursuing three main paths to promote gender equality:

- Promote women in key positions of responsibility;
- Significantly increase the percentage of female hires;
- Foster working conditions that are favourable for both men and women.

Schneider Electric fosters diversity of origin through commitments in favour of apprenticeship and internships in particular for socially disadvantaged areas.

Our **targets**:

- In the Group's progress plan called Planet & Society Barometer, one KPI is dedicated to women integration in the international mobility program: "*Ensure that 20% of people under international mobility program are women by end-2008*";
- In France, 6% of disabled people among the workforce;
- Awareness-raising of managers, review of HR processes, communication.

C] Outcomes

■ Disabled persons

After endorsing six company agreements since 1987, Schneider Electric amplified its commitment by signing a first Group agreement in 2007. The three-year accord covers all Group units in France for the first time and complies with new regulations stemming from the French law of February 11, 2005 mandating equal rights, opportunities, participation and citizenship for the disabled.

With this new agreement, Schneider Electric will undertake to:

- Renew an inflow of disabled workers and take action to keep them employed.
- Promote direct employment while pursuing an assertive policy of subcontracting to the protected employment sector.
- Take a comprehensive approach to bringing disabled persons into the job market and keeping them employed, keeping in mind the diversity of handicaps, their origins and severity.
- Extend this commitment to the Group's prevention and protection policy in the area of healthcare.

The agreement's objectives are to:

- Achieve, at the very least, the legal obligation of 6% for the percentage of disabled persons in the overall workforce.
- Integrate 45 disabled work-study interns and hire 45 disabled employees over the term of the agreement.
- Provide disabled employees with the same quality of life and career development opportunities as all other team members.
- Develop agreements and partnerships with local organizations to facilitate applicant searches.
- Enhance the Group's quality partnership with the protected employment sector.
- Keep disabled persons in their jobs and prevent disabling situations.
- Leverage the work-study support system throughout the training period by maintaining regular contacts with field workers.

To ensure quick, effective action, the Group will:

- Create an "*Engagement Handicap*" mission that reports to the Sustainable Development/Diversity Department.
- Set up a steering committee with employee representatives who have signed the agreement.
- Involve occupational health professionals and the purchasing departments on an ongoing basis.
- Include disabled persons in the Group's forward-looking career and skills management strategy.
- Make internal recruitment processes more responsive.
- Step-up work-study training with apprenticeship or professional skills contracts.
- Raise in-house awareness with a national campaign (2007-2008).

>> 5,88% of French employees are disabled in 2007 (5,38% in 2006).

Examples in 2007

Brazil: A dedicated program was created for disabled jobseekers and disabled Schneider Electric team members that called for raising awareness and training employees, identifying positions that could be filled by disabled persons and increasing disabled recruitment, for example with a print media and Internet campaign. The number of disabled team members in the subsidiary rose from 29 to 48 (or 51.7%) between September 2006 and December 2007.

Mexico: The Tlaxcala manufacturing site hired nine disabled persons and two team members over 60 years of age in 2007. In connection with these hires, significant measures were taken to adapt the site and production line (notably with the installation of four access ramps and an elevator) and to train all employees. The plant, which was recognized as the first inclusive company in Tlaxcala State, has set an ambitious target of 50 new hires in 2008.



France: A handicap awareness campaign is being carried out for managers and all employees in France between April 2007 and April 2008. The campaign's innovative approach involves the participation of a theater troupe. By the end of 2007, 3,204 employees and 334 managers had participated.

■ Seniors

As life expectancy grows longer, so does professional life. Employing seniors and keeping them employed is an important challenge, especially in mature countries.

In its diversity policy, Schneider Electric is committed to including not only more women, but also employees of different age groups, nationalities and educational backgrounds.

Examples in 2007

In 2007, Schneider Electric Spain launched a program entitled Telemaco under which new hires could receive mentoring from more seasoned managers in the company. The program is designed to develop new talents and help them find their place within the enterprise. It will also provide new approaches, make it easier to transfer skills and good practices and undoubtedly improve working relations throughout the subsidiary. Some ten people were involved in the first session of Telemaco, which will continue in 2008.

■ Gender equality

Professional equality for men and women is a strategic challenge for both individual growth and the Company's own development. It is also integral to the issue of diversity, which enhances innovation, makes the enterprise more effective with customers and allows it to reflect natural changes in society.

The Group is pursuing three main paths to promote gender equality:

- Significantly increase the percentage of female hires.
- Promote women in key positions of responsibility.
- Foster working conditions that are favorable for both men and women.

Examples in 2007

France: Schneider Electric received the prestigious three-year Equality label for all units based in France from international certification organization AFAQ-AFNRO during the year. A pioneer in this area, the Group signed an agreement on gender equality in the workplace with all labor unions back in December 2004. The agreement encourages gender diversity at all levels of the enterprise and efforts to reduce identified gaps in career management in the areas of mobility, training and compensation.

Other initiatives

Schneider Electric partnered a Chinese delegation at the Third Women's Forum in 2007. The 50 women, all decision-makers and representatives of the role women want to play in China, participated in a series of meetings and conferences in which they were able to exchange their views on economic and societal issues.

The Group also partnered with *Institut National des Sciences Appliquées* (INSA) in Lyon and *Ecole Nationale Supérieure des Techniques Appliquées* (ENSTA) in Paris on a program called "*Choisis ta Vie*" (Choose Your Life) to assist 20 women engineering students in planning their career paths. The participants attended a three-month collective training program at Schneider Electric and received personalized mentoring from women managers at the Group. The program will continue in 2008.

Lastly, 60 women representing all of Schneider Electric's units in France met in the Paris region in October for the first women's seminar. The conclusions and proposals that came out of their discussions will play a critical role in impelling action plans, notably as concerns the creation and management of a women's network.

>> 36% of its global workforce is female in 2006 (35% in 2005, 36.3% in 2004).

35.2% of its home/main country workforce is female (39% in 2005)

27.5% of managerial grade employees are female (worldwide) in 2006 (25% in 2005, 27.6% in 2004).



D] Annexes

Schneider Electric communicates information on its diversity and non discrimination strategy to its stakeholders through its annual report (Schneider-electric.com > Financial statements and Annual Reports) and internal communication campaigns (posters, etc.).

About Schneider Electric's sustainable development policy

To learn more about our SD commitment and performance, please refer to:

- Schneider Electric's website: **schneider-electric.com** > Sustainable Development
- Our Planet & Society Barometer (a measuring tool to advance sustainable development): **barometer.schneider-electric.com**

About Schneider Electric

Schneider Electric, who helps people and organizations make the most of their energy, anticipates and satisfies its customers' requirements in the residential, building, data centers and networks, industry, and energy and infrastructure markets. Schneider Electric's 120,000 employees generated sales of €17.3 billion in 2007 through 15,000 distributor outlets in 190 countries.

www.schneider-electric.com