



Communication On Progress 2010

Statement of continued support by the CEO or equivalent

"Schneider Electric has endorsed the Global Compact Principles since 2003 – to officially state its commitment regarding human rights, working conditions, environment and corruption.

Since 2005, Schneider Electric has released a «Communication On Progress» once a year. In 2010, our «Communication On Progress» showcases our policies, initiatives, indicators and results for each of the 10 Global Compact Principles.

Furthermore, Schneider Electric has reaffirmed its commitment to disseminate the Global Compact Principles in its sphere of influence: since 2005, our target has been to make 60% of total purchases from suppliers who support the Global Compact. This target has been confirmed in the Planet & Society Barometer over the period 2009 – 2011. At the end of 2009, 33% of total purchases were made with suppliers who joined the Global Compact. This figure has been reviewed by an external statutory auditor in 2010."

In 2009, Schneider Electric continued supporting Global Compact projects:

- Jean-Pascal Tricoire, Schneider Electric's CEO, has officially claimed its support to Seal the Deal UN campaign in September 2009, as well as hundreds of employees. An internal communication campaign has been led in favour of Seal the Deal.
- Schneider Electric has reaffirmed its commitment in the Global Compact French supporters ("Forum des Amis du Pacte Mondial en France").

February 24th, 2010

Preamble

The framework of our sustainability actions mainly consists of:

- *Our Principles of Responsibility*
This document has served as the reference frame for individual and collective behaviours since 2002. Updated in 2009, it has been drawn up based on the major principles Schneider Electric subscribes to: Global Compact, the Guiding Principles of the OECD, the Universal Declaration of Human Rights and International Labour Organization. Measures have been taken to ensure the implementation of *our Principles of Responsibility*, including the appointment of compliance officers, whistleblowing (planned in 2010), Internal Audit commitment and communication campaign with local translations.
- *Our Planet & Society Barometer*
It has been Schneider Electric's sustainability scorecard since 2005. It showcases the Group's ambition over the period 2009-2011 and assesses the progress every quarter. The Planet & Society Barometer aims at pushing Schneider Electric's sustainability performance and communicating its progress plans to its stakeholders in a simple, transparent and reliable way.
- *Our 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 – and in particular in terms of human rights, labour and environment. Schneider Electric promotes the Global Compact initiative and appeals to suppliers to register to the Global Compact initiative.

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

- Global Compact's human rights Principles are covered by *Our Principles of Responsibility* and our *Supplier Guide Book*. Measures have been taken to ensure their implementation. Adherence to Global Compact is evaluated in our supplier qualification process and requested to our strategic suppliers. A clause in the Purchasing and Sales General Conditions states that suppliers have to respect *our Principles of Responsibility*.
- Local associations supported by the Schneider Electric Foundation contribute locally to make progress human rights issues. Our BipBop programme develops trainings to Bottom of the Pyramid populations with yearly targets and quarterly reporting. For instance Schneider Electric supported the creation of 2 schools in Chile in 2008-2009.

- *Our Planet & Society Barometer* targets (2009-2011):
Train 10,000 young people from the bottom of the pyramid in the electricity professions. 2009 results: 2150 young people trained.
Support 500 entrepreneurs at the bottom of the pyramid to set up their activities in the electricity sector. 2009 results: 125 entrepreneurs supported.

Principle 2: ...and make sure that they are not complicit in human rights abuses.

- No violation was reported in 2009.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

- Global Compact's labour Principles are covered by *Our Principles of Responsibility*, our Human Resources policy (including a Non-Discrimination Policy and a Health Policy) and our *Supplier Guide Book*. Measures have been taken to ensure their implementation. Adherence to Global Compact and commitment to social responsibility (Social Accountability 8000) are evaluated in our supplier qualification process. Adherence to Global Compact is requested to our strategic suppliers. A clause in the Purchasing and Sales General Conditions states that suppliers have to respect *our Principles of Responsibility*.
- The proportion of sites declaring employee representation (unions, works council and Health & Safety committees) is reported in our Annual Report. Employee representatives are informed of changes within the Group in the Schneider Electric European Committee (Europe), informed and trained on the Group's operations in the Group Works Council (France).
- All employees have been questioned on their satisfaction every year since 2009 (every 2 years before).
Our Planet & Society Barometer target (2009-2011): increase by 14 points the company's employee recommendation score. 2009 results: +0 point compared to first survey.

Principle 4: ...the elimination of all forms of forced and compulsory labour

Principle 5: ...the effective abolition of child labour;

- Health and safety management systems are deployed worldwide.
Our Planet & Society Barometer targets (2009-2011):
Decrease by 10% yearly the frequency rate of occupational accidents. 2009 results: -38% vs 2008 frequency rate.
- No violation was reported in 2009.

Principle 6: ...and the elimination of discrimination in respect of employment and occupation.

- Schneider Electric signed the Diversity Charter launched by Montaigne Institute (2004).
- No violation was reported in 2009.

Environment

Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;

- Global Compact's Environment Principles are covered by *Our Principles of Responsibility*, our Environment Policy and our *Supplier Guide Book*. Measures have been taken to ensure their implementation. Adherence to Global Compact and environmental performance (ISO 14001) are evaluated in our supplier qualification process and adherence to Global Compact is requested to our strategic suppliers. A clause in the Purchasing and Sales General Conditions states that suppliers have to respect *our Principles of Responsibility*.
- Schneider Electric is a member of Alliance to Save Energy and Clinton Climate Initiative and signed Nicolas Hulot's Pact for the Environment. Schneider Electric took part in the UN Climate Change Conference in Copenhagen in December 2009.
- Schneider Electric complies with RoHS and REACH requirements. Ongoing programme to phase out the use of hazardous substances in manufacturing and products showed progress in 2009.
- *Our Planet & Society Barometer* target (2009-2011):
Reduce by 30,000 tons our emissions of CO2 equivalent every year. 2009 results: 44,089 tons of CO2 equivalent emissions have been avoided vs 2008.
Deploy ISO 14001 certification for 2/3 of our employees. 2009 results: 63%. Schneider Electric promotes Best available Techniques in its sites and has a programme to reduce its energy consumption in its manufacturing and logistics sites.
- No major impact on environment has been caused by Schneider Electric in 2009.

Principle 8: ...undertake initiatives to promote greater environmental responsibility;

- Environmental considerations are mandatory in the Schneider Electric Offer Creation Process. Standardized Life Cycle Assessment procedures are used to assess new products environmental impact throughout their life cycle (PEP).
- *Our Planet & Society Barometer* target (2009-2011):
Achieve 2/3 of our products revenues with Green Premium products. 2009 results: 2,6%. Green Premium products have a Product Environmental Profile on line, End of Life Instructions on line, substances of very high concern listed by REACH European directive on line and compliance to RoHS European directive.

Principle 9: ...encourage the development and diffusion of environmentally friendly technologies.

- Schneider Electric defines its business as being “the global specialist in energy management”: in industry assembly lines, in buildings, in public lightings, energy management can bring up to 20% to 40% energy savings.
- Schneider Electric BipBop programme aims at providing a safe and environmental-friendly energy to Bottom of the Pyramid populations.
- *Our Planet & Society Barometer* target (2009-2011):
Gain 7 points above the Group's average growth by our energy efficiency activities. 2009 results: +5,3 points.
Set up a recovery process for SF6 gas in 10 countries. 2009 results: 3 countries involved.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- Global Compact's anti-corruption Principle is covered by *Our Principles of Responsibility* and our *Supplier Guide Book*. Measures have been taken to ensure their implementation. Adherence to Global Compact is evaluated in our supplier qualification process and Schneider Electric appeals to suppliers to register to the Global Compact initiative. A clause in the Purchasing and Sales General Conditions states that suppliers have to respect *our Principles of Responsibility*.
- Corruption is monitored by Internal Audit. No violation was reported in 2009.
- Schneider Electric Foundation's budget is administrated by the Fondation de France: all financial operations are double-checked by the Fondation de France and Schneider Electric.
- Schneider Electric has been awarded the SPECIFIC AC Certificate by the Professional Conduct Committee of ETHIC Intelligence International for an important contract in Africa in 2008.

About Schneider Electric's sustainable development policy

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

- Schneider Electric's website: www.schneider-electric.com > Sustainable Development
- The Planet & Society Barometer: www.barometer.schneider-electric.com

About Schneider Electric

As a global specialist in energy management with operations in more than 100 countries, Schneider Electric offers integrated solutions to make energy safe, reliable, efficient, productive and green across multiple market segments. The Group has leadership positions in energy and infrastructure, industrial processes, building automation, and data centres/networks, as well as a broad presence in residential applications. With more than 15.8 billion euros sales in 2009, the company's 100,000+ employees are committed to help individuals and organizations “Make the most of their energy.”

www.schneider-electric.com