

The Global Compact : SOCOMEc's commitment and practices

SUMMARY

1. Statement of commitment by the SOCOMEc Group's Chief Executive Officer
2. Description of practical initiatives undertaken and implementation procedures
3. Description of how the issues outlined in this document are circulated both in-house and externally

1. Statement of commitment by the CEO of the SOCOMEc Group

Customer, shareholder and employee satisfaction is the strategic mainspring of our Group, whilst also respecting the professional, company and natural environments within which our Group operates.

Our entire organisation is focused on achieving this satisfaction and aims to offer customised, specific and innovative solutions in the following areas:

- Power availability,
- Control and protection,
- Secure LV power supplies.

We provide the above solutions with the strictest respect for environmental principles.

Our Group is determined to remain independent and thereby to encourage a lasting and stable development. Such independence is guaranteed by our private shareholders that furthermore allow us to have full control over the decisions we take for profitable growth and for creating long-term value.

Conscious that our success is also linked to the personal fulfilment and commitment of our "human resources", we also foster working relationships that are based on the concept of "contract". Our management teams have received training to make them more aware of this idea and are responsible for its implementation and application.

Our local and international development strategies are clear and shared. They take into account the different geographic and cultural contexts within which they must operate and are always adapted in the most pragmatic ways possible.

As firm believers in corporate social responsibility our aim is to maintain jobs in our historic European production sites. To do so, we count on the professionalization and versatile skills of our employees.

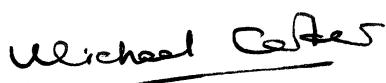
As job-creators in emerging countries we are actively contributing to their social and economic development in full respect of human and labour rights and the environment.

This is why in 2003 we joined the United Nations "Global Compact" initiative that aims to tackle the social and environmental challenges of globalisation.

The Executive Boards of Directors and I are firmly committed to this important initiative.

Socomec therefore is renewing its commitment to the 10 principles of the Global Compact for the year 2008.

Michael CARTER



Chief Executive Officer, the SOCOMEc Group

Benfeld, 31 July 2008

2. Description of practical initiatives undertaken and implementation procedures

2.1 Human Rights

- **Support and respect the protection of internationally proclaimed human rights (Principle 1)**

SOCOMEc recognises the right to work as a priority for its employees.

From this perspective the Socomec Group's strategy is based on a commitment made by the CEO in a document called "Our Vision of the SOCOMEc Group". Part of this vision includes the idea of "centres of excellence", i.e. production centres with high added value for our French and Italian manufacturing sites.

The aim of this distinction is to maintain jobs on the sites concerned within the current context of internationalising the manufacture of low-margin products in countries with low labour costs (see next example).

For proof of SOCOMEc's commitment to maintaining jobs in its traditional markets, the company recently invested 6.5 M€ in a 6000m² logistics centre in France and is preparing to invest 8 M€ in a new factory (7200 m²) in Italy.

For the last 12 years the SOCOMEc Group has undertaken an internationalisation programme for part of its production in order to remain competitive.

In keeping with this strategy, the criteria for establishing new sites are the following :

- > To create a viable, long-term production site,
- > To construct the building according to European standards, with air-conditioning and other facilities for the best possible working conditions (sanitation, changing rooms, infirmary, dining area, etc.),
- > Production equipment complying with European environmental, health and safety standards with an approach to continual improvement in terms of workstation ergonomics,
- > Management of human resources based on fundamental SOCOMEc values and in full respect of the local cultural context, e.g. the respect of the individual, personal development and recognition of results,
- > High-tech knowledge transfer to the local personnel (e.g. thermosetting injection to Tunisia),
- > Strict compliance with local regulations (fiscal, customs, social, etc.).
- > Our company's team spirit as demonstrated by staff who are willing to be relocated to our Group's new international companies, thereby creating a true 'melting pot'.

2.2 Labour Standards

- **Uphold the freedom of association and the right to collective bargaining (Principle 3)**

SOCOMEc S.A. extends its union representatives the full range of rights as stipulated by French legislation and endeavours to contribute to collective bargaining within the company.

- **Elimination of discrimination in respect of employment and occupation**

The Vision of the SOCOMEc Group sets out the fundamental values of the Group, i.e. "choosing to be a Group with human values where pleasure is to be found in getting involved and working together". To support this premise, 3 main lines are prescribed :

- > open-mindedness to all cultures and respect for the individual,
- > the advocacy of initiative and the commitment of colleagues,
- > recourse to working relationships based on the concept of "contract".

A few concrete examples should help to demonstrate SOCOMEc's commitment to the main lines mentioned above, i.e. :

Cultural diversity

- > A partnership with the University of Strasbourg that allows many foreign students to obtain internships within the company. Between July 2007 and July 2008, 11 trainees out of 82 held nationalities other than French.
- > The company fosters contemporary art and regularly houses exhibitions of new works that are open to all employees. These works are loaned to us by the FRAC Alsace organisation (Fond Régional d'Art Contemporain).
- > In 2007, employees from 16 different countries were working at SOCOMEc S.A. headquarters (Algerian, British, Bulgarian, Chinese, Cuban, Spanish, French, Georgian, Mauritian, Indian, Italian, Lebanese, Madagascan, Moroccan, Portuguese, Tunisian, Turkish) without counting the different nationalities in our various subsidiaries,
- > A special "Indian cross-cultural awareness" training programme for French employees being expatriated to that country, or for employees with close project ties to India is currently in hand. By the end of 2008, 24 members of staff will have undergone this training. A similar "awareness" programme in terms of French culture was carried out for our Indian colleagues in June 2007. 20 people were concerned, i.e. about 60% of the Indian executive management.

Working relations

- > Working relations at SOCOMEc are based on an extensive contract-based principle that aims to ensure the integrity and development of our employees. As part of this thinking, a formal and continuous approach in contractual management training has been in place for managers at Group level (France and overseas subsidiaries) since 1994.

Working conditions

- > Health and security conditions are closely controlled, with regular in-house security audits (The 2005 CRAM Regional Health Authority Prize). On this account, the France 5 television channel produced a report in October 2007 on the company's good practices in terms of repetitive strain injury (RSI) for their "Health Magazine" programme.

- > Particular attention is given to providing ways of combining family obligations with professional commitments. The system that has been in place for many years regarding absence for reasons of a child's illness is thus reinforced

□ Professional equality between men & women

- > The salary fixed when the person is first hired up to the decision to offer a pay increase must remain independent of that person's gender. Managers are expected to make sure that periods of absence (in particular, maternity leave) do not interfere with decisions concerning career development.
- > Equal job opportunities according to skill level, expertise and knowledge and excluding any notion of quota.
- > An agreement (covering France) was negotiated and signed in 2007 with our trade union members. This agreement aims to reach professional equality between men and women by the year 2010.

□ Handicapped people

- > A durable partnership is in place with the CAT regional employment offices (concerning the placement of handicapped people in the workplace and circulation of job offers within specialist organisations). In 2007, 52 668 man-hours were subcontracted in France by the CAT offices.

2.3 Environment

▪ Businesses should support a precautionary approach to environmental challenges (Principle 7)

Since December 2005 SOCOMEC has held the French MASE Certification (Managing Safety Improvements in Companies). The MASE audit system of reference and certification stipulate the requirements that must be met by the authorised company's Management System in terms of safety, hygiene, health and environmental protection.

Some actions implemented July 2007/ July 2008

- > Signature of a "Code of Conduct" by Socomec UPS concerning a commitment for all new UPS equipment to respect the minimum limits for energy efficiency fixed by the European Commission.
- > Initiatives in view of gaining ISO 14001 certification launched in the Group's main European subsidiary (Sicon Italy).
- > An in-depth energy diagnostic carried out by an external auditing body in our French Plant 3, in order to produce a full report on the energy consumed by this production site. Objective : to implement adapted solutions for reducing energy consumption and expenditure. The results will be given in our next Global Compact report.

▪ Businesses should undertake initiatives to promote greater environmental responsibility (Principle 8)

- > Apart from our legal obligations for recycling cardboard boxes and packaging, palettes, ordinary industrial waste and WEEE (Waste from Electrical and Electronic Equipment), Socomec also operates an incentive policy in this field such as paper recycling tanks available to all employees.
- > Since 2005 the envelopes used by our headquarters are from recycled paper and are chlorine-free. The envelopes are used for pay-slips and for sending invoices. More than 8000 are used each month.

- > In 2007, an evaluation of waste management was also voluntarily carried out in conjunction with the chamber of commerce and industry on the Benfeld and Huttenheim production sites.
- > Active participation by SOCOMEc in the professional approach piloted by the GIMELEC and FIEEC professional associations entitled "Energy Efficiency"

Some actions implemented July 2007 / July 2008

- > Use of reversing charges during UPS functional tests that provide a 90% reduction in energy consumed.
- > Implementation of materials sorting at production output points in the French manufacturing plants.
- > Implementation of systems that respect the environment in our production processes (e.g.: Closed-circuit cooling system for the moulding presses).
- > A new policy for business trips (currently being drawn up) that gives priority to the TGV Est fast train connection between Paris and Strasbourg in preference to taking the plane.

- **Encourage the development and diffusion of environmentally friendly technologies (Principle 9)**

- > Even though Socomec products are not subject to the RoHS (Restriction of Hazardous Substances) European directive on eliminating certain heavy metals (such as lead, cadmium, chrome hexavalent, mercury) and bromine retarders, the company has nevertheless undertaken to comply with this directive in order to use new environmentally friendly technologies.
- > The company's UPS Division has for many years invested heavily in R&D in order to make significant improvements in the power output of its machines, thereby reducing energy consumption and cutting energy losses.
The new ranges of UPS that have been launched since 2006 (Delphys MX- Delphys MP and Masterys) already provide a 20 to 30% reduction in current input for the same power output.
- > The Switching Division (SCP), via its 'Diris' range of energy control and management products, is actively contributing to the optimisation of electrical power. Such products offer high levels of accuracy coupled with advanced communication functions that together allow users to centralise their power consumption (electricity, air, water,...) in order to optimise them.
- > Since 2007 the UPS Division has been marketing the Flywheel solution, a dynamic energy storage system that removes the need to have battery or other accumulator banks. This solution is based on the accumulation of kinetic energy and has a service life that is twice as long as the more traditional lead-acid batteries, and also reduces the use of equipment cooling systems.

Some actions implemented July 2007 / July 2008

- > Socomec Switchgear Division (SCP) is committed to its first formal "ecological design" approach. The project is currently centred on the ATYS range of switchgear, flagship products of the Division, for its next development planned for 2009/2010. The project will be accompanied by the CODDE Company, recommended by GIMELEC, our trade's professional association.
- > Socomec Switchgear received the 2008 Janus industry design prize for its new range of handles produced using fully recyclable materials. This new range reduces the number of catalogue parts by 65%.
- > Socomec UPS is currently launching its "Green Power" range of UPS equipment. This has the best energy efficiency on the market for power consumed and output power, i.e. 95.9% (certified by TÜV Süd).

3. Description of how the issues outlined in this document are circulated both in-house and externally

For people outside of the company:

The Global Compact logo features on the company's web site, as well as the CEO's statement of commitment to sustainable development.

Some actions implemented July 2007 / July 2008

- > Saving energy is used as a major communication platform in some of our press releases. We are therefore making our target markets more aware of these issues via the existence of more economic products.

For people within the company:

Some actions implemented July 2007 / July 2008

- > Our in-house media favours employee awareness of our environmental approach. With this in mind, a monthly article called "This month's sustainable advice" has been created in the company's Newsletter. This has two aims:
 - to inform employees about the commitments and investments made by the company concerning environmental issues;
 - to give simple "tips and ideas" that can be applied on a daily basis in our various jobs.
- > A feasibility study concerning an allowance for car sharing is currently in hand. The results will be given in our next Global Compact report.