

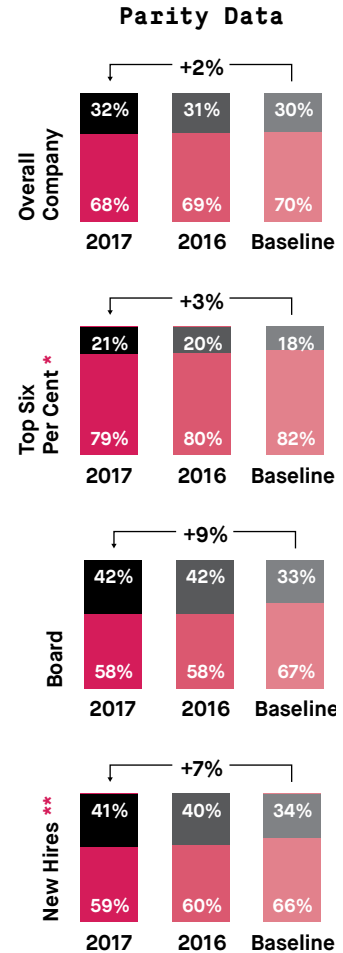
CORPORATE IMPACT CHAMPION
SCHNEIDER ELECTRIC

WHY GENDER PAY EQUITY IS IMPORTANT TO US

Over the past years, Schneider Electric has placed gender equality on the top of its agenda as a key business and people strategy component. Equal pay for equal work is a core component of our compensation philosophy, with our overarching principles being fairness, consistency and greater transparency across our Reward programs.

HOW WE CREATED CHANGE

In 2014, a dedicated working group sponsored by our CEO and our Country Presidents was formed to address the topic of pay equity. The key objective of this working group was to establish an approach that could be progressively applied across our global operations, enabling proactive corrective actions to close gaps. The approach was piloted in 12 countries, and the findings of this pilot helped us define a three-year vision to cover 85% of the total workforce under a worldwide pay equity review process by the end of 2017.



* In 2016, we changed our scope and methodology of defining our leadership pool (Top 1000 Leaders). As we did not restate the data for 2014, the baseline data point is 2015.

** Schneider Electric new hires are only white collar employees

OUR TRANSFORMATION

At Schneider Electric, the basic foundational principles of fairness, equity, ethics and transparency are fully embedded in our values and sponsored by our leaders. Our reward practices recognize compensating our employees fairly and equitably for the skill set they possess and value contribution as a business imperative.

The strong, active sponsorship of the CEO and Leadership team for these principles have soundly set the foundation for success and has been instrumental in building positive momentum at the local level. In addition, sponsorship of Country Presidents and HR has been crucial in raising awareness and for each country to take action regarding investment required to address gaps. A key indicator of this sponsorship was the inclusion of our pay equity vision in Schneider Electric's 2015-2017 Planet and Society barometer¹, clearly laying out our initial three-year ambition.

Another vital component was our Pay Equity Framework. We recognized that there are challenges when addressing this topic on a global basis, particularly when addressing definition of terms, methodology, and different statutory approaches. Our framework includes four main areas to address these challenges: Methodology & Analysis; HR Processes; Governance & Audit; Education & Communication. Having this global approach to pay equity enables us to compare between geographies and to prioritize local and global actions accordingly.

WHAT WE LEARNED

Over the last five years, **Sally Convey**, *VP Global Rewards Strategy Center of Expertise*, has been accountable for the development and delivery of Schneider Electric's commitment regarding pay equity.

She shares her reflections on Schneider Electric's Pay Equity Framework.

At Schneider Electric, the basic foundational principles of fairness, equity, ethics and transparency are fully embedded in our values and sponsored by our leaders.



Jean Pascal Tricoire,
CEO of Schneider Electric

What are the key enablers that have helped you in implementing the Pay Equity Framework?

From my perspective, the key enablers for translating our theory into daily practice across 89% of our global workforce have been:

- 1) An empowered & representative steering committee in our global Diversity & Inclusion Board;
- 2) A regional operational body to implement actions by country;
- 3) A strong internal and external commitment via our Planet & Society barometer with a clear 3-year roadmap;
- 4) A global Human Resources Information System (HRIS) to enable analytics and auditing.

What have you been most proud of in this journey so far?

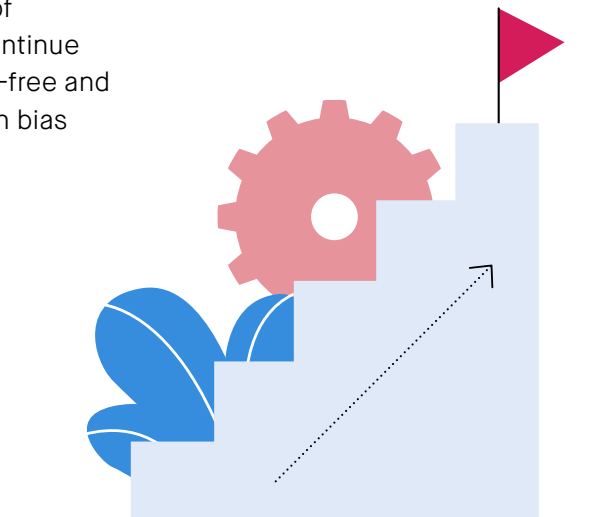
Given the dynamic global external context, it was important for us to develop and use common tools and measure progress. This has required constant interaction with key stakeholders to build common understanding and to adapt. I am proud of this dialogue and the progress we have made since starting this journey five years ago and about the ongoing evolution as we apply the principle of fair and equal pay for equal work.

What is next for Schneider Electric?

Even with our key enablers in place, the topic of fairness and equity in pay is continuously evolving internally and externally. Our focus now is to extend what we have in place and improve our communication regarding our ambition, understanding and interpretation of terminology and how we measure success. We will also continue to support leaders and managers in making informed, bias-free and transparent decisions by raising awareness through hidden bias education and leveraging digital platforms.

¹ The 2015-2017 Planet and Society barometer became the Schneider Sustainability Impact in 2018.

Our renewed ambition is to extend our Pay Equity Framework to 95% of our global workforce by the end of 2020.



HOW WE CREATED IMPACT

Following the 2014 pilot, our global pay equity approach was officially launched in 15 countries in 2015. The journey successfully continued through 2016, expanding to an additional 19 countries, and 15 more in 2017. On a semi-annual basis, reviews were held with country leadership, both business and HR, to establish and monitor actions to address identified gaps. At the end of 2017, the pay equity process had been implemented in 49 countries, exceeding our initial target of 85% and reaching 89% of our total workforce. This was also audited and validated by an external agency as part of our Planet and Society barometer.

OUR ROAD TO 2020

We are proud to have achieved this HeForShe IMPACT commitment in 2017, but we recognize that there is more to be done. Our renewed ambition is to extend our Pay Equity Framework to 95% of our global workforce by the end of 2020 and this ambition continues to be a part of the Schneider Sustainability Impact for 2018-2020.

¹ The 2015-2017 Planet and Society barometer became the Schneider Sustainability Impact in 2018.