

# EUROPEAN AGREEMENT ON THE ANTICIPATION AND DEVELOPMENT OF COMPETENCIES AND EMPLOYMENT WITH RESPECT TO THE SCHNEIDER ELECTRIC BUSINESS STRATEGY

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## PREAMBLE

Schneider Electric is a global group of companies with a wide-reaching European footprint that adapts to changes through continuing investment and development. The company takes the view that its responsibilities go beyond compliance with regulations. Ethics, sustainability and responsibility are the key words that guide its daily management and overall vision of its activities. Social responsibility is part and parcel of Schneider Electric's corporate governance through its sustainable development policies, extending to all its workers worldwide.

This agreement between Schneider Electric and IndustriAll Europe establishes the minimum shared principles which may serve as a frame of reference for all of the European entities with the aim of encouraging forward planning in anticipation and development jobs and their possible impacts on the situation of the employees of the Group.

The purpose of this agreement is also to build an anticipatory and proactive employment policy to ensure the employability of the Group's employees and serve its strategy, the objectives of which are as follows:

- to offer visibility on the European employment strategy to our social partners and employees;
- to maintain career development throughout the entire time spent by employees in the company to enable them to adapt to changes made in accordance with its strategy;
- to ensure that the key skills in our company are preserved and adapted to changes;
- to build the future through dynamic management of the age pyramid by integrating young people trained in our business activities.

Schneider Electric and IndustriAll Europe also hereby agree to adopt a qualitative approach intending to improve practices in their respective countries.

This approach shall extend to all entities in the member countries under the corporate program. Accordingly, the parties reassert that the program generally sets out the Strategy orientation for five years, aiming to consolidate and extend the changes being implemented or which are already completed under this program while focusing its development on digitalisation.

Furthermore, in keeping with the European Agreement signed 10 June 2014<sup>1</sup> the parties hereby agree to improve constructive European social dialogue within the Group.

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<sup>1</sup> Agreement concerning the information, consultation and participation of the Schneider Electric employees in Europe

## **I – Anticipation of competence requirements and managing employment in Europe in connection with the Business Strategy.**

The purpose of this Agreement is to define the procedures and tools for preparing employees to adapt to future changes, to strengthen their employability and to consider solutions to fit their specific situations.

- It provides a framework in which information will be regularly provided at the level of the European Works Council as well as at the national level on the changes in the industry in which the Group operates and how the Group positions itself and develops its business activities.
- It institutes a European skills and employment Observatory, with a view to providing visibility and understanding of the company's main businesses, and to anticipate as to how they could evolve;
- It sets out a variety of measures to be taken in the event of necessary transformations, in order to adapt to changes in employee job profiles and to preserve their employability.

### **1.1 A shared approach to changing jobs and skills by setting up a European skills and employment Observatory.**

It is essential to provide all employees and their representatives with the information needed to understand and be aware of ongoing and future changes, the challenges involved and their forecast impacts in terms of jobs and skills.

The company therefore wishes to increase its communication with the representatives of the employees in Europe concerning the changes in Group strategy, thus allowing further exchanges on:

- An overview on how jobs are changing, in terms of volume and skills involved, over several years via a social diagnosis based on such indicators as: age pyramid, breakdown of employees by type of function, gender, contract and changes in the structure of new recruits by age, gender, and other criteria;
- The Strategy for employment, resources and skills of each management entity (Business Unit, Operations or General Management) with regard to its strategic priorities.

Schneider Electric will therefore organise in an adequate manner and according to needs and context, a specific yearly meeting during the plenary session of the European Works Council specifically dedicated to the European skills and Employment Observatory, the goal of which will be to set out and share the strategic orientations of each business and the challenges involved in terms of employment, resources and skills within the company.

In this context, the European skills and employment Observatory will enable more transparent communication on Human Resources policies serving strategic orientations.

### **1.2 Anticipation and development jobs and skills at the core of HR strategy.**

Given the changes in markets and technologies, the competitive and economic environment and the needs of its clients, and to continue rolling out its innovation policy, the Group must anticipate changes in its businesses and ensure the professional development of its employees.

To this end, the Group relies on a common and dynamic frame of reference that describes all of its job codes, entitled "System of Reference", which will remain the tool used to list the functions within the company, the denominations of the jobs and skills required, through occupational classification codes.

### *1.2.1 Career development discussion, the primary tool of the anticipation process*

The career development discussion is a key step in managing the skills and employment of all of our employees irrespective of their position in the company. It must be based on an exchange between the employee and his or her line manager. In this manner, Schneider Electric intends to provide each employee with the chance to talk about career planning with his or her manager on a regular basis, taking into account the needs and wishes of the employee and those of the company. This discussion shall make it possible, among other aspects:

- to establish a profile of the employee's career history and skills acquired;
- to define, where applicable, a career plan and/or any other form of development that will allow the employee to evolve within the Group;
- to identify sources of leverage to progress in a current or future position, by using human resources tools such as job training and mobility. As concerns the latter, the professional goal can be attained by mobility within either the current job profile or towards other jobs.

The career development discussion shall be progressively rolled out in all the Group's entities, according to the terms set out locally and on the basis of local practices and methods.

The parties agree on the importance of ensuring that the different actors concerned (employees/managers) be made aware of or trained for the career development discussion.

In the eventuality of an employee not being given a career development discussion during a period of 3 years, he or she will be able to request a discussion with his or her human resources manager. Human Resources managers will proactively follow up and open discussions with the manager concerned.

### *1.2.2 Promoting job training to ensure the development of employees and the company*

Throughout the world, the ambition of the Group is to make its corporate environment conducive to learning. It is also the desire of the parties to this agreement to encourage sharing and transmitting the skills, knowledge and good practices of our employees, mainly through cross-generational co-operation.

For Schneider Electric, the development of its employees is attained through training, capitalising on experience, and exposing its employees to different situations.

Since its goal is to ensure the development of each employee through personal counselling, the Group guarantees access to job training for all. The training must be relevant and consistent with the employee's career orientation. Furthermore, in order to be inclusive and promote a learning culture, Schneider Electric will provide each employee with at least seven hours of training per year.

In addition to classroom training offers, Schneider Electric is developing a complete digital offer accessible on "My Learning link" (a portal with a full catalogue of training programmes available in several languages and categorized according to skills, training paths, etc.), and Schneider IQ (a specific portal on the business of Schneider Electric).

Schneider Electric is committed to improve access to this digital offer for all employees including those not having a personal computer.



### *1.2.3 Promoting job mobility as a tool for development*

Job mobility, as understood in this agreement, extends to any type of mobility that corresponds to the employee's wish to develop his or her career and to the requirements of the company. This definition encompasses mobility within a same job profile and towards other jobs.

Job mobility constitutes the major means to accomplish these goals:

- For employees, to capitalise on their acquired skills, to enrich or diversify their career path and to broaden their range of skills.
- For the company, to respond to the changes in its businesses and organisations, to promote open-mindedness and the ability to adapt, and to contribute directly to developing competences.

Within this framework, Schneider Electric promises to encourage job mobility by orienting the employees according to their needs, and by working with them to enable their desired career developments. The company offers the employees an environment favourable to their development, and encourages them to vary their professional experiences.

For this purpose, each country will formalise the conditions of functional and/or geographical mobility by 2019, according to locally defined terms and taking into account local practices and methods.

Mobility linked to a restructuring plan decided by the employer and subject to specific procedures and guidance shall be treated in paragraph III of this agreement.

### **1.3 Recruiting new people**

Integrating new people is a major challenge for the Group's development and innovation in Europe, which is why Schneider Electric, concerned about the proactive management of its age pyramid, is committed to continuing to recruit qualified young people, with particular attention to those who have worked and trained in the Group via internships and apprenticeships. The parties agree to define the common orientations in Europe, giving local teams the choice of how they will be deployed in compliance with national legislations.

The company is involved in developing partnerships with universities, schools, training institutions, in order to broaden and attract the new skilled people necessary to its development. To this end, a community of practice made up of members of the HR teams from the countries will be set up to capitalise on the rich experience at the European level, through sharing those experiences on a regular basis with members of the European Works Council.

In addition, diversity in all its forms is considered as a pillar of our Human Resources policy and a strategic challenge for our Group. The company is aware that the external recruitment volume changes every year depending on the needs of the business and specific features within countries, yet it is committed to attaining a level of external recruitment of 42% of women and 50% of young people.

Since its Group environment offers broad perspectives for change, Schneider Electric intends to follow closely new recruits as they take up their jobs and assume new positions in their careers, to expand their knowledge of the Group and open up career prospects for them.

  
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Induction programmes will be developed to fit specific local features, to familiarise each new person in the Group or a team with the different jobs in his or her new environment. Accordingly, the "PlugIn" program deployed worldwide will also be followed in Europe at a progressive pace until 2018.

The company shall also set up a global policy aimed at enabling all employees to work more efficiently by adapting to their needs and by fostering a better work/life balance thus enabling them to be more efficient at work. This global policy will be deployed in each country and will be submitted to employee representatives and in keeping with local methods, terms and conditions.

## **II. Enhancing social dialogue at the level of the European Works Council and of local representative bodies and reinforcing co-ordination between Europe and the countries.**

The parties shall promote social dialogue at the European and local levels. For Schneider Electric, the goal of social dialogue is to anticipate the future and preserve the Group's development in Europe by founding a permanent and trusting relationship between Management and employee representatives. For this reason, the signatory parties have decided that in each member country of the agreement which does not already have an employee representative body to set one up in line with national legislation.

The tools of social dialogue are reasserted in the European Agreement dated 10 June 2014<sup>2</sup>. They are used in different ways according to the laws, agreements and traditions at different national levels. The institutions set up for social dialogue can differ (unions, employee representative organisations, and others), however, in every country social dialogue is based on employee representativeness and on compliance with social directives of the European Union and those contained in national legislations.

Standards relating to the governance of a national employee representative body shall be defined jointly in countries where none exists, and will be deployed in others, structuring the frequency and content of the meetings to be held with social partners at all levels, and guaranteeing that information is shared at appropriate levels within the organisation.

For such purposes, an annual meeting between Country Management and employee representatives will be set up.

## **III. Management of reorganisations and structural changes: methods of social dialogue and social measures to put in place.**

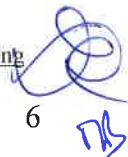
In the event of a major organisational or structural change with consequences on employment, Group Management asks each of the European entities to conduct themselves in a such a manner as to ensure appropriate employee information and to maintain constructive social dialogue.

Under the agreement dated 10 June 2014<sup>3</sup>, all subjects raised by representatives of member countries will be addressed in meetings of the Core Council. Information and consultation processes shall be conducted at both European and national levels in compliance with the European agreement on information, consultation and participation at Schneider Electric in Europe.

Regarding the social measures to be applied in the case of organisational or structural changes (standards / principles of adjusting to the legal, economic and social context of the country), the parties consider that, given its situation at a strategic and European level, the European Works

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<sup>2</sup> Concerning employee information, consultation and participation at Schneider Electric in Europe. Article 5.7. Capitalising on Acquired Experience





Council is the ideal forum for establishing an anticipatory social dialogue that will make it possible to launch an information-consultation process prior to the implementation of transnational action plans so as to be able to deal with any changes constructively and limit any possible negative impact they may have.

Thus, in the event of a transnational project with significant impact on employment, the parties agree to refer to the national legislative provisions and to those of Article 4.2 of the European Committee agreement<sup>3</sup> governing extraordinary circumstances, which provide for an information-consultation procedure to be set in motion involving the European Works Council and the national employee representation bodies within corresponding time frames and in timely manner.

In monitoring the possible social consequences at local level, in the absence of any national provisions that are at least equivalent, the social partners or the authorised parties must address the following topics in particular:

- When it appears realistic in the light of the situation of the entity concerned, the company will consider supporting the development of new activities inside the group in parallel with the examination of external solutions;
- Possibilities for internal reclassification within the Group at local level.
- Actions aimed at facilitating external reclassification.
- Accompanying measures for reclassification via retraining for the proposed reclassification;
- Possible specific indemnities over and above what is provided by the law or collective agreements applicable to the company concerned; Possible intervention with regard to reactivation of the employment area when the planned measures have an impact on the local economy;

When exploring the above-mentioned subjects, it is essential to ensure equal treatment for all the employees of the various countries.

The implementation of these themes will depend in particular on the extent of the problems encountered, the labour market situation, the local policies implemented by public authorities, collective bargaining or the activity of the specialized advisory bodies responsible for providing assistance for local reclassification, and national practice and culture in this respect.

#### **IV - Miscellaneous provisions**

The present agreement applies to all legal entities of Schneider Electric in Europe as set out in the European agreement on employee information, consultation and participation dated 10 June 2014. It lays down the broad guidelines for accompanying the transformation programmes applicable to the Group's European entities.

This agreement shall apply to each member country, in concert with local employee representatives in order to account for economic, social, cultural and regulatory differences, and cannot replace national legislations, collective bargaining and/or existing company agreements if the latter are more favourable.

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<sup>3</sup> European Agreement on employee information, consultation and participation at Schneider Electric in Europe, signed on 10 June 2014

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## **4.1 - Implementation of the agreement**

### *4.1.1 Rules relative to the application of the agreement*

The actual implementation requires co-ordination between the Group level and the local entities. It is agreed that all of the provisions of this agreement shall be implemented progressively.

The employee representatives from the country concerned shall be informed and consulted where necessary by the national management of the measures taken for the implementation of this agreement in the country concerned regardless of the unit they work for.

This agreement shall be translated into the languages of all countries represented in the European Works Council. However, the signatory parties agree that it is the French text which shall be binding according to current rules governing European companies based in France.

### *4.1.2 Communication and awareness-building*

The present agreement will be presented to local Management and the various units, and to all employees in order to facilitate its appropriation by the European entities.

### *4.1.3 Interpretation and disputes*

The parties agree that any dispute in connection with the interpretation or implementation of this agreement shall be referred to the signatories.

IndustriAll Europe and the General Management shall seek an amicable solution for these disputes within a reasonable period of time and in a spirit of cooperation.

In the event of any disputes concerning the application and interpretation of this Group agreement and any other agreement entered into with the European Committee, the parties hereby agree to seek to resolve their differences together. Accordingly, IndustriAll Europe and management shall endeavour to resolve such disputes on an amicable basis by organising a specific meeting, within a reasonable time period and in the spirit of cooperation with the involvement of the zone representative concerned.

### *4.1.4 Monitoring of the agreement*

A monitoring commission shall be established, comprising an IndustriAll Europe delegation including the Core Council of the European Works Council. This commission will meet within a period of 6 months after the signature of the agreement and then once a year, in connection with a European Core council meeting, to review the implementation of the agreement within the group's various entities.

In addition to the regular monitoring of the implementation of this agreement and upon the request of the signatory parties, an extraordinary meeting may be organised to address an exceptional situation.

It is agreed that when conducting such a review, a list will be made of the actions that could have been undertaken in respect of each of the commitment covered by this agreement on the basis of the indicators listed in Appendix 1, and that this will lead to discussion and the establishment of a "good practices" database which will be made available to all the Group's entities.



On the basis of the above-mentioned review, recommendations may be made for improving the application of the agreement.

## **4.2 Duration of the agreement, amendments and termination**

### *4.2.1 Duration of the agreement*

The parties agree that the provisions of this agreement shall take effect as from the date of signature. This agreement is concluded for an open-ended period.

### *4.2.2 Amendments to the agreement*

The signatories may jointly propose amendments to any part of this agreement, or to the entire agreement. The proposed amendments shall replace the previous text as soon as they are approved by Management and IndustriAll Europe.

### *4.2.3 Termination*

The agreement may be terminated either by Management or by IndustriAll Europe. The agreement shall cease to apply after a three-month notice period when revoked either by Management or by IndustriAll Europe.

### *4.2.4 Filing and publication*

In accordance with the law, this agreement shall be filed in two original copies, of which one shall be a hard copy signed by the parties and one an electronic copy, with DIRRECTE of the Hauts de Seine and with the registry of the labour tribunal (Conseil de Prud'hommes) in Nanterre.

Done in Rueil-Malmaison, on 2017, 18<sup>th</sup> May.

#### **For Schneider Electric:**

**Laure Collin**

Chairperson of the European Works Council  
SVP Human Resources European Operations

**Marc Bochirol**

SVP Human Resources  
Building & IT

#### **For IndustriAll Europe:**

**Luc Triangle**

Secretary General

## Appendix 1 – Social indicators

As stated in Clause 4.1.4 Monitoring of the agreement, the list below may be enhanced/changed following decisions made by monitoring commission. Those indicators will be provided in compliance with domestic practices and local legislation. When possible, a global analysis with a breakdown country by country will be provided.

Commitments	Indicators
<b>European skills and employment Observatory</b>	<b>Demography analysis :</b> - Salaried workforce as of end of Dec by Country and for Europe (EWC perimeter) - Average annual OEC/FTC <sup>1</sup> salaried workforce per Country and for Europe (EWC perimeter) - Average annual OEC/FTC salaried workforce DVC/NDVC <sup>2</sup> by Country and Business Unit - OEC workforce as of end of Dec by men/women - OEC salaried workforce as of end of Dec by age group <sup>3</sup> - OEC salaried workforce as of end of Dec by Function <b>Organisation :</b> - Yearly Meeting with EWC representatives and Businesses
<b>Career Development discussion</b>	% of OEC employees benefited a Development Review in the year by Country and for Europe (EWC perimeter) % of OEC employees who has not benefited a Development Review from 3 years
<b>One day training completion</b>	% of OEC employees taking 7 hours of training in the year % of OEC employees DVC/NDVC taking 7 hours of training in the year
<b>Job Mobility (within skills or geographical) terms formalisation through local Agreement</b>	Number of collective agreements including job mobility items signed in Europe (EWC perimeter)
<b>Broaden and attract new skills : partnership shared by community of practices</b>	Annual Hiring OEC employees by Function
<b>Recruitment : 42% female</b>	% New OEC employees women hired by Total annual hiring OEC employees
<b>Recruitment : 50% young people</b>	% New OEC employees young people hired by Total annual hiring OEC employees
<b>Onboarding/Induction program (Plug In) deployment</b>	% New OEC employees taking Plug IN training

<sup>1</sup> open ended contract/fixes term contract

<sup>2</sup> Direct Variable Cost/Non-Direct Variable Cost

<sup>3</sup> 6 age group: < 20, between 20 and 25, entre 26 and 30, between 31 and 35, between 36 and 40, between 41 and 45, between 46 and 50, between 51 and 55, >56

<b>Reinforce social dialogue :</b>	% of employees covered by a collective bargaining agreement or Convention
<b>Organisation of Social governance</b>	% of employees with collective representation (elected or designated by a trade union) Number of conflicts with work stoppages

## Appendix 2 - Glossary

The definitions given below are for reference in the event of any discrepancies or difficulties of interpreting the terms of this agreement.

Group's entities: all Schneider Electric legal entities or companies which are part of European Works Council scope. A Country list was specified in Employee information, consultation and participation at Schneider Electric in Europe agreement signed in 2014.

European skills and employment Observatory: A body which will gathered European Works Council members, Business leader management to provide of a better understanding of jobs, a methodology and a common language and to appreciate in the event of foreseeable economic difficulties, new requirements in terms of skills or technological breakthroughs that could have an impact on employment in certain job families.

System of Reference: The System of Reference contains the description of our functions, sub-functions and job codes, plus the details of our competencies, as well as the level of proficiency which are requested per each competency in each of our job code. With such a system, all Schneider employees, HR and managers have a common language, which we can share across all Schneider Electric entities, for both Jobs and Competencies.

Human Resources policy: All formal rules and guidelines that Schneider Electric put in place to hire, train, assess, and reward the members of their workforce. Schneider develop at global people strategy which summarize all key priorities and transformations needed to reach business ambition (Learning, Talent Development, ...).

My LearningLink: My LearningLink (MLL) is Schneider Electric Global Learning one platform. Proposed training is either classroom or digital learning (video, e-learning, virtual classroom). Any training delivered in the company should be present in My LearningLink to make sure an employee who might be interested can find it and benefit from it.

Schneider IQ: Schneider IQ is the Schneider business internal learning platform. It provides interactive learning using videos, gamification, quizzes, and encourages collaboration and community dialogue.

Plug In: The Plug-in program is the foundation for onboarding within Schneider Electric. Schneider Electric's ambition is to provide an organised, proactive and consistent global onboarding experience for all new employees including a full learning path.

Career Development discussion: it's a process which allow employee with his or her manager to discuss on development needs. It could be closely linked to performance review process which can give valuable insights into development needs, covers both development in current role and for potential future role(s).