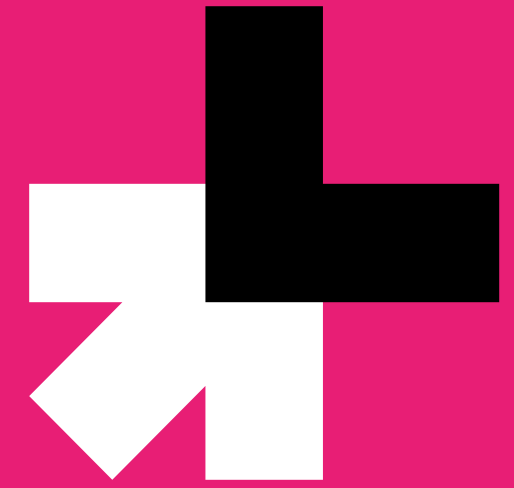


**Proven
Solution**

Economic Justice



HeForShe

Schneider Electric Championing equal pay for equal work



Global Context

In 2020, the World Economic Forum estimated that without substantive change it would take 257 years to close the gender pay gap. In 2018, the International Labor Organization found that, on average, only a relatively small share of the gender pay gap could be explained by differences in education and other labor market attributes between men and women – the largest share of the gender pay gap remaining “unexplained”.

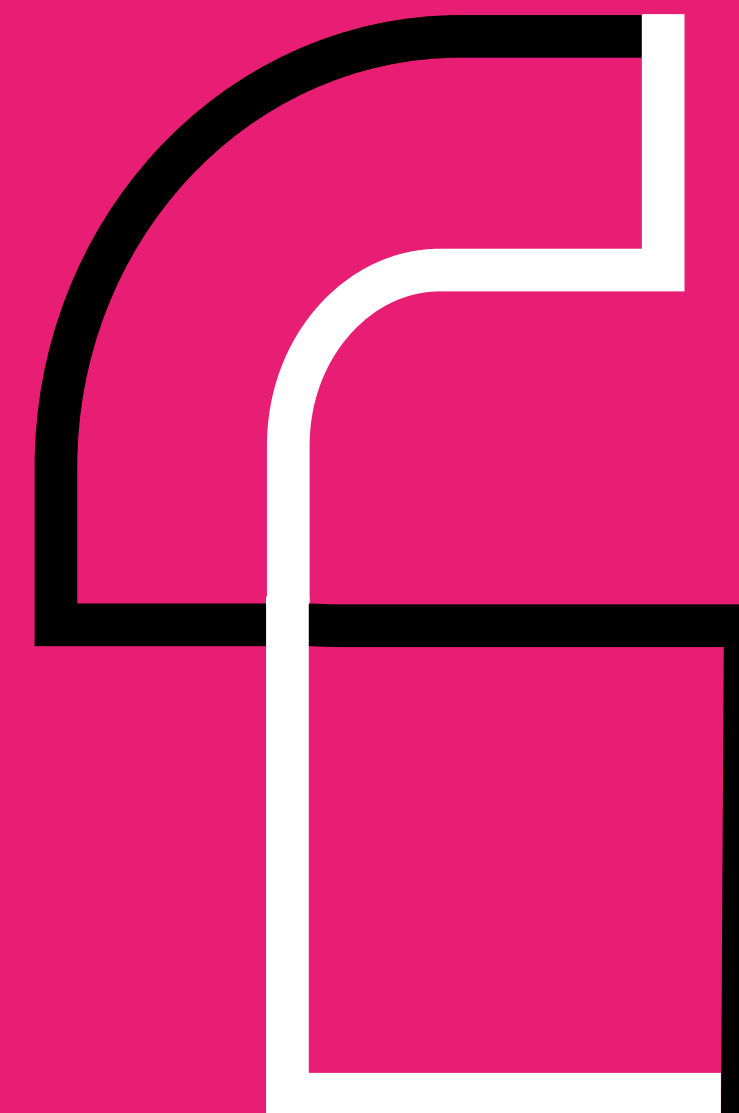
To tackle this issue, several countries have in recent years passed proactive pay equity laws. Companies have also been seeking ways to address gender pay gaps within their own organizations.

Along with others, Schneider Electric has been at the forefront of these efforts. Early in our Diversity, Equity & Inclusion (DEI) journey, we identified pay equity as a necessary condition for gender equality and inclusion in the workplace. Ensuring that

all employees are rewarded fairly became a top priority for us. As a result, our pay equity strategy over the last five years has been truly transformational, and today over 99% of our employees across the 100+ countries where we operate are covered by our global pay equity review framework.

“At Schneider Electric, we believe in the principles of fairness, equity, ethics and transparency. We compensate our employees fairly and equitably for their skillsets through our reward policies and processes. Over the past five years, we have taken proactive actions to not only close existing gender pay gaps, but to prevent gaps from being created in the first place. Equal pay for equal work has become an integral part of how we at Schneider Electric drive gender equality.”

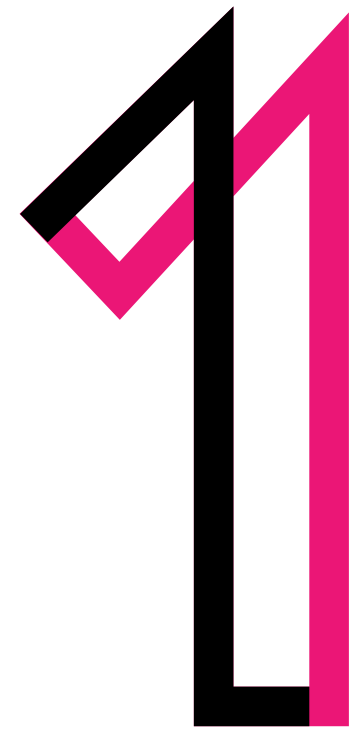
Jean Pascal Tricoire, CEO



Over the past five years, we have taken proactive actions to not only close existing gender pay gaps, but to prevent gaps from being created in the first place.

Jean Pascal Tricoire, CEO

Key Stages of Implementation



Step 1 Executive Commitment and accountability

Achieving pay equity requires leadership buy-in and transparency. Make an ambitious commitment at the leadership level, actively sponsor an action plan to meet this commitment, and ensure accountability through reporting.

We started our pay equity journey from the top with a 2014 working group sponsored by our CEO and country presidents. The group designed an initiative that was piloted in 12 countries and our global Pay equity initiative was officially launched across 16 countries in 2015.

Pay equity was added to the Schneider Sustainability Impact metric, which defines and annually captures 21 global key performance indicators (KPIs) linked to employees' short-term incentive plans. We set a 2020 goal of having 95% of employees working in a country with a commitment to, and process for, achieving gender pay equity.

The active sponsorship of the CEO and country presidents, along with the creation of an accountability framework, created a sound foundation for success.

Step 2 Education and capacity-building

Pay equity is a complex and ever-evolving concept: have a clear vision, adopt definitions that are simple to understand, and ensure all stakeholders are comfortable using them.



From the start, we decided that the principle of equal pay for equal work would be at the core of our compensation philosophy, with the aim of promoting fairness, consistency and greater transparency across our reward programs. "Equal pay for equal work" at Schneider Electric was defined as rewarding everyone for the skillset they possess, and valuing their contribution on an equal basis.

Communicating this vision to all stakeholders involved in deploying the action plan, and ensuring that everyone was comfortable with the definitions used, was key to a successful implementation. To facilitate the understanding of these concepts, our DEI and Reward teams produced various educational materials, including e-Learning modules and white papers. The goal was to help managers and HR employees understand the ways in which gender biases can influence compensation decisions and equip them with tools to take informed and equitable pay decisions.

The active sponsorship of the CEO and country presidents, along with the creation of an accountability framework, created a sound foundation for success.



Step 3 Local implementation of global approach

Build one common, global approach to address gender pay gaps. Empower local HR to implement it in a way that is tailored to the local context.

Once goals were clearly defined, the next step for us was implementation. For a multinational of our size, it was clear that the deployment of the initiative would have to be adapted to different market requirements. At the same time, it was important to ensure that implementation was consistent across geographies, which is why we created a global pay equity framework.

Clear methodology and integrated process

A clear, consistent global methodology was defined and applied to identify potential unjustified pay gaps. The pay gap was defined as the salary difference between a certain individual and the median salary of the same job family and level of their opposite gender. Actions were then prioritized to focus on the largest individual

pay gaps identified. In 2018, we integrated the pay equity adjustment process in our annual salary review process, leveraging our Human Resource Information System (HRIS) to assist in closing the identified pay gaps.

Automatic analytics and reporting

All our pay equity analytics and reports were automated through the HRIS platform. This resulted in greater accuracy and tracking of data, and allowed for an easy integration of the pay equity adjustment process into the annual global salary review.

Stakeholder education

A cohesive communication and education program was deployed to support the pay equity framework global roll-out. The goal was to ensure complete understanding of the role that managers and Human Resource business partners had to play, along with the use of appropriate tools to achieve the objectives.

Robust governance structure

Ongoing oversight is key to sustaining an initiative of this size. To ensure accountability and transparency, we conduct quarterly reviews of compensation gaps and actions, both at country and global level, leveraging analysis from our HRIS platform, which covers all key drivers of the employee lifecycle from hiring, performance assessment, and salary adjustment to career moves.

This dual global and local approach was key for a fast adoption. In 2015, our global pay equity initiative was officially launched in 16 countries, and by the end of 2018 it covered all the 100+ countries in which we operate.



Conclusion

Our approach to the topic of pay equity has driven greater levels of clarity and transparency through our reward philosophy, pay equity framework and tools. Moving forward, we will broaden our ambition to look beyond gender, and we have committed to lowering – and then maintaining – the pay gap below 1% for all employees by 2025.

Step 4 Sustainable Framework

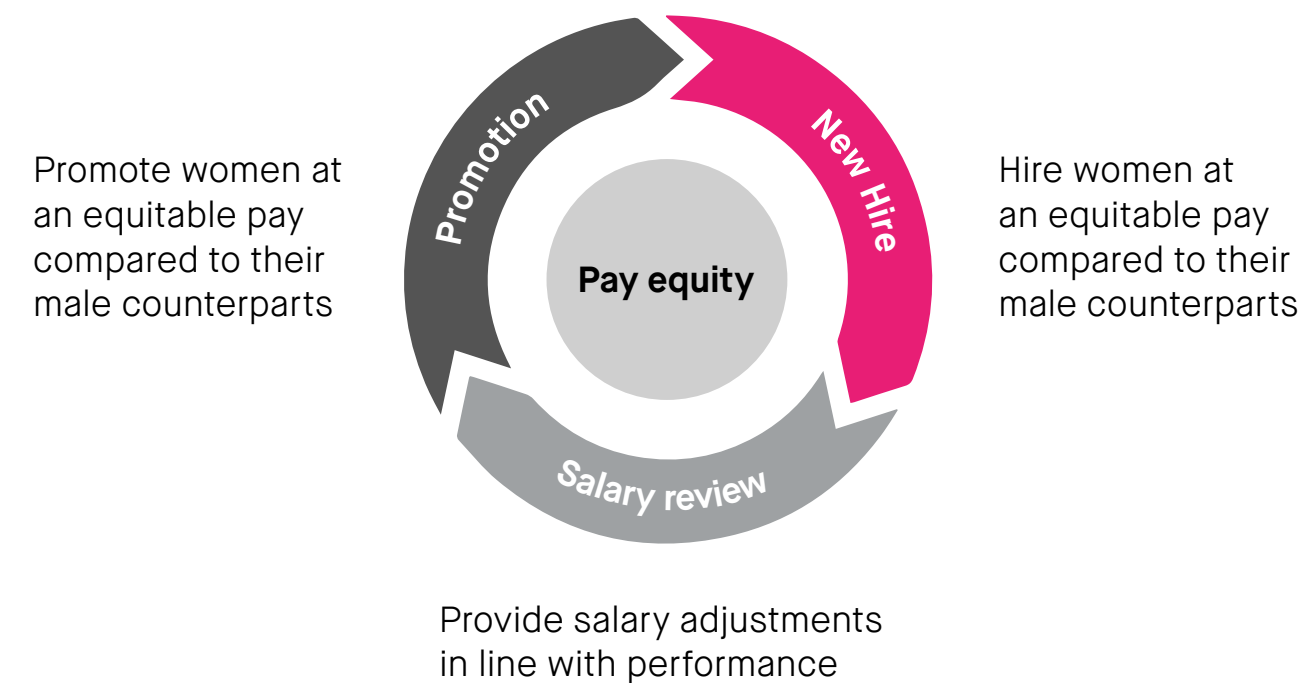
Create a fair and equitable ecosystem of HR processes and take proactive actions to prevent new pay gaps from being created.

Pay equity is a moving target. In any company, pay decisions are constantly being made when hiring, promoting and assessing talents. This can create new pay gaps. Recognizing this, we have shifted to a more proactive approach to pay equity, which aims to prevent new gaps from appearing.

We closely monitor salary changes when hiring new recruits, promoting employees and reviewing salaries internally. Managers and HR professionals are trained to be mindful of every pay decision they make, and to ensure that their decision process is bias-free.



Focus on the entire ecosystem with a defined process and governance supported by standard reporting and analytics



Resources

- [Fair Pay Decisions White Paper](#)
- [Global Pay Equity Framework](#)
- [Sustainable HR Ecosystem Framework](#)

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