



Schneider condemned by the Court of Appeal: STIP rules deemed unlawful !

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Since 2019, the variable remuneration has been subject to a **strict budgetary framework steered by the Executive Committee**, in reaction to the “drift” of the STIP in 2018, the amounts of which were “too high”. Faced with rule changes unilaterally imposed by a Company Management insensitive to the comments of Trade Unions, **only the CFTC** dared to take the case to court. The dispute concerned both the individual and collective achievements.

After 6 years of proceedings, the Court of Appeal has just ruled in favor of the CFTC.

An individual performance so manipulated that it no longer made sense...

In theory, the individual performance can vary between 0% and 200% depending on the employee's achievement. However, since 2019, managers have been given instructions **to adjust the percentage** and arrive at an **average of 100%** at entity level.

For the CFTC, the evaluation of the individual achievement should **only** take into account individual performance.

A collective performance limited by a "management call" according to management wishes

The collective performance of the STIP is made up of factual **economic criterias** (sales growth, profit, cash conversion, etc.). In **2019**, Management has added the **management call**: an index comparing Schneider's performance with that of selected competitors. It is the index that makes the collective performance of the STIP vary up or down, depending on the year.

For the CFTC, the management call is merely a financial tool for the company. It makes it possible to set the amount of the STIP to be paid, which is used as an adjustment variable when results are published.

In summary, here's what the ruling says:

▪ Regarding individual performance:

the compensation and calibration rules put in place are designed solely to comply with a pre-defined budget envelope and involve taking into account criteria that are not subject to employee appraisal. These criteria open the possibility of an **arbitrary decision**. The procedure is therefore **deemed unlawful**.

▪ For collective performance:

The employer is obliged to determine in advance and in a clear and precise manner the content of the employee's remuneration, in particular the basis on which it is calculated. Objectives must be achievable, determinable and made known to employees at the start of the financial year. For the Court of Appeal, the management call criteria are not determinable. The STIP collective performance criteria were therefore **deemed unlawful**.

This ruling will not impact the current 2024 STIP; it is not retroactive, but only applies to future STIPs

The CFTC calls on Management to apply the ruling by reverting to clear and fair rules, with objectives to be aligned with those communicated to the financial markets.

The CFTC asks management to offer each employee subject to the STIP the possibility of choosing between a variable part of his or her compensation or the integration of the STIP into his or her base salary.

While others pretend that they are at the heart of decisions making, the CFTC... takes action!