

Envisioning a **sustainable** future
by solving the **energy** paradox

Contents

4 Our Company

Today's energy demands on the planet are enormous. Yet everyone has an indisputable right to clean energy. How do we balance this energy paradox responsibly? Find out.

24 Innovation & Environment

Want to become a carbon-neutral company? Discover how EcoStruxure can send you down this path through improved efficiency.

34 Solutions & Customers

Let's rethink the way we deal with energy in a far more sustainable and efficient manner to ensure that Life is On everywhere. See the steps our customers are taking.

40 Our People

What's at the core of everything our employees do? Our customers. Meet the many faces of Schneider Electric and learn how we "Step Up" for our customers.

50 Community Outreach

Where are we closing the energy gap and creating energy equality? From rural schools in Nigeria to the seas of a sustainability expedition and more, we're there. Read on.

On front cover

At the energy crossroads

A Schneider Electric "Smart City," Mumbai stands at the crossroads of today's energy paradox. This booming city signals the growing global demand for energy, especially in emerging economies. At the same time, it places us in a world where access to clean energy is unreliable (and, in some cases, nonexistent). EcoStruxure is Schneider Electric's answer to solving this energy paradox.

Follow us on:



sdreport.schneider-electric.com

A new energy world



At Schneider Electric, our role is to make sure that Life Is On for everyone, everywhere, at every moment. We do so by delivering connected energy and efficiency solutions in more than 100 countries.



Jean-Pascal Tricoire
Chairman & CEO
Schneider Electric



Words from the CEO

“We innovate in sustainable development. Our Planet & Society barometer reached 8.48/10, outpacing the year-end 2016 target (7.5/10). More than 20 million people have benefited from our Access to Energy offers. Our positive impact has been honored externally by a few international recognitions. We’re proud to be among the top 25 companies in *Fortune* magazine’s Change the World ranking, an Industry leader in the Dow Jones Sustainability Index (DJSI), and to be part of the CDP Climate A list for the sixth consecutive year. For the first time since its inception in 2001, we joined the FTSE4Good Global and Europe indices. As President of the United Nations Global Compact France, I want to reaffirm my support of the UN Global Compact Ten Principles and the Sustainable Development Goals.”

The energy paradox

+50% energy consumption¹

by 2050 due to urbanization, industrialization, digitization

~2.3 billion people²

either don’t have any access to electricity or reliable access to electricity

Innovation: the only way toward a sustainable future

Schneider Electric’s mission is to serve our customers by developing innovative products and solutions that simplify the lives of those who use them. We harness the power and promise of the Internet of Things (IoT) to reshape cities, improve industries, and enrich lives.

The global specialist in energy management and automation, Schneider Electric operates in over 100 countries with 144,000 employees. By bringing together energy, automation, and software, our IoT-ready EcoStruxure™ architecture delivers on this promise through connected products; edge control; and apps, analytics & services. Our technologies transform the places where we live, work, and play.

A call for global action

In December 2015, the historic Paris climate conference (COP21) represented decision-making, with the unanimous recognition by governments to limit global warming up to 2 °C. In November 2016, COP22 in Marrakech represented action and solutions. Let’s take action now.

The COP22 climate conference

COP22 has been the COP of action and solutions with a huge involvement of civil society in general and business in particular. As an official COP22 partner, Schneider Electric participated because it is key for us to:

- Fight global warming
- Take an active part to mobilize civil society
- Convince governments that the technologies exist to help reduce energy consumption and greenhouse gas emissions

Specifically, we contributed by:

- Developing sustainability awareness and mobilization together with other public and private stakeholders
- Taking part in negotiations through constituencies and federations representing civil society and business to underline the fact that business is ready and willing to contribute in fighting climate change
- Participating through the Schneider Electric Foundation as a partner of BALAD_E, an event designed by Art of Change 21

Building momentum

On the occasion of COP22 on behalf of Schneider Electric, our CEO Jean-Pascal Tricoire signed the Science-based targets initiative aimed at setting greenhouse gas emission reduction targets in line with the global effort to limit warming to 2 °C. On its scopes 1 and 2, Schneider Electric already has set the target to reduce its CO₂ emissions by 53% in absolute terms by 2050 compared to 2015.



We support and challenge partners to reduce their own energy consumption by 30% through active energy efficiency solutions.

We are changing lives of people at the base of the pyramid by providing access to clean energy or by helping them to come out of fuel poverty.

¹ Increase of global energy consumption 2014 – 2040 in New Policy Scenario extrapolated to 2050. IEA, *World Energy Outlook 2016*
² International Energy Agency and *Economist* <http://www.economist.com/node/16909923>

Schneider Electric's 10 commitments to a sustainable future

On the eve of COP21, we presented 10 commitments for sustainability. Five of them are taken from our Planet & Society barometer 2015 – 2017. The objective is to reduce Schneider Electric's emissions on the three scopes of the GHG Protocol, and develop new technologies for energy efficiency so that Schneider Electric and our ecosystem demonstrate carbon neutrality by 2030.

- 1 100%**
Ensure CO₂ impact quantification for 100% of new large customer projects.
- 2 100%**
Design 100% of new offers with Schneider Electric ecoDesign Way™ solutions (including CO₂ profiling) and realize 75% of product revenue with Green Premium ecoLabel™ (with full digitized CO₂ information).
- 3 120,000**
Avoid 120,000 tons of CO₂ through circular economy “end-of-life” services.
- 4 50M**
Facilitate access to lighting and communication with low-carbon solutions for 50 million inhabitants at the base of the pyramid in 10 years.
- 5 STORAGE INITIATIVES**
Implement storage initiatives to develop renewable energy and mini grids.
- 6 5 years**
Solve SF₆ issues in 5 years and eliminate SF₆ from Schneider Electric products in 10 years.
- 7 3.5%**
Reduce our energy intensity by 3.5% per annum.
- 8 3.5%**
Reduce our transportation CO₂ emissions by 3.5% per annum.
- 9 €10B**
Invest €10B in R&D and innovation for sustainability in the next 10 years.
- 10 CLIMATE BOND**
Issue a climate bond to finance low CO₂ R&D across our business units.

● Planet & Society barometer indicators are in green.



Gaulier/Demouveau/ASO

The values of the Schneider Electric Marathon de Paris — energy efficiency, sustainability, and collaborative effort — mirror our own.

A race toward carbon neutrality

Achieving carbon neutrality through Innovation At Every Level drives us in many ways. The Schneider Electric Marathon de Paris is the third-largest marathon in the world, with 57,000 registered runners and 42,500 finishers on April 9, 2017. Among them, 4,650 “green runners” represented Schneider Electric as employees, customers, or partners. We’re therefore taking steps to make the marathon carbon neutral by 2019 and offering ideas to help individuals reduce their own carbon footprints.

Our sustainability journey

Committing to sustainable development

Schneider Electric contributes to the Sustainable Development Goals (SDGs), a universal call to action launched by the United Nations to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. We’re engaged to accomplish the 17 SDGs through our core business and five sustainability megatrends: Climate, Circular Economy, Ethics, Health & Equity, and Development.

[Learn more about how we contribute at sdreport.schneider-electric.com](http://sdreport.schneider-electric.com)

Our Planet & Society barometer energizes our people. With this transparent measurement, we express Schneider Electric's sustainability journey and how each of us can contribute. It enables us to deploy goals clearly and communicate where we are each quarter. We adjust our actions accordingly to advance our journey toward carbon neutrality.



Gilles Vermot Desroches
Senior Vice President Sustainability
Schneider Electric



©Pierre Olivier Deschamps / Agence VU

At Schneider Electric, employees are encouraged and motivated to help advance our corporate and global commitment to curbing climate change.

Our sustainability scorecard

Since 2005, we have used our Planet & Society barometer as the company's sustainable development measurement. It highlights three-year commitments to specific objectives that advance three pillars: planet, profit, and people.

A simple scoring scale of 10 provides an overall measure of our sustainable development improvements. It keeps you, our stakeholders, informed at all times. The barometer's 16 indicators show how we're doing in meeting sustainability megatrends head on: Climate, Circular Economy, Ethics, Health & Equity, and Development.

The Planet & Society barometer helps:

- Mobilize our corporate community around sustainable development objectives
- Share our progress plans easily with internal and external stakeholders

The Planet & Society barometer, 2017 targets

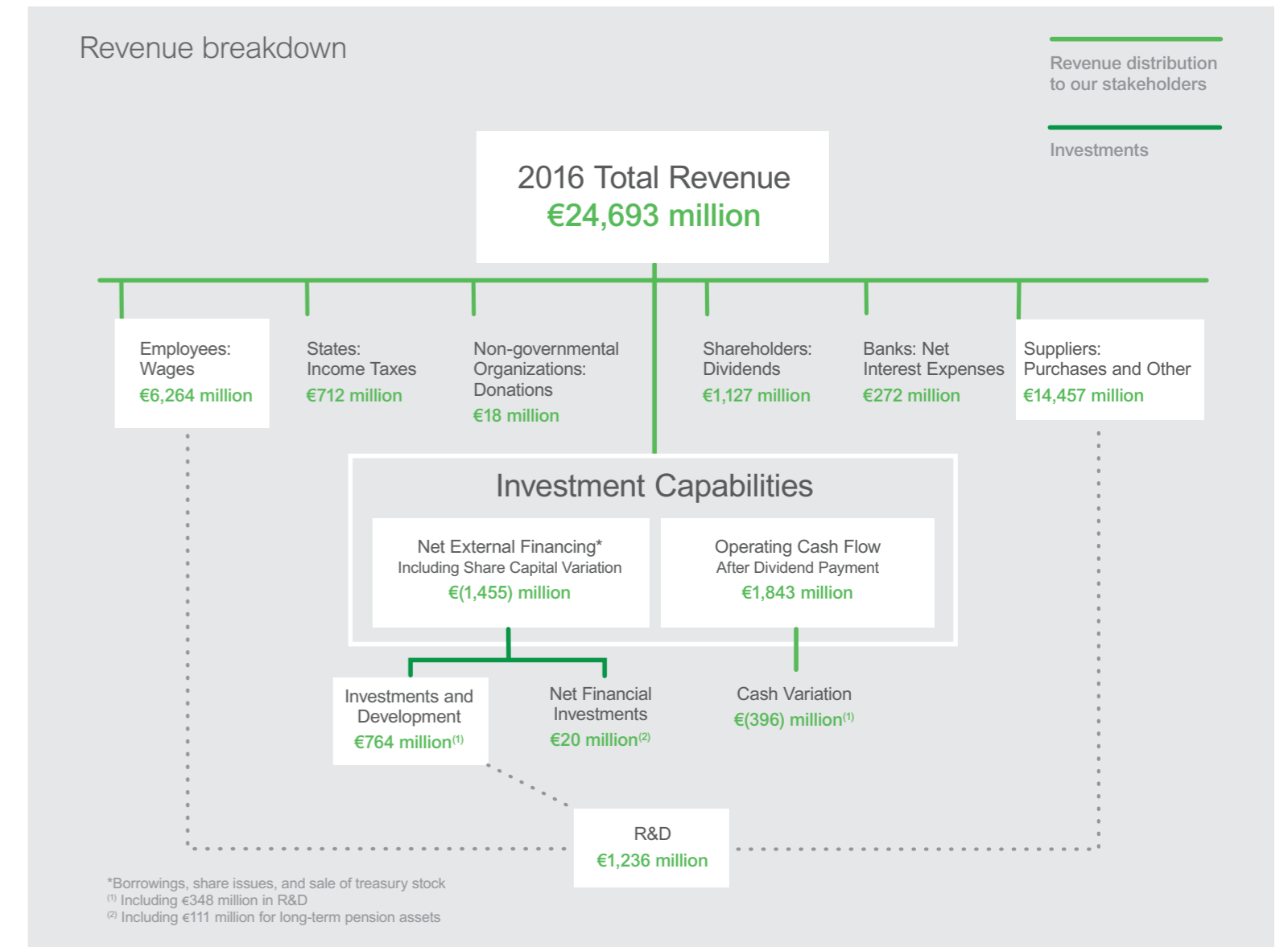
We launched the 2015 – 2017 Planet & Society barometer in January 2015 as part of the “Schneider is On” company program. We measure and report results each quarter. The results from the end of 2016 are included in the related chapters throughout this report. Ernst & Young and Associates audited the results.

| | |
|---------------|---|
| <p>PLANET</p> | <p>CLIMATE</p> <ul style="list-style-type: none"> • 10% energy savings • 10% CO₂ savings from transportation |
| | <p>CIRCULAR ECONOMY</p> <ul style="list-style-type: none"> • Toward zero waste to landfill for 100 industrial sites • 100% of products in R&D designed with Schneider Electric ecoDesign Way |
| <p>PROFIT</p> | <p>CLIMATE & DEVELOPMENT (SUSTAINABILITY OFFERS)</p> <ul style="list-style-type: none"> • 75% of product revenue with Green Premium ecoLabel • 100% of new large customer projects with CO₂ impact quantification • 120,000 tons of CO₂ avoided through maintenance, retrofit, and end-of-life services • x5 turnover of Access to Energy program to promote development |
| | <p>ETHICS</p> <ul style="list-style-type: none"> • 100% of our recommended suppliers embrace ISO 26000 guidelines • All our entities pass our internal Ethics & Responsibility assessment |
| <p>PEOPLE</p> | <p>HEALTH & EQUITY</p> <ul style="list-style-type: none"> • 30% reduction in the Medical Incident Rate (MIR) • One-day training for every employee every year • 64% scored in our Employee Engagement Index • 85% of employees work in countries with Schneider Electric gender pay equity plan |
| | <p>DEVELOPMENT</p> <ul style="list-style-type: none"> • 150,000 underprivileged people trained in energy management • 1,300 missions within Schneider Electric Teachers NGO |

Shared value for stakeholders

We share value through revenue distributions with our stakeholders all over the world: employees, suppliers, NGOs, and public authorities. We publish an annual diagram to highlight financial flows and the importance of each stakeholder's share therein.

> Discover how we create shared value at sdreport.schneider-electric.com



The year in review

"In an unpredictable global environment, as we faced unprecedented events in Europe, in the U.S., and everywhere in the world, we have kept our trajectory and 2016 has been a year of consistent and solid execution of this strategy."

Jean-Pascal Tricoire
Chairman & CEO

Our leadership team

Executive Committee (as of April 1st, 2017)



1. Jean-Pascal Tricoire
Chairman & CEO

GLOBAL FUNCTIONS

2. Emmanuel Babeau
Deputy Chief Executive Officer
in Charge of Finance &
Legal Affairs

3. Olivier Blum
Executive Vice President,
Global Human Resources

4. Annette Clayton
Executive Vice President,
Global Supply Chain

5. Hervé Coureil
Executive Vice President,
Information Systems

6. Emmanuel Lagarrigue
Executive Vice President,
Strategy

7. Chris Leong
Executive Vice President,
Global Marketing

OPERATIONS

8. Christel Heydemann
Executive Vice President,
France Operations

9. Leonid Mukhamedov
Executive Vice President,
Europe Operations

10. Luc Rémont
Executive Vice President,
International Operations

11. Annette Clayton
Executive Vice President,
North America Operations

12. Yin Zheng
Executive Vice President,
China Operations

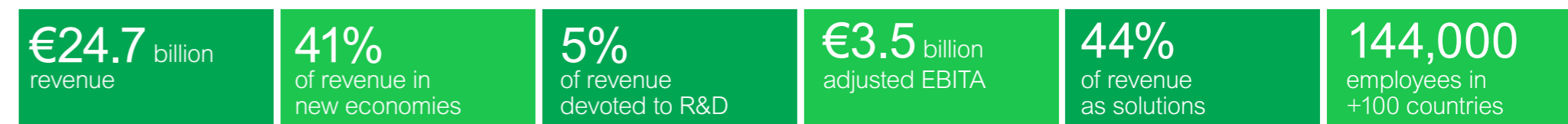
BUSINESSES

13. Frédéric Abbal
Executive Vice President,
Infrastructure

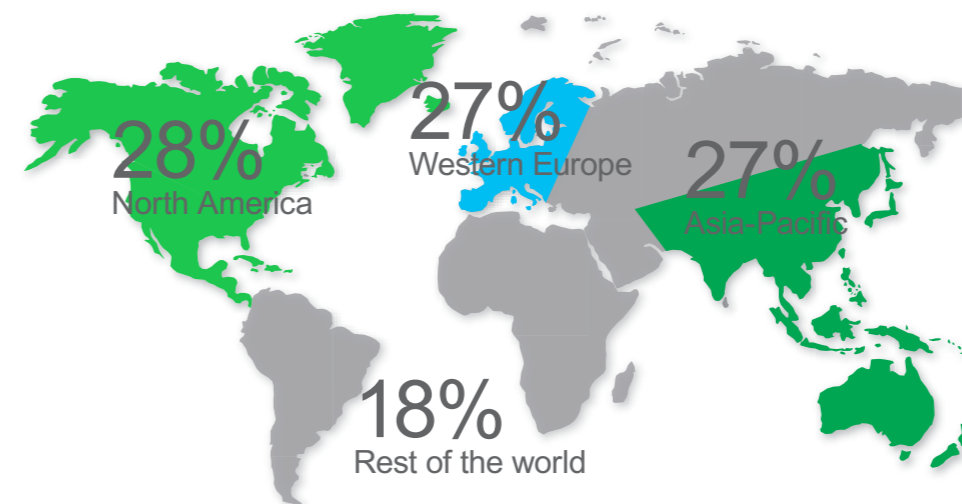
14. Peter Herweck
Executive Vice President,
Industry

15. Philippe Delorme
Executive Vice President,
Building & IT

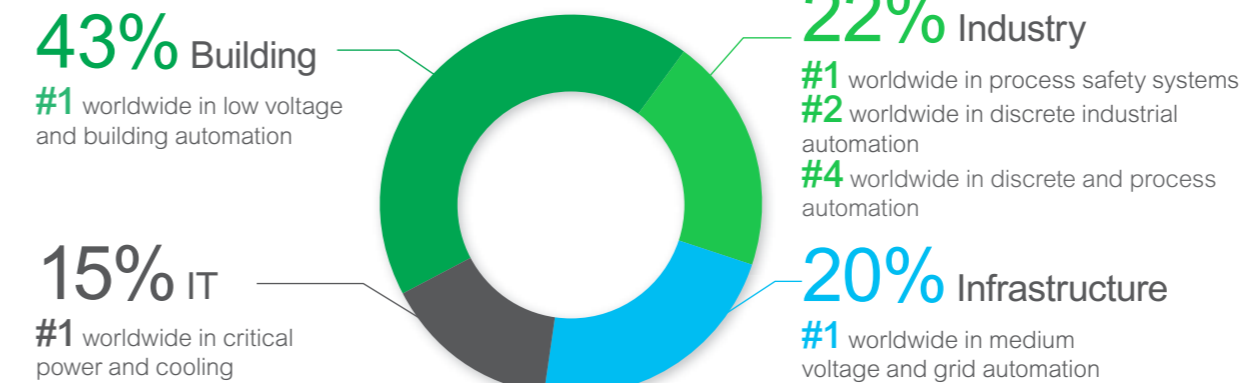
Key figures 2016



Balanced geographies — Revenue 2016



Four integrated and synergetic businesses



2016 – 2017 Highlights

| | | |
|---|--|---|
| #24 out of 50 companies that are changing the world <i>Fortune</i> ® magazine | DJSI Industry Leader for the 4 th consecutive year | 3 rd Corporate Knights Carbon Clean200™ List (February 15, 2017) |
| One of the world's most ethical companies by Ethisphere® for the 7 th consecutive year in March 2017 | | FTSE4Good: listed for the 1 st time since inception in 2001 |
| 10 th most sustainable company in the world <i>Newsweek</i> ® Global Green Ranking 2016 | 2016 Optimus Award Silver winner for Global Outlook By <i>Workforce</i> ® magazine for Schneider Electric's commitment to diversify our global workforce | |
| "Climate A list" member Sixth consecutive year on the CDP list of best climate performers | Oekom Industry Leader | Vigeo Eiris Industry Leader |

2016 achievements and 2017 priorities





Schneider Electric delivered a strong performance in 2016, meeting all its key financial commitments. We are targeting profitable growth in 2017 based on key levers that, together, will improve the company's adjusted EBITA margin by +20 – 50 bps organically in 2017, in line with our 2017 – 2019 objective shared at the October 2016 Investor Day.

"In 2016, we continued to deliver profitable growth, growing in products and services and being more selective in systems. Our priorities for 2017 are to resume organic growth for the business outside Infrastructure and continue to improve our operational margin level organically."



Emmanuel Babeau
Deputy Chief Executive Officer in Charge of Finance & Legal Affairs
Schneider Electric

2016 achievements

| Schneider is On initiatives | Progress update in 2016 |
|---|--|
|  <p>Do More</p> <ul style="list-style-type: none"> • Growth in products, software, and services • Better project and equipment selection and execution | <ul style="list-style-type: none"> • c. +1% organic growth ex-systems¹ and transformers • Services up +5% organic • Systems¹ gross margin up ~+40 bps (~+70 bps before FX) • Global strategic accounts orders up mid-teens |
|  <p>Simplify</p> <ul style="list-style-type: none"> • Target cost reduction of c. €1.7 – 1.8B by 2017 | <ul style="list-style-type: none"> • c. €620M cost reduction² in 2016, €1.3B in past 2 years |
|  <p>Digitize</p> <ul style="list-style-type: none"> • Develop connected offer • Digitize customer experience | <ul style="list-style-type: none"> • Number of connected assets up +15% vs. 2015 • Connected customers +40% |
|  <p>Innovate</p> <ul style="list-style-type: none"> • Growth by innovation | <ul style="list-style-type: none"> • EcoStruxure: building, power, grid, industry, machines, data centers • Software & Analytics: StruxureOn, Wonderware™ online • Connected products: Masterpact™ MTZ, Altivar™ Process, and others |

¹ Systems is comprised of Projects and Equipment
² Gross support function cost reduction plus industrial productivity

2017 priorities

We are targeting between 1 – 3% organic growth for three divisions (Building, IT, Industry) and will keep focusing on attractive opportunities in products, services, and software. We also will continue our selectivity initiatives, impacting revenues in Infrastructure by -4% to -5%, while underlying organic growth in the division is expected to be about stable. In addition to the leverage coming from growth, we should continue to benefit from our cost savings actions encompassing industrial productivity and gross support function costs savings with the combined objective to save €400 – 500 million in 2017, bringing the total cost-savings initiative to our objective of €1.7 – 1.8 billion over 2015 – 2017.

Business-driven sustainability

"Sustainability is the core of our strategy. The endgame of any company in any industry has to be sustainability. It's a strong value to us, the employees of Schneider Electric, our shareholders, and our customers. We help our customers make their data centers, buildings, homes, manufacturing processes, and the grid more efficient over time."



Emmanuel Lagarrigue
Executive Vice President, Strategy
Schneider Electric

Leveraging energy efficiency potential

Our planet is facing an unprecedented energy challenge. Assuming that all recently introduced energy efficiency policies are implemented with full success, global primary energy demand is still expected to increase by 33 percent by 2040.¹

This demand would have a dramatic impact on energy costs, energy security, competition for resources, access to energy for the poorest populations, economic growth, and — of course — climate change.

Solving today's energy equation by 2050



Note: Forecast for 2050 compared to 2009 levels
Source: Intergovernmental Panel on Climate Change (IPCC); IEA 2014 – 2015, Schneider Internal Analysis

¹ International Energy Agency, World Energy Outlook 2016

Global megatrends

Three megatrends are escalating energy demand, while approximately 2.3 billion people either don't have access to electricity at all or don't have reliable access to electricity. We are committed to solving this energy paradox.

Urbanization



An additional **2.5 billion people** will live in cities by 2050¹

Cities today are home to over 50% of the world's population¹. They use close to 2/3 of global energy and give off more than 70% of greenhouse gas emissions².

★ All over the world, cities need to become smarter: **more efficient, more livable, and more sustainable.**

Industrialization

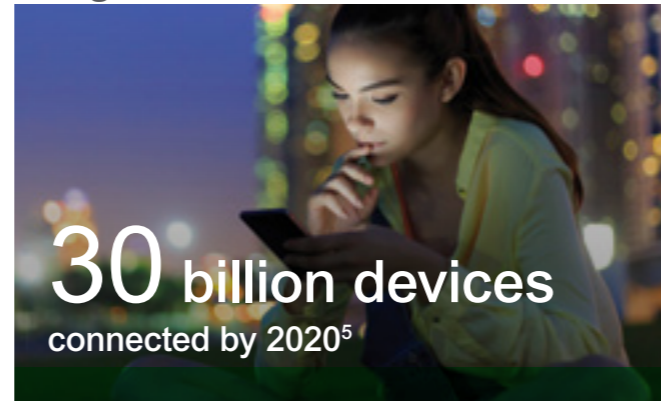


33% increase of global energy consumption 2014 – 2040 in New Policy Scenario³

Manufacturing activities rise as new economies develop. Population growth in new economies is also driving increased needs for manufactured goods, with 1 billion people entering the global consuming class by 2025⁴. At the same time, energy needs will increase accordingly.

★ **Increased electrification and energy efficiency action** is essential to curb projected increases in energy consumption.

Digitization



30 billion devices connected by 2020⁵

The rapid increase in connectivity and access to real-time information is transforming our personal and professional lives. At the same time, companies are digitizing their operations and expect a complete digital experience from suppliers. Digitization is changing the way we work, creating opportunities for new services.

★ Leveraging the convergence of operational technology (OT) and information technology (IT) is crucial for companies to **thrive in today's digital economy.**

¹ 2014 Revision of World Urbanization Prospects (WUP2014) [Population Division of the Department of Economic and Social Affairs of the United Nations] <https://esa.un.org/unpd/wup/publications/files/wup2014-highlights.pdf>

² The World Bank, <http://www.worldbank.org/en/topic/urbandevelopment/overview>, Updated: March 29, 2017

³ IEA, *World Energy Outlook 2016*

⁴ McKinsey Global Institute, *Urban world: Cities and the rise of the consuming class*, June 2012

⁵ IHS, March 2016

Thriving in the digital economy

Our EcoStruxure architecture and technology platform help customers leverage opportunities in the new energy world. It opens up the Internet of Things to users across key end markets, enabling them to be competitive in today's digital economy.

As the global specialist in energy management and automation, we have a unique set of energy and efficiency technologies, strategically positioned on the demand side of the energy landscape. From connected products to digital services, EcoStruxure improves energy and operational efficiency globally through complementary business models and across end-markets.

Across the key markets we serve, EcoStruxure provides enhanced value to customers by making energy safe, reliable, efficient, sustainable, and connected.

> Discover more about our sustainability-minded business strategy at sdreport.schneider-electric.com

¹ IEA, *World Energy Outlook 2014*

² IHS 2016 forecast on IoT

³ IEA, *World Energy Outlook 2012*, Internal Analysis

⁴ Bloomberg New Energy Finance

We have an opportunity to co-create the future as the new energy world becomes ...

MORE ELECTRIC

2x faster growth of electricity compared to energy demand by 2040¹

MORE DIGITIZED

10x more incremental connected devices than people by 2020²

MORE DECARBONIZED

79% untapped energy efficiency potential in infrastructure and more than half in industry³

MORE DECENTRALIZED

70% of new capacity additions for rural areas will be in renewables by 2040⁴



Six strategy pillars

Schneider Electric is at the forefront to leverage opportunities from today's megatrends of industrialization, urbanization, and digitization. Six strategy pillars guide our efforts:

- 1** Energy efficiency everywhere

We strive to answer the world's new energy challenges by boosting energy efficiency everywhere: in our homes, buildings and cities, industry, the grid, and throughout remote communities.
- 2** Improved productivity, precision, and efficiency

We serve the increasing need for automation as a proven way to help customers thrive. Customers have asked for improved productivity, precision, and efficiency. We're answering those needs.
- 3** Digital transformation of customers

We innovate at the convergence of operational technology (OT) and information technology (IT) to deliver Innovation At Every Level. We create new opportunities that make customers' lives easier, increase productivity, and create new business models.

- 4** Expanded presence in new economies

We are expanding our presence in new economies to leverage opportunities to respond to ever-growing energy, infrastructure, and industrialization needs through dedicated offers.
- 5** Two complementary business models

We continue to advance both product and solution business models to create new opportunities for customers, distributors, and direct partners as we work together to improve efficiency everywhere.
- 6** Responsible, sustainable growth

We care about profit but only within the hand-in-hand context of responsible, sustainable growth that nurtures concrete efficiency improvements based on our trusted research and development.



Helping customers succeed in the new energy world

Across the key markets we serve, EcoStruxure provides enhanced value to customers by making energy:

- **Safe:** protecting people and assets
- **Reliable:** guaranteeing ultra-secure, ultra-pure, and uninterrupted power — especially for critical applications
- **Efficient:** delivering solutions adapted to the specific needs of each market that simplify the customers' life and improve their efficiency and productivity
- **Sustainable:** helping customers build a sustainable future by using less of their resources and minimizing the impact on the environment
- **Connected:** leveraging new opportunities with the convergence of OT and IT

Driving good governance

Year in review

2016 was the year of integration: The new members have joined the various study committees depending upon their experience and interests, and we have been working on improving the inter-committee relationships outside board meetings to provide the board with a multi-faceted view on the various topics faced by the company. Globally we have seen a positive relationship between the diversity of the board and the openness of the discussions. In its internal regulations, the board defined the functions, missions, and resources of its four review committees: the Audit and Risk Committee, the Governance and Remuneration Committee, the Human Resources and CSR committee, and the Strategy Committee.

Our board of directors has benefited from a substantial renewal with 50% of its members having five years or less of tenure as directors of Schneider Electric. Our directors bring with them a wealth of relevant expertise, and our board also reflects a very good balance in terms of backgrounds, with nearly half of the board members having a non-French nationality. With five female directors, gender parity on the board has been greatly improved.



Léo Apotheker
Vice Chairman and
Independent Lead Director
Schneider Electric Board of Directors

Social responsibility remains a core value of Schneider Electric. This is clearly evidenced by many 2016 achievements for the company in the HR and CSR domains. In my first year as Chairperson of the HR-CSR Committee, it became clear that the Executive Committee values properly measured and analyzed programs that yield concrete results.



Linda Knoll
Independent Director
Chairperson of the HR/CSR Committee
Schneider Electric Board of Directors



To Schneider Electric, social responsibility is a part of every employee's mission through our people strategy, including learning initiatives.

Social responsibility

“Embedded within the Schneider is On company program is a clear People Strategy initiative (Step Up) that seeks to engage employees through stronger collaboration and training. With a sincere belief that each employee would benefit from a one-day training program in 2016, a target was set to train 85 percent of the employees. The final result delivered was 92 percent! Even more impressive is that our policies go well beyond the world of the company focusing on having a positive impact on the planet. In 2017, our ambition is that 100% of the new developments comply with the EcoDesign Way. Sustainability is truly in the DNA of Schneider Electric,” noted Linda Knoll, Chairperson of the HR/CSR Committee.

2016 Activity Overview

Board of Directors and its Committees

Board of Directors

8 meetings 6 hours long on average 94% attendance

Governance and Remuneration

6 meetings 100% attendance

Audit and Risk

5 meetings 4 hours and 15 minutes long on average 90% attendance

Strategy

3* meetings 2 hours long on average 83% attendance

Human Resources and CSR

3 meetings 100% attendance

Board composition

13 directors and 1 non-voting member 46% share of directors non-French origin/nationality

59.3 average age of directors 38.5% share of directors who are women

*Including one working lunch with the Audit & Risk Committee

Responsible oversight

As a global company, Schneider Electric believes that its responsibility goes beyond regulatory compliance. Both on a daily basis and within our bigger picture, we conduct business ethically, sustainably, and responsibly. Indeed, responsibility is at the heart of Schneider Electric's corporate governance. From there, it cascades to all employees worldwide. We model and nurture this shared sense of responsibility.

Rewarding sustainability efforts

Across the value chain, Schneider Electric is committed to sustainable development. We've integrated sustainable components in personal performance incentives of executives and leaders to reflect the importance of this commitment to our employees, our company, and our planet. These components are defined as the Planet & Society barometer score.

Up to 20% of the variable part of performance shares is subject to achieving the Planet & Society barometer target

Over 10,000 employees incentivized through the Planet & Society barometer

Schneider Electric was named one of the **World's Most Ethical Companies** by Ethisphere® ranking of 124 companies in March 2017 (7th consecutive year on the list)

The heart of company strategy

In 2011, the United Nations issued the *Guiding Principles on Business and Human Rights*, precisely defining the roles and responsibilities of states and businesses on that matter. As a business leader, Schneider Electric intends to follow and promote these principles.

Sustainability is at the heart of our company strategy, and we are convinced that energy access is a basic human right. With its new Human Rights Policy, Schneider Electric confirms its engagement to strive for the respect of all internationally recognized human rights, along its value chain. In order to improve the adoption of the U.N. Guiding Principles, Schneider Electric joined the French NGO "Entreprises pour les Droits de l'Homme" (Companies for Human Rights) in January 2017.

Responsibility & Ethics Dynamics program

The Responsibility & Ethics Dynamics (R&ED) program includes organization, processes, and tools to foster employee compliance with *Our Principles of Responsibility* (PoR). The program provides a safe, welcoming way for employees to ensure that we're all committed to upholding our core values. Regular communication lets employees and management teams know of priority actions to drive forward.



Let's talk ethics: "R&ED Days"

This year, Learning Week included our annual R&ED Days. Learning Week is a global event organized in all the locations of Schneider Electric, both front offices and production sites. The objective is to raise awareness on ethical challenges at stake in our company, both at global and local levels. To do so, we use a specific tool called "Educational Kits," which introduce a real-life ethical dilemma faced by a Schneider Electric colleague. The intent is to create a space for discussions around ethics, integrity, and responsibility.

R&ED Line by the numbers



"We believe that acting with the highest standards of ethics and integrity is the right choice. Corruption and fraud cannot be allowed to defeat fair play. Business competitiveness is directly affected by corruption and that is why we apply a zero-tolerance policy at Schneider Electric. In South America, we were pioneers in organizing the 'R&ED Week.' Not only do all new employees sign the Principles of Responsibility Acknowledgement Letter; we also are formally extending the commitment to our suppliers and commercial partners."



Tania Cosentino
Vice President South America
Schneider Electric Brazil

"Since 2013, Schneider Electric chairs our French network and actively participates in its multiple initiatives. In 2016, we continued our best practices sharing sessions within the 'Advanced Club,' addressing topics around the 10 principles of the Global Compact, the new agenda of the United Nations with the 17 Sustainable Development Goals. Furthermore, Schneider Electric participates to our new working group dedicated to Business and Human Rights, created in September 2016. We count on Schneider Electric to pursue its involvement in our different programs."



Charlotte Frérot
Secretary General
Global Compact France



2015 – 2017 BAROMETER
PLANET & SOCIETY
A measured & visible commitment

ETHICS INDICATOR



93.4%
of our entities passed our internal Ethics & Responsibility assessment

Results are from end of 2016, as audited by Ernst & Young and Associates.

An open dialogue with our stakeholders

Bringing sustainable development to life

All sustainable development decisions throughout the company are clear, transparent, and fully integrated across Schneider Electric. The voice of stakeholders is incredibly significant to us, so we enable and encourage ongoing and open dialogue.



Through comments, ratings, and evaluations, we gather — and listen to — stakeholder input. Open dialogue directly influences the Sustainable Development Department's policies, programs, and actions. Such feedback is integrated throughout this report, as well as through Schneider Electric's annual Registration Document, new progress plans throughout the company program, and the Planet & Society barometer. Many people matter to us. Clearly identifying stakeholders and their focused input helps us best engage in ongoing, fruitful dialogue.

Focused dialogue with clearly identified stakeholders

This diagram is an overview of sector stakeholders proposed by Gimélec, the French trade association for electrical equipment, automation, and related services.



The voice of shareholders

The Advisory Committee is the voice of Schneider Electric's individual shareholders. The committee consists of up to eight independent volunteers appointed by Schneider Electric. The Advisory Committee meets three to four times per year to discuss various topics with a strong emphasis on the company's strategy toward individual shareholders (enhancing communication material and defining dedicated events). The committee also plays a role in the Annual Shareholders Meeting as one of its members opens up the Q&A session with the Chairman and CEO.

> Learn more about stakeholder engagement at sdreport.schneider-electric.com

Innovation At Every Level

“
 Schneider Electric's innovations are founded on safety, reliability, efficiency, sustainability, and connectivity. Those are really the key values we want to provide to our customers. When we look at our digital strategy, the Internet of Things — combined with the convergence of IT and OT technologies — is really the foundation of this digital strategy.”



Cyril Perducat
 Executive Vice President IoT & Digital Transformation
 Schneider Electric

The promise of innovation

Empowered by more than 8,000 Research & Development engineers worldwide, Schneider Electric drives Innovation At Every Level to create value and measurable outcomes for our customers by:

- Redefining power and automation for a new world of energy
- Developing connected, efficient, and sustainable products and solutions that help customers thrive in the face of today's megatrends: industrialization, urbanization, and digitization

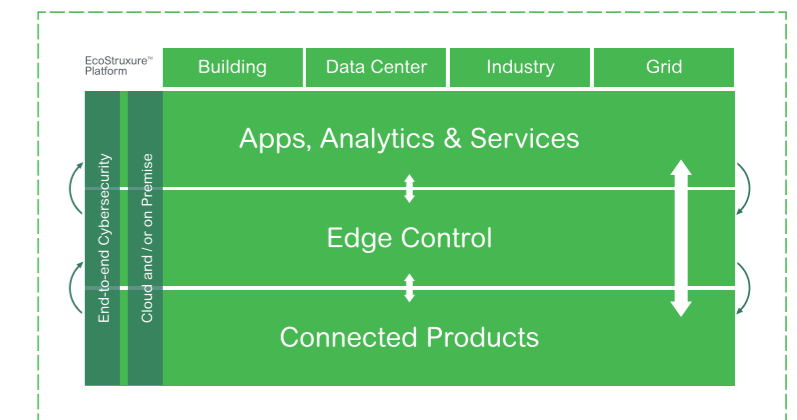
We are guided by five innovation principles applied everywhere:

| | |
|----------------|---|
| CUSTOMER FOCUS | An ingeniously designed new product or service always adds new value for our customers. Driven by foresight, we anticipate, co-create, and ensure future-proof scalability for our customers. |
| QUALITY FIRST | Legendary reliability and safety are the bedrock of our brand promise for now and the future. |
| SYSTEM VIEW | Products are always part of a modular system: electrical, mechanical, digital. The sum of the parts always works better together from a customer application perspective. |
| DIGITAL | We work with our full ecosystem to ensure all our products are connected with open protocols and cyber security integral to the design. Being data-driven and predictive is in our digital DNA. |
| SIMPLE & EASY | Simplicity and ergonomic design are must-haves in all our offers, which are all intuitive and easy to design, commission and install, operate, and service. |



EcoStruxure: Innovation At Every Level

At Schneider Electric, we're uniquely positioned to meet the demand for more efficient and connected energy enabled by the Internet of Things (IoT). We bring together energy management, automation, and software to make it possible for our customers to compete in today's digital economy with one, interoperable IoT architecture.

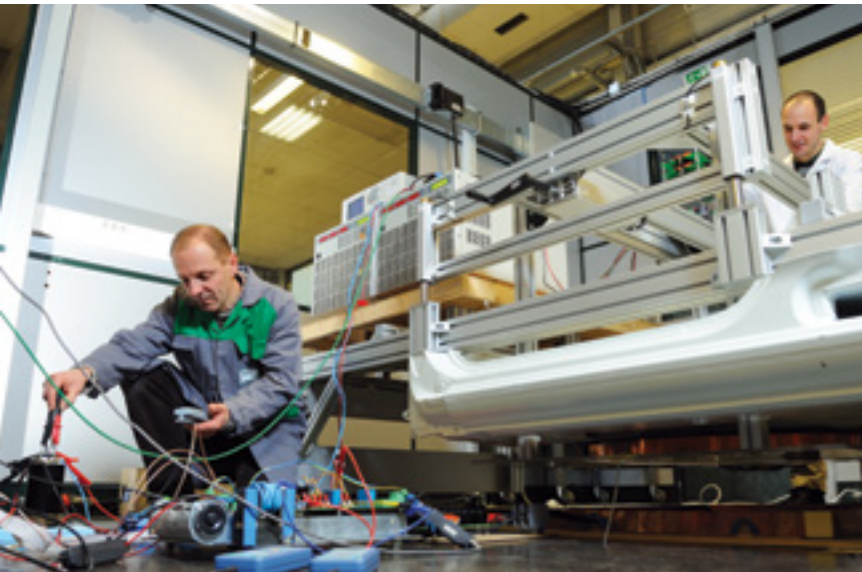


EcoStruxure™ Building EcoStruxure™ Power EcoStruxure™ Data Center EcoStruxure™ Machine EcoStruxure™ Plant EcoStruxure™ Grid

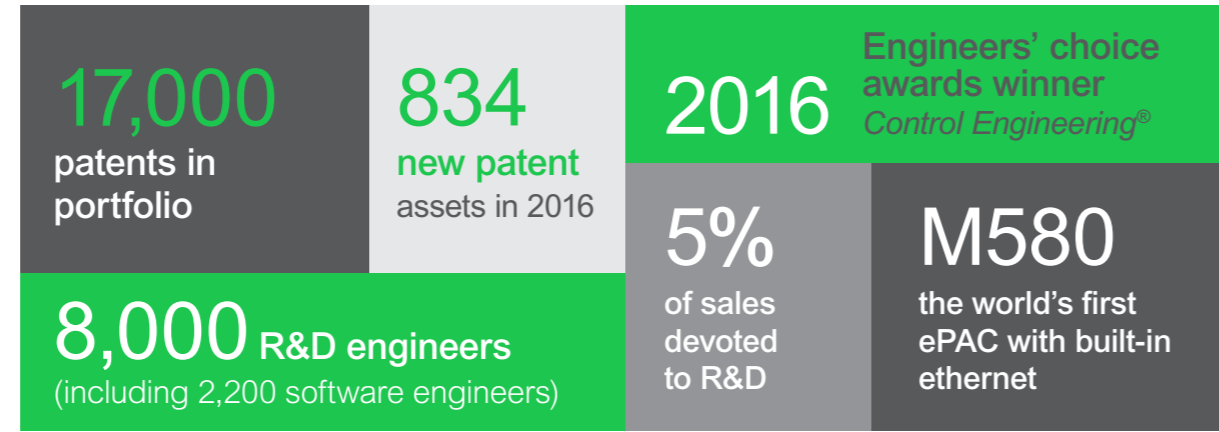
> Discover more about EcoStruxure at sdreport.schneider-electric.com

Research & development

At Schneider Electric, we don't take an "If we build it, they will come" approach to Research & Development (R&D). Instead, our experts are close to customers around the world, enabling them to take into account customer needs, local specifications, and preferences.

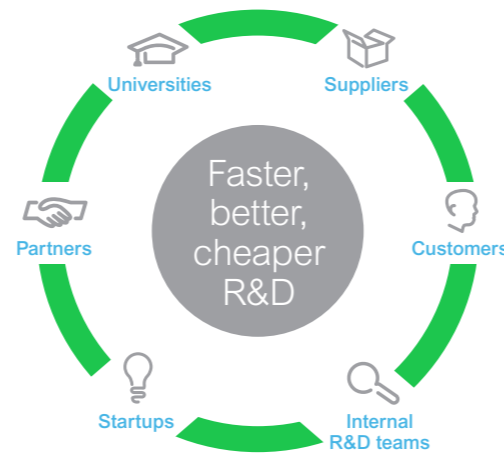


A closer look at our R&D



Collaborative, open innovation

Through open innovation, we partner with a research ecosystem of startups, universities, partners, suppliers, and even customers. Every project starts with the question, "Is there any startup anywhere in the world that has developed a related product or technology, and will we be able to partner with that startup to bring our solutions faster to market for our customers?" With this collaborative approach, we gain speed and agility. It also provides a broader, expansive innovation playing field that delivers the capabilities our customers need.



Green for business growth

“As far as environmental performance is concerned, we see ourselves in a journey. We indeed aspire to a carbon-neutral world, and we believe it's possible. It is a stretch target, but we want to start with ourselves, with our supply chain, and our products.”

Xavier Houot
Senior Vice President, Global Safety, Environment, Real Estate
Schneider Electric

Our environmental strategy

Our 2020 environmental strategy is clear. We have defined 15 priority initiatives and related goals across six environmental domains:

1. **Deploying low-CO₂ and resource-efficient** strategies for planet-compatible growth path
2. Always greener **extended supply chains**
3. **Waste** as worth
4. **Environmental performance delivered to customers** made explicit and quantified
5. **Circular** innovations in both value propositions and supply chain
6. Always stronger environmental **governance**.

These initiatives are fully aligned to our Schneider is On company program and to the company's sustainable growth strategy.

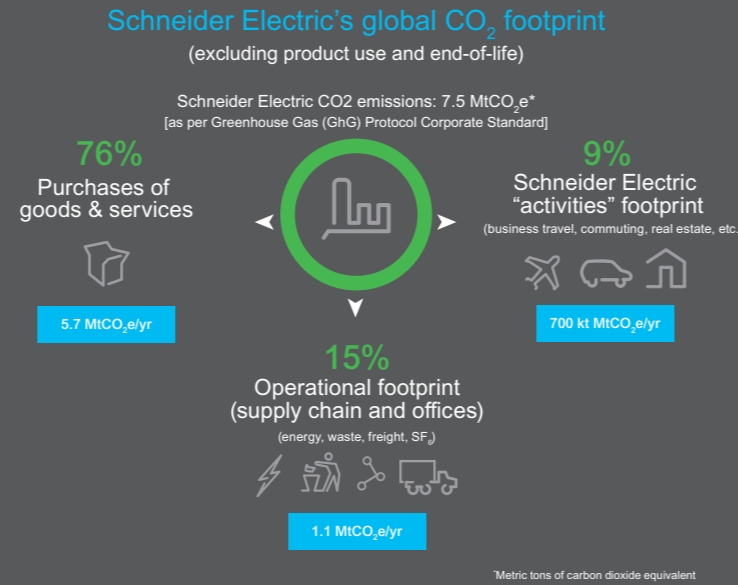
At Schneider Electric, environmental considerations go far beyond our efforts toward the sustained reduction of our footprint on the planet, as they really embed everything we do. From strategy and R&D ... down to the value we bring to our customers. The tagline of our Global Environment Day on June 2, 2016, inviting all our employees to celebrate their achievements and innovations for the environment, was "A Passion for Green Growth." It aptly summarizes how we see the environment at Schneider Electric.

Driving the six priorities

Schneider Electric is determined to play a vital role in driving climate-compatible global economic growth. We innovate to build an increasingly resource-efficient supply chain year after year, aspiring toward neutrality in the long term. We also relentlessly invent products, solutions, and services that help our customers do more with less, reducing their CO₂, energy, and water usage.

1. Deploying low-CO₂ and resource-efficient strategies for planet-compatible growth path

In 2016, we worked in line with our commitments to define CO₂ quantification methodologies for our large projects, and piloted them in a set of concrete business cases and situations (medium-voltage substation, data center, solar farms, etc.). We drew a science-based downward path as far as our CO₂ footprint is concerned.



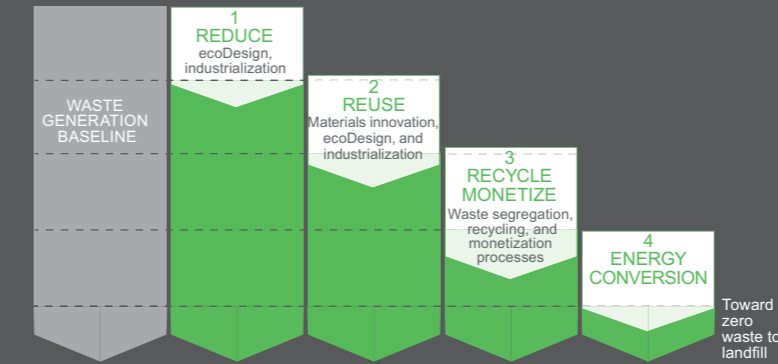
2. Always greener extended supply chains

We drive efforts toward energy efficiency, water efficiency, the reduction of transportation and manufacturing externalities, and the adoption of green best-available techniques in our plants and distribution centers. Environmental performance and resource productivity are key dimensions of major decisions (e.g., through our SPS/Schneider Production System framework).

On the energy front, leveraging our own solutions and expertise, our sites delivered an additional **7.1% improvement in energy efficiency** compared to 2014.

3. Waste as worth

This year, we are proud to have had 99 plants receive the "Toward Zero Waste to Landfill" designation. Since 2014, we have seen a strong increase (+5 pts) of our waste recovery ratio globally. Our efforts in ecoDesign and industrialization space also add to our ability to generate less waste and be smarter with our resource use.



4. Environmental performance delivered to customers made explicit and quantified

We've invested significantly in designing, implementing, and further innovating our Green Premium ecoLabel (REACH, RoHS, product environment profile, end-of-life instructions).

Green Premium 2.0

We designed and piloted an even more customer-centric Green Premium 2.0 program, which will provide our customers additional information on the various forms of value-addition of our offers to their businesses and operations, across dimensions such as environmental, climate, health, safety, and circularity.

mySchneider app

The mySchneider app allows 24/7 QR Code to display all environmental data for ~150,000 SKUs. Customers easily can check REACH, RoHS, the product environment profile, and end-of-life/circularity instructions.

Green Premium
Product

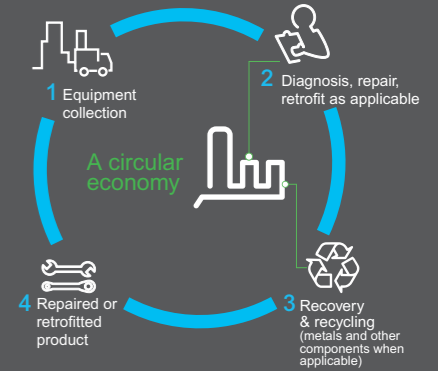
Green Premium coverage in 2016

Doing better than 70% target: **74.8%**

With more than **€10B** product revenues

5. Circular innovations in both value propositions and supply chain

Schneider Electric circularity expresses itself in many ways. We grew our field services and Retrofit (ecoFit™ distribution) revenues in 2016. Such services help us prolong the lifetime of our products, in turn helping our customers enjoy energy management and automation services using fewer resources. We also grew our services related to the management of our products' end-of-life, e.g., low- and medium-voltage equipment, and UPS (uninterruptible power supply) systems.



6. Always stronger environmental governance

Through more than 1,000 independent assessments, plus hundreds of field visits and audits, we review environmental risks in our supply chain and how we comply with changing regulations or report to a variety of external stakeholders and analysts. We also embed environmental considerations across other functions' processes, such as purchasing, investment, manufacturing, logistics, acquisition, and human resources management. Our environmental strategy is deployed throughout the company via network of over 400 environmental leaders in charge of eco-designing offers, greening our supply chain, or inventing circular models.



2015 – 2017 BAROMETER
PLANET & SOCIETY
A measured & visible commitment

CLIMATE INDICATORS



7.1%
energy savings

11.2%
CO₂ savings from transportation

CIRCULAR ECONOMY INDICATORS



99
industrial sites zero waste to landfill

81.6%
of products in R&D designed with Schneider ecoDesign Way

CLIMATE & DEVELOPMENT INDICATORS (SUSTAINABILITY OFFERS)



74.8%
of product revenue with Green Premium ecoLabel

16%
of new large customer projects with CO₂ impact quantification

101,508
tons of CO₂ avoided through maintenance, retrofit/end-of-life services

A customer-centric, green vision



As a purpose-led company, we have the responsibility to bring safe, sustainable, reliable, and connected energy to our customers, so the supply chain plays an essential role now more than ever. With our digitization efforts, our supply chain continues to grow smarter and enables us to understand how we must tailor our offerings to meet customers' needs and achieve our purpose.



Annette Clayton
CEO & President,
North America Operations, and
Executive Vice President,
Global Supply Chain
Schneider Electric

Supply chain figures at a glance



Tailored Supply Chain 2.0

Schneider Electric will continue to evolve its supply chain strategy to new heights with a plan that is designed to do more for customers. Five supply chain value propositions guide our success in serving the needs of our customers' dominant buying behaviors.

- Collaborative:** A supply chain for customers who value reliability and trustworthiness
- Lean:** A supply chain for customers who are price sensitive and want efficiency and reliability
- Agile:** A supply chain for customers who are demanding, unpredictable, and expect speed
- Project-driven:** A supply chain for customers who are time-to-market sensitive to project schedules
- Fully Flexible:** A supply chain that will be deployed in crisis environments where speed and innovation are paramount

We continue to improve the speed and responsiveness of the supply chain through a focus on specific initiatives, including:

- Reducing end-to-end customer lead times
- Improving the time-to-market for new products
- Ensuring special care units continue to meet the needs for small enterprises

Progress was made on planning maturity, network optimization, footprint transformation, and accelerating the next wave of customer process capabilities to improve the delivery experience for customers.

2016 results

- Achieved double-digit reductions in customer lead times and customer complaints
- Improved customer delivery performance with innovative delivery capabilities
- Implemented Transport Control Towers to drive transportation efficiency and CO₂ savings
- Operated with three days fewer of warehoused finished goods
- Completed modeling of global delivery networks to enhance time to market and CO₂ efficiency
- 76% of order lines placed digitally



#18

The Gartner® Supply Chain Top 25 for 2016

#5

The Gartner® Top 15 European Supply Chain Organizations for 2016

An energy-efficient supply chain

Schneider Electric works for sectors that account for the majority of global energy consumption and its corresponding CO₂. We are especially committed to making sure our own products and solutions help reduce both energy use and CO₂ emissions — from design to manufacturing to shipping and deployment to products' end-of-life.

When we share our sustainable development vision with suppliers, we place customers at the center of this message. Schneider Electric's tailored supply chain is mindful of the diverse practices, standards, and values of the 100+ countries in which we're present.

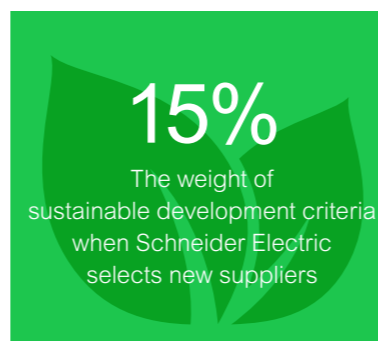


Supplier relations

We drive sustainability at all levels. Schneider Electric is one of the first companies to start measuring our suppliers on sustainable development and requiring visibility to their sustainability commitments. Today, we have stringent sustainable development criteria embedded in our suppliers' evaluation and selection process. We will not award our business to suppliers that do not meet our minimum criteria levels.

Supplier Guide Book

Our Supplier Guide Book helps selected suppliers know where we stand at all times, even in an ever-changing marketplace. This charter includes sustainable development expectations related to health and safety, human rights, ethics, and the environment. This approach is strengthened by the General Purchasing Terms and Conditions to which all Schneider Electric suppliers must conform. In 2016, we have made some evolution. It now helps to explain to our partners how to work with Schneider Electric.



In 2016, we carried out **536 on-site audits** that included sustainability criteria.

Schneider Electric Supplier Quality Management

We've integrated a sustainable purchases methodology in the retention of our suppliers as well as selection of new ones. Within Schneider Electric Supplier Quality Management, qualification is based on an evaluation questionnaire combined with on-site audits by Schneider Electric quality specialists. The questionnaire includes a specific section on the environment and sustainable development.

Responsible and sustainable supplier relations



Supplier relationships drive our supply chain success. The French Ministry for the Economy, Industrial Renewal and Digital Affairs has taken note of our efforts. With the Ministry's "Responsible Supplier Relations" label, Schneider Electric's suppliers can be assured of the company's commitment to responsible purchasing. This helps to drive long-term relationships, trust, and a win-win proposition for our suppliers and Schneider Electric.

Suppliers as strategic partners

At the fifth annual Global Supplier Day, held in September 2016 in Hong Kong, Schneider Electric shared its ambition to innovate at every level. We welcomed 120 preferred suppliers from 25 countries. The themes were quality, innovation, and competitive partnership. Attendees participated in numerous demonstrations, presentations, panel discussions, workshops, and an innovation exhibition.

Global Supplier Day awards

- Best supplier in production-related purchases: **TS Polymer Co., Ltd.**
- Best supplier in non-production purchases: **Lenovo™**
- Best supplier in logistics: **Damco International B.V.**
- Competitiveness and productivity: **Chuan Shun Electric, Inc.**
- Innovation: **NXP Semiconductors**
- Quality: **Chia Sing Screw Industrial Co. Ltd.**
- Social responsibility: **Eurostar Engineering Plastics**
- Logistics and deliveries: **Tianjin Dongming Electronic Industry Co., Ltd.**
- Responsiveness: **Shubadha Polymers Products Pvt. Ltd.**



DK Singh
Senior Vice President, Purchasing
Schneider Electric

Global Supplier Day provides us with an opportunity to describe Schneider Electric's ambition to drive innovation at every level through connected energy management and automation technologies. We also discussed our expectations in terms of innovation, performance, and quality of service to enable our suppliers to become truly strategic partners in serving our customers and Schneider Electric's growth. We are proud to acknowledge the exceptional level of service provided by our top partners.



2015 - 2017 BAROMETER
PLANET & SOCIETY
A measured & visible commitment

ETHICS INDICATOR



82.3%
of recommended suppliers embraced ISO 26000 guidelines

Results are from end of 2016, as audited by Ernst & Young and Associates.

Creating additional value

“
Smarter, more precise operations are the future for every industry. Customers are looking for answers on how to best take advantage of today's IoT-enabled digital world to be as differentiated, efficient, and sustainable as possible. If you don't have a 'sense and respond' model with listening, scalable, measurable, agile networks and systems, you won't be able to connect and extract that value.
 ”



Vernon Turner
 Senior Vice President
 Enterprise Systems, IDC



Business-driven sustainability

At Schneider Electric, we innovate for the sake of our customers, our partners, and our planet. EcoStruxure: Innovation At Every Level redefines energy management and automation for customer outcomes. At the same time, it addresses the energy dilemma for a more sustainable planet, ensuring Life is On for everyone, everywhere, and at every moment.

The four key markets Schneider Electric serves consume 70 percent of the world's energy. We're in a hopeful position, because we have an opportunity to make a measurable difference in curbing energy consumption and driving sustainability worldwide.

EcoStruxure improves energy and operational efficiency across our key markets. Our connected, smart, and interoperable IoT architecture and platform automatically can measure, monitor, and control energy consumption and demands. When we combine automation and energy with software and analytics, customers get an unprecedented level of efficiency and operational intelligence to make better, more predictive decisions in real time.



2015 – 2017 BAROMETER
PLANET & SOCIETY
 A measured & visible commitment

**CLIMATE & DEVELOPMENT
 (SUSTAINABILITY OFFERS)
 INDICATOR**



16%
 of new large customer
 projects with CO₂
 impact quantification

Results are from end of 2016, as audited by Ernst & Young and Associates.

2016 – 2017 Recognitions

Gartner® Magic Quadrant for Advanced Distribution Management systems
 Schneider Electric named a leader for four consecutive years

Gartner® Magic Quadrant for Data Center Infrastructure Management
 Schneider Electric recognized as a leader for the third consecutive year

Datacenter Dynamics
 Open Data Center Project (EMEA)
 Schneider Electric U.K.

Verdantix Green Quadrant®
 UK Energy Services 2016

Best industry supplier to electricians for 2016
 By ZVEH, the German Association of Electricians

2nd place in Google™'s and IEEE®'s Little Box Challenge
 A global competition to design and build a 10-times smaller inverter

Leader in the Navigant Research Leaderboard Report on Building Energy Management Systems (BEMS)
 For the second year in a row, with the highest overall score for strategy and execution among 15 companies

Innovative Commercial Product of the Year
 Annual Electrical Industry Awards for the newly available wireless energy sensor, PowerTag

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A closer look at customers

Efficient and comfortable buildings



"We were the first in our industry to implement such programs and have grown to be more competitive and profitable because of our focus on energy and sustainability."

Scott Bosarge
Senior Vice President of Business Services
AEG

In the cloud and at the edge



Intuitive industries



Electricity's bright future



"The fact that we were able to integrate Schneider Electric ADMS with our existing systems (in particular the SCADA system) has proven to be one of the best features yet."

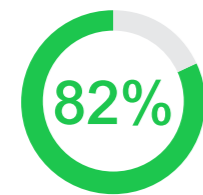
Christian Noce
DMS Integration Manager
Enel

Closing the energy gap



Sustainable entertainment

One of the world's leading sports and entertainment presenters, AEG chose Schneider Electric's Resource Advisor platform to allow it to assess all operational efficiencies in evaluating these projects, ultimately reducing the company's carbon footprint and saving money.



82% of the energy efficiency potential of buildings is not yet tapped

Source: World Energy Outlook 2012, OECD/IEA, Internal Analysis

A digital telco journey

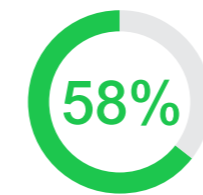
Spain's Telefónica started as a telephone company and has extended its business to become a digital telecommunications leader. In the face of escalating demand from customers, Telefónica decided to construct a new data center just outside Madrid. Its goal? Increase capacity, create a flexible, scalable system, and improve cost-effectiveness by consolidating several smaller data centers from around the world under one roof.

30B things connected to the internet by 2020

Source: IHS, March 2016

Efficiency in high energy-use market

For China National Building Material Group (CNBM), energy efficiency doesn't just make sense for the environment. It makes sense for its bottom line, because energy consumption accounts for more than 60 percent of CNBM's total costs. The factory has deployed the Schneider Electric Kiln Expert Control System to help address its energy consumption demands.

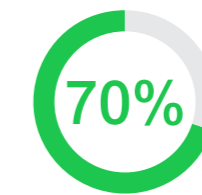


58% of the energy efficiency potential of industry is not yet tapped

Source: World Energy Outlook 2012, OECD/IEA, Internal Analysis

Smarter, greener grid management

Using Schneider Electric's an advanced distribution management system (ADMS), Enel, Italy's largest utility company, has been able to reduce energy loss by optimizing its existing network resources and operations. This streamlined energy production also decreases CO₂ emissions. Just as important, it enables Enel to integrate renewable energy sources while improving power quality. ADMS has also helped Enel with supply restoration and network reconfiguration. Over 110,000 secondary substations are equipped with this technology.

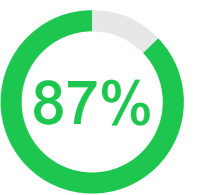


70% of new capacity additions from renewables in rural areas by 2040

Source: BNEF

A blueprint for a brighter tomorrow

By electrifying schools and medical clinics with clean, reliable, solar power, Microsoft® and Schneider Electric are empowering life-changing solutions worldwide — and enlightening the future for millions. African Energy brought on highly trained local Nigerian partners to lead this project with the Lagos State Electricity Board (LSEB) throughout 170 sites. Schneider Electric's Conext™ family of solar and battery-based inverter/charger system with Conext Insight online monitoring was selected for this initiative.



87% of people worldwide without access to electricity live in rural areas

Source: Sustainable Energy for All — Global Tracking Framework 2015

Innovation At Every Level:

A snapshot of EcoStruxure's impact

Delivering the buildings of tomorrow, today

EcoStruxure for Building

- Safer, with security systems and insights on power, fire, and safety systems
- More efficient and sustainable, with integrated intelligent platform that offers building analytics on energy use
- More comfortable, with integrated building management system

Deloitte's "The Edge" (The Netherlands)

A net zero energy building



Regionservice (31 healthcare facilities in Sweden)

\$2.8M annual savings

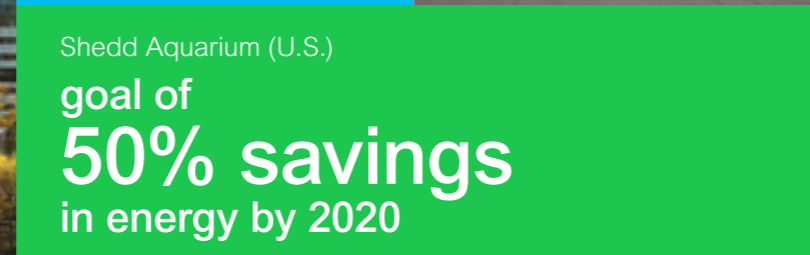
Malaysia Prime Minister's Office

Target: **40% energy savings**



Shedd Aquarium (U.S.)

goal of **50% savings in energy by 2020**



Simplifying the data center in the cloud or at the edge

EcoStruxure for Data Center

- Faster deployment and predictable performance with modular, scalable, and IoT-enabled data center infrastructure
- Increased resiliency and uptime with IoT-enabled management software that provides complete visibility and data-driven insights
- Edge solutions for simplified deployment and secure remote management

Genpact (India) (BPO company)

75% less time spent on data center maintenance



Core Computing data center (Korea)

30% reduction in power and cooling costs

Green Mountain Data Center (Norway)

Cooling costs reduced by **~30%**

Towergate, U.K.

59% capital expenditure savings with self-cooling micro data center enclosures



Pioneering IIoT — from shop floor to top floor

EcoStruxure for Industry

- Empowered operators, optimized assets, and smart control, delivering unprecedented levels of efficiency, new business models, and safety/security
- Optimized asset performance for higher availability and lower cost
- Smart operations and control, mobile insights, and risk-mitigation

Chevron®, USA

\$3M – \$5M annual savings from improved compliance and refinery performance and reliability, as well as reduced maintenance costs



Aracruz Cellulose (Brazil)

Pulp production facility increased to 2M tons

Xcellerex™, USA (manufacturing technologies for biopharmaceutical industry)

60% reduction in capital investment



Yarra Valley Water (Australia)

80% reduction in external support costs



Enabling the new energy world

EcoStruxure for Grid

- Optimized asset management and increased grid efficiency for sustainable networks
- Seamless local production and integration through grid edge control
- Bridging demand and supply for beyond the meter value via demand-side management

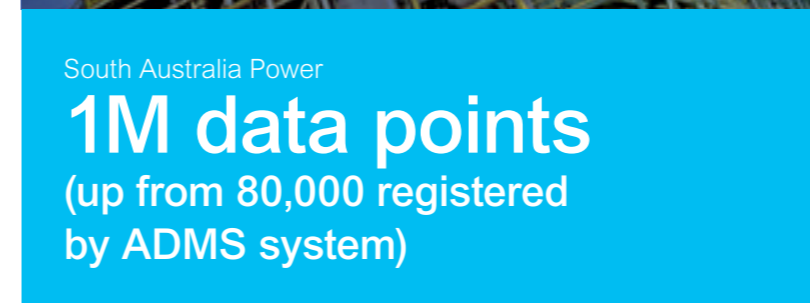
BC Hydro (Canada)

50% reduction in upgrade costs



South Australia Power

1M data points (up from 80,000 registered by ADMS system)



Stedin (The Netherlands)

30 seconds to restore network outage



9REN Group (Spain) (operator in the turnkey photovoltaic market)

50% increase in event recognition



The heart of Schneider Electric

“
 Our customers see our company through our people. We strive to have the best knowledge of our business and technology and the ability to deliver our collective know-how. To achieve this, we create the right environment for our employees: for accessible leadership, shared accountability, and superior teamwork fueled by our common culture and purpose.
 ”



Olivier Blum
 Executive Vice President
 Global Human Resources
 Schneider Electric

Engaging great people

Great people make Schneider Electric a great company. We motivate employees and promote involvement by:

- Encouraging them to live Schneider Electric's company values and to Step Up as high performers
- Supporting inclusion and diversity through awareness and mobilization campaigns and formal programs
- Enabling professional development through leadership coaching, recognition, and ongoing learning opportunities
- Ensuring safe, healthy working conditions through formal safety and well-being programs

Our ultimate ambition is to generate higher performance and employee engagement to ensure that our customers encounter only the best professionals in their industry.

LinkedIn top global talent attractor

By Universum®, the employer branding agency

2016 Optimas Award Silver winner for Global Outlook

By Workforce® magazine for Schneider's commitment to diversify our global workforce

“One of the best employers in France”

By Glassdoor®, the employer ratings site

Best Employer for Women 2016 (India) Award

By the “Forum for Women in Leadership,” India



2015 – 2017 BAROMETER
PLANET & SOCIETY
 A measured & visible commitment

HEALTH & EQUITY INDICATORS



33%
 reduction in the Medical Incident Rate (MIR)

92%
 one day of training for every employee every year






64%
 scored in Employee Engagement Index

75%
 of employees work in countries with Schneider Electric's gender pay equity plan

Results are from end of 2016, as audited by Ernst & Young and Associates.

Schneider is On company program

Our employees are directly involved in Schneider Electric's strategy through the Schneider is On company program. Launched in January 2015, this five-year program gives employees an action guide for advancing customer-centric priorities:

- Do More**  by creating more opportunities for our customers ... and for ourselves.
- Digitize**  to support our growth and make our customers' lives simpler and better.
- Innovate**  our people to grow talents and foster strong employee engagement.
- Step Up**  our operations for increased efficiency.
- Simplify**  for our customers, for efficiency, and simplicity.



Stepping up for customers

One of the five Schneider is On company program pillars, Step Up is our people strategy. It gives us a common roadmap to transform our leadership and culture in the coming years. Specifically, Step Up focuses on developing skills, managing talent, and building unparalleled teams to help Schneider Electric deliver a superior customer experience through:

- World-class leadership
- Empowered people
- Superior teamwork

> Discover how we drive the Schneider is On initiatives at sdreport.schneider-electric.com

A high-performance culture

Schneider Electric's high-performance philosophy encourages employees to deliver strong, sustained performance. A culture of ongoing feedback supports, empowers, and motivates employees, creating a positive environment characterized by on-the-spot recognition and ongoing opportunities for development.

Recognizing strong talent

The highest recognition an employee can receive is a Schneider is On trophy. These annual awards celebrate teams that do great things and deliver on the promise of our company program: to put customers first. For example, Mohammad Aurangzeb and his team received the best strategic accounts executive Gold Winner trophy for always listening and responding to the account's business needs.

Being a Schneider is On trophy winner generates a lot of positivity, which definitely turns into drive and makes me optimistic about future successes.



Mohammad Aurangzeb
Global Director — Chevron Account
Schneider Electric



Taking charge of careers

As part of Schneider Electric's Talent Transformation, within the Step Up initiative, we launched the CareerConnect app to facilitate knowledge sharing across Schneider. Employees can use CareerConnect to:

- Look for career advice
- Share skill sets
- Network with colleagues worldwide

Mentors can build leadership and management skills, while mentees enjoy guidance, career support, and higher performance. This platform empowers everyone to take charge of their careers.

The many faces of Schneider Electric

Our company values

Our customers see Schneider Electric through our people, so we strive to create the right environment for our employees to help them deliver the best of the company. And we achieve this through our strong, distinctive values.



Employer Value Proposition

Our Employer Value Proposition (EVP) continues to evolve in step with the business as a whole. Making the emotional connection as to “Why Schneider Electric?” is fundamental to our ability to attract the best talent, be an “employer of choice,” and make that feel authentic with employees as a form of encouragement, motivation, and inspiration. Our EVP, “Great people make Schneider Electric a great company,” comprises eight attributes on what a career with Schneider Electric means.

OneVoice, every voice

Every employee voice matters. Twice a year, Schneider Electric’s OneVoice satisfaction survey measures employee engagement, which is an internationally recognized indicator of a company’s employee satisfaction rating. We leverage an independent vendor to perform and manage this survey.

Our OneVoice survey in numbers by end of 2016:

100% of employees surveyed twice a year

157,000 emails sent

82,000 factory workers from 272 production sites reached

3,300 managers received a dedicated report

79% participation rate (up from 62% in 2011)



We are straightforward. We do what we say and we communicate in simple ways. We behave with integrity.

We challenge ourselves and others to rethink what is expected. We are agile and move at the speed of change.

We are open. We value differences. We listen. We learn, connect, and collaborate with others.

We are passionate about our customers, our people, our business, and our technology. We are positive in our approach to finding solutions that improve our lives.

We are effective. We deliver on promises. We are pragmatic and fast, and we compete to win.

10+ local Schneider Electric women networks worldwide

500+ female participants in three-day “Women in leadership”

Leadership coaching program across Asia, Europe, and North America

6 nationalities represented on our Executive Committee

More than **600+** of our top leaders/managers have attended gender diversity training

100% of the production and commercial sites in France audited for the disabled, with continuous improvement process implemented

Our heritage and our future

Supporting unique values

We promote respect for others' unique values by providing an appropriate environment and resources, such as support communities and diversity-awareness training. Diversity and Inclusion ambassadors in our major countries deploy and support the company's policy across the globe. Schneider Electric is proud to:

- Reflect worldwide and diverse marketplaces
- Boost innovation with diversified teams
- Leverage the value of the company's diverse character and multiple facets



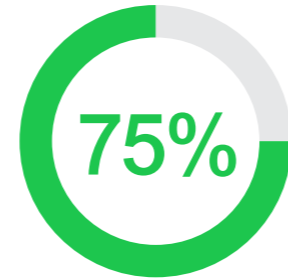
Schneider Electric Singapore office had a fantastic Lunch and Learn session with five members of Schneider Women Advisory Board (WAB) visiting Singapore.

Women Advisory Board

In 2016, we launched the Women Advisory Board to collect the pulse of the company on gender diversity and provide feedback on how actions are perceived. The Board also explores good practices using external benchmarks, proposing initiatives to develop a culture of inclusion and achieve breakthrough results.

Measuring pay equity

As part of our continued focus on gender balance, Schneider Electric introduced a gender pay equity indicator. It measures the percentage of employees who work in countries where there is an operating gender pay equity plan and where corrective actions are in place.



of employees work in countries with Schneider Electric's gender pay equity plan

An essential balancing act

At Schneider Electric, diversity is an integral part of our history, culture, and identity. Inclusion is the way we treat and perceive all differences. We believe strongly that the company's success and future depend on our diverse and inclusive workplace.

Achieving well-being

Schneider Electric held a Well-being Week to raise awareness about the importance of the program through various global and local events and activities (e.g., education, nutrition, yoga, meditation, etc.). During this week, Schneider launched a Well-Being Lab initiative to encourage teams of people to experiment, implement, and share actions to take care of their well-being across four dimensions: physical, mental, emotional, and social.

Well-Being **labs** 2016

500+ LABS **43** COUNTRIES



A welcoming place to learn

A Schneider Electric plant in Mexico City has set up a dedicated "Learning Corner" where employees can take online training courses, including classes to finish their high school degrees. The welcoming area features 12 desktops with internet access, a flat screen for TED Talks and corporate videos, three comfortable couches, and log-in access to a high school program and Schneider's MyLearningLink.

"We think training is essential for the development of everyone. I think so far we have been falling behind in giving more tools to hourly employees to access this training and make them real owners of their development. Spaces designed and dedicated to this will certainly help to boost people's development and well-being."



Salvador Hernandez
Mexico City Plant Manager
Schneider Electric

HeForShe mobilization

Schneider Electric participates in the U.N.'s HeForShe solidarity movement for gender equality. The campaign engages men and boys as advocates and agents of change for the achievement of gender equality and women's rights.

> Go to sdreport.schneider-electric.com to listen to Chairman and CEO Jean-Pascal Tricoire's personal "click moment."

HeForShe Parity Report

Schneider Electric participates in the U.N. Women's inaugural report on workforce gender diversity.

34,000+

Schneider Electric employees have joined the HeForShe movement

In 2016, **42.7%**


of employees recruited were women



Learning culture

Learning is a strong part of the Step Up initiative. It is a differentiator of Schneider Electric culture, and it fosters growth and innovation. We proudly support an environment in which employees take the initiative to learn, grow their skills, and drive their career development.

“We are a company where we learn to innovate and renew ourselves to remain agile in a fast-evolving world.”



Aurelie Richard
People Strategy Leader & Step Up Program Manager
Schneider Electric

The Worldwide Learning Week

More than **40,000** employees participated

73% of respondents were satisfied with Learning Week

94% of respondents think that Learning Week should continue to be organized in the future

64% are likely to recommend the Learning Week to a friend or colleague

421,000 training hours were registered in October, which is the highest monthly record of 2016
(Average monthly progression: 200,000 hours)



In the spotlight

Energy education from anywhere

Energy University™ is a free, online, on-demand educational resource, offering more than 200 vendor-neutral courses on energy management and automation. Courses are available in 13 languages and 185 countries. It helps individuals:

- Achieve their personal energy career goals through professional energy manager (PEM) certifications
- Enhance their energy expertise in support of their organization's efficiency efforts
- Foster energy leadership for the sake of our planet

◀ A real stand-up engineer, Erik Bagus Saputra (Jakarta, Indonesia) analyzes both punchline timing and production line timing. "Schneider makes me very happy in my profession." And for that, he keeps the levity coming at the office.

A passion for green growth!

Global Environment Day is an engaging way for our employees to join together to walk the talk. The event's three themes were circular economy, a low-CO₂ world, and differentiating ourselves through green efforts.



"Schneider Electric Goes to River." Employees from five sites in Jakarta and Bekasi, Indonesia, clean up the Ciliwung River, enjoy eco-rafting, and plant trees.

European Works Council dialogue

The European Works Council facilitates active social dialogue at the European level throughout the year, as well as in-depth discussions on key topics, such as renewing the existing European Agreement on Anticipation of Change. In 2016, the Council met six times, including five Core Council Meetings and one plenary session. The June plenary session hosted presentations and discussions on the company's strategy with executive committee members, including CEO Jean-Pascal Tricoire.



Energy University 2016 by the numbers

89,201 Total registrations

136,799 Total courses taken

42 Total PEM certifications

Over **600,000** Registered users since inception

Top countries for registrations:
China, U.S., Brazil, Egypt, India

Top countries for completions:
U.S., Egypt, China, India, Indonesia

Top countries in 2016 for PEM certifications:
U.S., India, UAE, Canada, Egypt, Mexico

Over **975,000** Courses completed since inception

Energy is a basic human right

“
 Providing underprivileged populations with sustainable access to energy means not only offering equipment suited to their constraints but enabling them to maintain it. To take this corporate social responsibility approach to its logical conclusion, it also means promoting entrepreneurial development that can create jobs in the energy sector.
 ”



Gilles Vermot Desroches
 Senior Vice President,
 Sustainability
 Schneider Electric

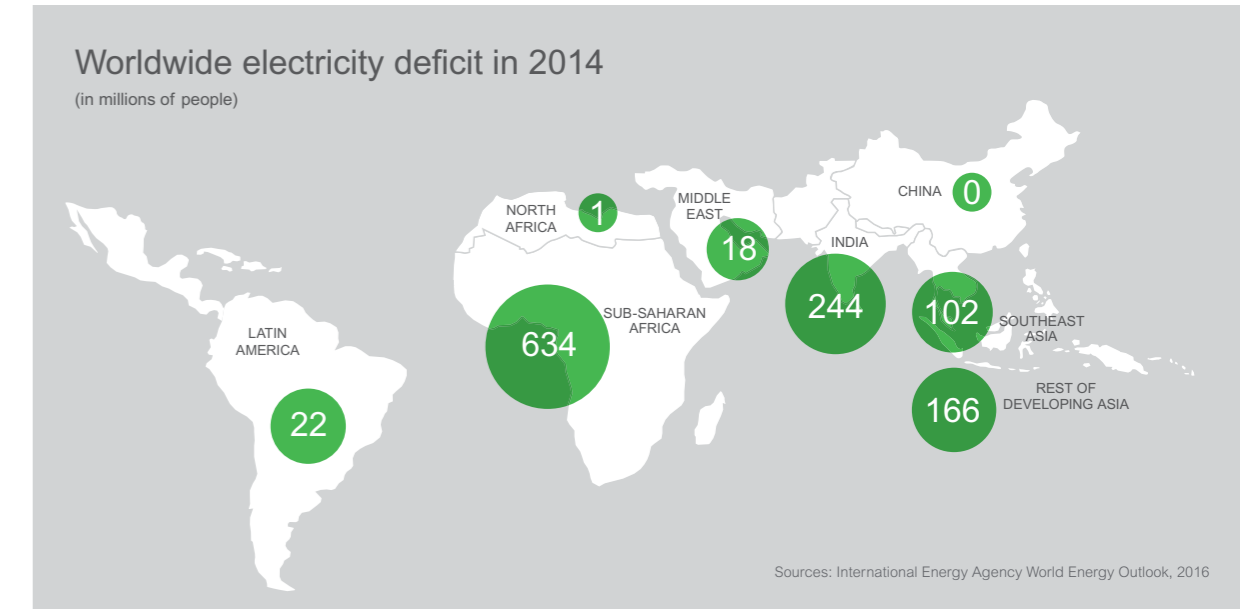
The energy paradox

We continue to face an energy dilemma. While global energy demand skyrockets, 1.2 billion people¹ worldwide still do not have basic access to electricity and approximately 65 million² live in fuel poverty. Schneider Electric cares deeply about sustainable energy and green technology, so we are determined to solve this energy paradox.

On one hand, we help many customers worldwide achieve carbon-neutral operations; on the other, we invent technologies to support everyone's indisputable right to modern energy. To us, access to clean, safe energy isn't just a technology issue; it's a human one as well. We have seen the far-reaching benefits of electricity:

- Reduced poverty and raised living standards
- Improved health (most significantly for women and children)
- Increased productivity
- Enhanced educational opportunities
- Strengthened environmental sustainability
- Improved security and feeling of safety

1.2 billion people worldwide
 do not have basic access to electricity and
~65 million live in fuel poverty




Paul Quigley
 Senior Energy Officer
 UNHCR, the UN Refugee Agency

“
 The new 2030 Agenda for Sustainable Development, including its 17 Sustainable Development Goals (SDGs), set a historical, first-ever universal goal: to ensure access to affordable, reliable, sustainable, and modern energy for all. Today more than 1.2 billion people have no access to electricity and over 2.7 billion rely on biomass for cooking. Sustainable energy builds long-term resilience to mitigate future crises, including those resulting from climate change, and create foundations which enable people to lead dignified, healthy, and productive lives.
 ”

¹ IEA, World Energy Outlook 2016

² "Environmental Justice and Environmental Inequalities: A European Perspective", a paper prepared for the social investment seminar of the Institute for Futures Studies, Stockholm, March 2010



Sustainable energy for all

Involving local stakeholders

Whether rolling out rural electrification capabilities using solar microgrids or installing solar lighting in remote communities, we never stop at project implementation. Our goal is to provide efficient, sustainable technologies that communities can maintain for years. Collaboration is key to achieving this vision. To that end, our Access to Energy program actively involves local stakeholders, including residents and customers, to bring — and sustain — safe, clean electricity to communities.

These collaborative efforts include:

- Offers and business models for the design and deployment of adequate electrical distribution offers via off-grid solutions
- Impact investment funds for innovative local energy entrepreneurship
- Training (both technical and business) to address local skill

4.2 million households at the base of the pyramid now have **access to energy** thanks to Schneider Electric solutions and programs

Offers and business models

Solar street lighting. Portable lamps. Small power plants. All of our Access to Energy offers and business models respond to the specific energy needs of remote or peri-urban communities and involve local populations to ensure long-term sustainability.



In addition to providing several sources of lighting, Homaya offers the possibility to connect low-power devices including mobile phones, fans, radio, and television.

Improving life in off-grid households

Candles for lighting purposes are both costly and dangerous. Thanks to innovation, there are other options. Unveiled at COP22, Schneider Electric's Homaya solar home systems are portable electrification solutions designed to improve lives in off-grid households throughout Africa and Asia. They provide lighting and solar-powered electricity.

Investing to close the energy gap

Energy entrepreneurs and inventors can make a big impact on advancing sustainability throughout the world. We invest in innovative projects through the Schneider Electric Energy Access (SEEA) Fund and the Energy Access Ventures (EAV) Fund.

Investment with impact

The Schneider Electric Energy Access (SEEA) investment fund supports small and medium companies with innovative energy solutions and social businesses. For example, at the end of 2015, SEEA invested in ENVIE Rhône Alpes, a member of the ENVIE network that brings together inclusive businesses specialized in collecting, recycling, and destroying used electrical equipment. It has collected 1/3 of waste from French electrical and electronics equipment, treated 90,000 refurbished pieces of equipment, and carried out other waste avoidance projects.

€5.7 million SEEA disbursements since January 2010 with **2.7 million** in Access to Energy programs and **700,000** in fuel poverty

Beyond financial resources, the investment of SEEA in ENVIE Rhône Alpes allowed us to benefit from support during the definition of our development strategy. We appreciate the backup in implementing the environmental and economic project of our social business.



Guido Locatelli
CEO
ENVIE



2015 – 2017 BAROMETER
PLANET & SOCIETY
A measured & visible commitment

CLIMATE & DEVELOPMENT INDICATOR (SUSTAINABILITY OFFERS)



x2.1*
Turnover of Access to Energy program to promote development

Results are from end of 2016, as audited by Ernst & Young and Associates.
*Change in scope of consolidation in QA 2016

Promoting access to energy

At present, more than 620 million people (2/3 of the population)¹ in sub-Saharan Africa live without access to electricity.² In 2015, Schneider Electric launched the Energy Access Ventures (EAV) Fund* to address this crisis. EAV has secured commitments of €54.5 million to transform lives and stimulate economic development across Africa by providing energy access to one million people by 2020.

Harvesting the power of the sun

Only 17 percent of Kenya's arable land is suitable for rain-fed agriculture.³ Supported by EAV, SunCulture's solar-powered pumps and irrigation systems give small farmers a viable and cost-effective solution for using the remaining 83 percent of crop-worthy land.

*In partnership with four major DFIs



Solar solutions and a water storage tank help improve the capabilities of local farmers.

The first thing we did when we started SunCulture was to spend seven months with farmers piloting in the field. We needed to test the product and make sure it worked for farmers in Kenya. We later realized that this was the best thing for SunCulture's early growth, because this is when farmers told us how to improve our solution. This principle of farmer-led invention and re-invention has shaped the way SunCulture operates today and allows us to create solutions that farmers actually want and need.



Samir Ibrahim
CEO & Co-Founder
SunCulture

^{1,2} IEA, World Energy Outlook 2016
³ Patrick O. Allia and Rosemary Alieno, Agricultural Policy in Kenya: Issues and Processes, a paper for the Future Agricultures Consortium workshop, Institute of Development Studies, 20 – 22 March 2006.

Access to Energy Training & Entrepreneurship

Training in energy management and electricity trades doesn't provide just a skill set. It gives participants a new way of life, ultimately to better support their families.

Fostering the entrepreneurial spirit

Entrepreneurship is a new dimension of Schneider Electric's Access to Energy Training program. In 2016, we trained 212 entrepreneurs in six countries: Brazil, Cameroon, Nigeria, Egypt, Vietnam, and Lebanon.

120,000+
people trained

in more than 20 countries since
program launched in 2009

Source: Schneider Electric 2016 Annual Report

The main challenge for our program today is scaling up or finding projects that will increase our impact. We are engaged in a policy of long-term collaboration able to replicate our efforts. Our goal is to support one million young people by 2025.



François Milioni
Director Access to Energy Training
& Entrepreneurship
Schneider Electric

Starting a business in Brazil

Since 2016, Schneider Electric Brazil and the Schneider Electric Foundation have supported women's entrepreneurship in the energy field. Trainees (both men and women) receive at least 140 hours of technical and entrepreneurship training to launch their small businesses.

It was really encouraging to see that women were getting involved and that they were sometimes even more courageous than the men when launching into something new. The groups are mixed to change mindsets, so men see women in a new light and realize that they, too, can be electricians!



Fabiana Galvao
Project Manager
Sustainable Development
Schneider Electric Brazil



The Indian National Skill Development Corporation (NSDC) and the Power Sector Skill Council (PSSC) have partnered with the Schneider Electric Foundation to support training activities.

Contributing to the skill equity

In October 2016, Schneider Electric partnered with the Government of India to contribute to the skill equity of the country, thanks to the agreement to set up a Center of Excellence focused on power, solar, and automation, and to support the setting up of 100 electrician labs. Skill development is a key requirement of a robust economy to improve productivity and output through nurturing talent. Schneider Electric is contributing significantly to developing skilled individuals in the electricity field and to make India self-reliant in the energy sector.

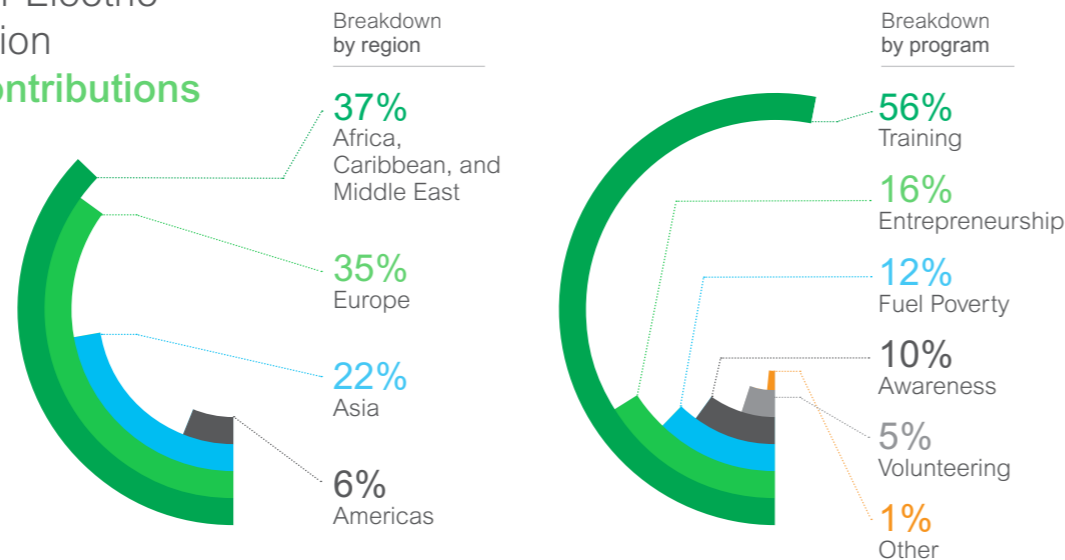


Closing the energy gap together

A source of betterment

The Schneider Electric Foundation historically has focused on providing energy training to help populations from modest backgrounds find jobs. Created in 1998 under the aegis of the Fondation de France, it gradually has expanded its scope to supporting entrepreneurship and raising awareness of sustainable development. Since 2013, it also has turned its attention to energy poverty in more mature economies, promoting accessible and affordable energy as a universal and inalienable right. To carry out its work, the Foundation relies on a network of Schneider Electric employees, 130 delegates covering 80 countries who are in charge of managing its projects locally.

Schneider Electric Foundation 2016 Contributions



Going beyond philanthropy

The Schneider Electric Foundation reaches every country in which the company operates, focusing activities on a single goal and a single belief ...

- A single goal: Reduce the energy gap worldwide.
- A single belief: Employees' commitment makes the difference.



It is crucial for the Schneider Electric Foundation to co-build projects with all the relevant stakeholders. Everyone lends their expertise and credibility to invent the best solutions for fighting the energy divide. Non-profit organizations and social entrepreneurs provide their excellent knowledge of the target populations, the Foundation contributes to the technical skills of employees from Schneider Electric with other companies, and institutions offer their powerful networks.



Patricia Benchenna
Foundation and Philanthropy Director
Schneider Electric



2015 - 2017 BAROMETER
PLANET & SOCIETY
A measured & visible commitment

DEVELOPMENT INDICATORS



1,065*
missions within
Schneider Electric
Teachers NGO

123,839
underprivileged
people trained in
energy management

Results are from end of 2016, as audited by Ernst & Young and Associates.
*Change in scope of consolidation in QA 2016

Schneider Electric Foundation 2016 Key Figures



Several thousand families supported in order to **fight fuel poverty**

4 sustainable development awareness projects

€4 million The Foundation's intervention budget



14 delegates in **80** countries

€14 million financial and in-kind contributions by Schneider Electric employees and entities



An ecosystem for every situation

Since 2013, Schneider Electric has committed to tackling fuel poverty in more mature economies. Drawing on the Schneider Electric Foundation, Schneider Electric has set up a program similar to its Access to Energy program, with three focus areas:

- Raising awareness of energy management among energy-poor households and supporting experiments through partnerships with non-profit organizations fighting fuel poverty
- Investing in social and charitable enterprises, particularly those focused on social housing for the most excluded populations, high-performance renovations, and circular economy
- Developing social innovations and solutions suitable to help energy-poor people reduce their bills and live more comfortably

Tackling fuel poverty

Fuel poverty — the inability to heat one’s home comfortably or affordably whatever the cause (low income and/or high rent and energy bills) — is a major concern in most European and North American countries. The Schneider Electric Foundation supports energy-poor families through innovative social actions and new tailored solutions.

13 social innovation projects



In September 2015, the Schneider Electric Foundation and Ashoka, a non-profit organization specializing in the development of social entrepreneurship, launched a call for projects. “Social Innovation to Tackle Fuel Poverty” was designed to support promising social innovations aimed at improving living standards in six European countries (Belgium, the Czech Republic, France, Italy, Poland, and the United Kingdom). Some 200 projects were studied with a view to revealing new economic models and collaborative practices, and 13 were selected.



The Samenlevingsopbouw project hires out recent equipment to help people reduce their electricity bills and buy more energy-efficient appliances with the savings. We have worked for four months with Ashoka and Schneider Electric experts to accelerate the project and think about how it could be expanded throughout Europe.



Stefan Goemaere
Project Manager
Samenlevingsopbouw
(one of 13 selected projects)

Awareness programs

Energy and climate change are among our greatest challenges. It is possible to do more with fewer resources, right now. The Schneider Electric Foundation supports innovative, ambitious programs by offering its expertise through donations of equipment and skills.



Thanks to our efforts, thousands of participants were able to discover new synergies between innovation, art, and renewable energies, thereby having the chance to truly experience COP22.



Alice Audouin
President & Founder
Art of Change 21

Activating change through creativity

At COP22, which was held in Morocco from November 7 to 18, 2016, the Schneider Electric Foundation was partner of BALAD_E, an event designed by Art of Change 21. BALAD_E joined forces with the renowned artist and “upcycler” Hassan Hajjaj to create an original program linking the fields of culture, sustainable development, and innovation.



Co-create innovative solutions:

Caring about the planet

The interactive Caire Game teaches players how to reduce one’s individual carbon footprint.

Innovation for the environment

Low-tech Lab promotes low-tech innovation that respects people and the environment. Its flagship project is the *Nomade des Mers* catamaran expedition, launched in February 2016. For three years, this floating laboratory will cross the oceans to meet local populations and co-build technologies to meet their energy needs.



Raise awareness:

The many faces of change

Maskbook’s objective is to raise, through art and culture, people’s awareness regarding the impact of climate change on health.

A history of renewables

The Paleo-Energetics fresco traces the history of the discovery of clean and renewable energies across the globe. Did you know that the largest solar installation in 1913 was in Egypt?



All-aboard the learning train

A two-week journey throughout India is unlike any other for 480 entrepreneurial youths. Partnering with Jagriti Yatra, the Schneider Electric Foundation supported this unique program, which enables aspiring leaders to interact with and learn from the country's exemplary social and business entrepreneurs how to develop sustainable solutions to India's unique developmental challenges.



I see the Jagriti Yatra as a critical catalyst in transforming aspiring entrepreneurs into future business leaders. The Schneider Electric Foundation is honored to be a part of this journey. This initiative provides the youth an opportunity to meet their role models, who can inspire them to take informed decisions for a better future for their businesses. With a hands-on learning approach, this 15-day journey across the country is expected to be an important milestone in achieving the goal of building India through enterprise.



Anil Chaudhry
Managing Director and
Country President
Schneider Electric India



Teaching at sea

Employee-volunteers contribute to training missions during their holidays, demonstrating their personal engagement. They have carried out missions worldwide, offering basic training in electricity, sales negotiations, industrial automation, communication, marketing, and more. Franck Serpollet from Schneider Electric France had the amazing opportunity to contribute to the *Nomade des Mers* journey by helping to build low-tech applications on board.

Schneider Electric Teachers

With Schneider Electric Teachers NGO, employees apply for volunteer work to offer their skills and carry out trainings. They represent the link between the company, the Schneider Electric Foundation, and supported organizations in more than 70 countries.



On the *Nomade des Mers* expedition to Dakar, Senegal, I helped design and develop a wind turbine from 100 percent reclaimed materials: PVC tubes, a printer motor, basic electrical components, and more. For under €10, we produced a wind generator that can recharge a mobile phone or motorcycle battery, or power a small irrigation system.



Franck Serpollet
Project Coordinator
Schneider Electric Teachers volunteer



Employees' engagement

A new multilingual platform will enable all employees to apply for volunteer work with The Schneider Electric Foundation partners, such as missions organized by Schneider Electric Teachers. The 130 Foundation delegates will manage the platform, focusing on vocational energy training, supporting energy-poor families, and raising awareness of sustainable development and entrepreneurship.

1,065 Schneider Electric
teacher missions
carried out over the past 4 years

Source: Schneider Electric 2016 Annual Report

A better world

It is Schneider Electric's signature to contribute to a better, more sustainable, and more connected world. We believe strongly that EcoStruxure and our smart energy solutions can help fight climate change in concrete, far-reaching ways. Innovative products and solutions to improve energy efficiency are setting us on a more hopeful climate trajectory.

Our goal is to support business-oriented sustainability for ourselves and our customers — that is, “green for business growth” — while also advancing innovative, corporate social responsibility solutions that close the energy gap worldwide.

By solving the energy paradox through innovation, we can envision a brighter, more sustainable future.

Sustainability: a growth pillar for the company

Sustainability at the heart of our business strategy

The vision of Schneider Electric, the global specialist in energy management and automation, is to help its customers “achieve more with less.”

A structured and consistent sustainability strategy to meet the energy challenge

Our societal project: Act to keep global warming below a 2 °C limit and to reduce the energy gap, with ethics and responsibility.

At the strategic level: integrated into the company program

Sustainability in the initiative “Innovate to support growth”

Objective: Be a partner of choice in sustainability in our innovations and our operations.

5 sustainability megatrends 2015 – 2020

Climate, circular economy, development, ethics, and health & equity.

16 sustainability progress plans 2015 – 2017

The Planet & Society barometer is a “golden KPI” of Schneider Is On dashboard.

At the communication level: integrated and reliable processes

The Planet & Society barometer, commented on by the CFO and the CEO

Non-financial quarterly results are presented together with financial information to institutional investors.

Audited non-financial results

Non-financial information, including barometer's indicators, receive moderate or reasonable assurance.



Schneider Electric integrates sustainability into its overall performance and its decision making and execution processes.

At the operational level: integrated governance involving every level

Board of directors

The HR & CSR Committee approves the sustainability strategy, and analyzes policies and practices.

Executive committee

The sustainability executive committee challenges, aligns with strategy and decides.

Corporate functions and businesses, specific committees, employees

These bodies contribute to sustainability objectives (Planet & Society barometer, CSR criteria in variable compensation) and mobilization programs.

Acknowledgements

Our dear customers and external stakeholders:

Alice Audouin/Art of Change 21, Ashoka, Christian Noce/ENEL, Scott Bosarge/AEG, Charlotte Frérot/Global Compact, China National Building Material Group, Stefan Goemaere/Samenlevingsopbouw, Paul Quigley/UNHCR, Guido Locatelli/ENVIE, Gold of Bengal, Microsoft, Telefónica, Vernon Turner/IDC.

Agencies, partners:

Schneider Electric Global Marketing, NAM and EMEA Creative Studios, provided the writing, design, and project management of this document.

Labrador provided the printing.

Photo credit:

Agence VU, Stéphanie Lacombe, Yvan Brien Photographies, Gautier Demouveau/ASO, Getty Images, Gold of Bengal, Cécile Liénaux, Photothèque Schneider Electric, Nathalie Wirth.

All Schneider Electric teams who contributed to the report:

Schneider Electric Board of Directors, Executive Committee Members, Schneider Electric Women Advisory Board, Thomas André, Brigitte Antoine, Mohammad Aurangzeb, Diana Bacanu, Patricia Benchenna, Anthime Caprioli, Marie Castella, Anil Chaudry, Tania Cosentino, Agnès Dallemagne, Delphine Gieux, Carole Jacqz, Venancio Figueroa, Esther Finidori, Fabiana Galvao, Maxime Goualin, Alcyon Grandizo, Salvator Hernandez, Xavier Houot, Aurélie Jardin, Anurag Kapoor, Diane Le Goff, Emilienne Lepoutre, François Milioni, Johan Mossberg, Lina-Maria Perdomo, Morgane Peloille, Amandine Petitdemange, Vincent Petit, Christophe Poline, Aurélie Richard, Véronique Roquet-Montegon, Abhimanyu Sahu, Franck Serpollet, DK Singh, Agathe Susillon, Laura Taine, Gilles Vermot Desroches, Leslie Zambelli, and more.

The Registration Document filed with France's Autorité des Marchés Financiers (AMF) is available by request on the Finance page of our corporate website: www.schneider-electric.com/company

This report is intended to actively engage stakeholders as critical participants in ongoing conversation about energy efficiency. You will find an overview of Schneider Electric achievements and goals as they relate to current business strategy and ongoing commitment to sustainable development. Our goal is to provide transparent, comprehensive, and succinct information about Schneider Electric, incorporating the concerns of all internal and external stakeholders. Four international frameworks for corporate social responsibility (CSR) reporting information; the Global Reporting Initiative (GRI); the United Nations Global Compact; the Integrated Reporting; and the ISO 26000. The report is available in English and French and there is a digital version: sdreport.schneider-electric.com

This document reflects our commitment to sustainability. We have tried to keep its carbon footprint as low as possible by:

- Printing with vegetable oil-based ink on 100% FSC-certified recycled paper, manufactured using a chlorine-free process
- Printing on Oxygen Inapa Offset paper: 140 g/m2 text and 250 g/m2 cover
- This year printed quantities have been reduced by 50% compared to 2016

Life Is On



The digital version of *Strategy & Sustainability Highlights 2016 – 2017* is available at:

sdreport.schneider-electric.com

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Incorporated in France
Governed by a Board of Directors
with issued capital of €2,369,995,036
Registered in Nanterre, R.C.S. 542 048 574
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