

# *Our sustainable impact on the planet*

Committed people. Decisive action. Measurable progress.



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# Our promise



**Jean-Pascal Tricoire,**  
CHAIRMAN & CHIEF EXECUTIVE OFFICER,  
SCHNEIDER ELECTRIC

At Schneider Electric, sustainability is at the heart of everything we do. Our commitment to it extends across our technology, our value chain, our business model, and our culture.

## Toward a more sustainable world

When it comes to sustainability and especially climate change, I'm neither a pessimist nor an optimist: I'm an activist. We at Schneider take action on climate change by working every day to minimize energy and raw material consumption. This daily action is building the path to reach our commitment to go carbon neutral by 2030. Our solutions span from buildings to industry, from cities to data centers, to drive energy all to do more with less, ensuring Life Is On™ everywhere, for everyone, at every moment.

We believe access to energy is a fundamental right. Our world is transforming rapidly, and our generation is facing a tectonic shift in energy transition and industrial revolution, catalyzed by accelerated digitization in a more electric world. For the first time in history, we can all participate in a step change in efficiency and the rare opportunity to reconcile the paradox between progress for all and a sustainable future for our planet. At Schneider Electric, we provide energy and automation digital solutions for efficiency and sustainability.

To be truly sustainable, these transitions must also be just. True sustainability is wide-ranging, so along with decarbonization and environmental action, we aim for better outcomes in health, equity, diversity and inclusion, and human rights. Within our company, we all share the same values and the vision of who we are, of what we do, and how we should do it. We are empowered to do our best, innovate, and encourage all our people to make a positive impact.

## Our commitments to action

We believe that companies can contribute to making the world a better place for all. For nearly 15 years, we have set credible and ambitious goals through our Schneider Sustainability Impact. Each quarter, we measure our progress toward these goals. Our objectives were developed to align with the United Nations (U.N.) Sustainable Development Goals (SDGs) as well as five sustainability megatrends: climate, circular economy, health and equity, development, and ethics. This report explores the concrete actions we are taking to deliver on these commitments for 2020, 2030, and beyond.

Here is our promise to future generations: We will be part of the solution, taking urgent actions now to co-create a brighter future for everyone, everywhere.

Follow us on:



@schneiderelec

# The energy situation

Today's energy landscape is changing because of **two global megatrends**.

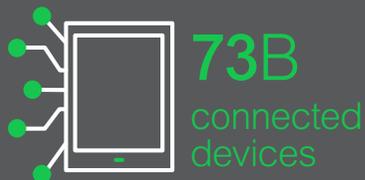
## ELECTRIFICATION

Between 2017 and 2040, worldwide power generation will rise by



## DIGITIZATION

By 2025, 73 billion devices will be connected to the Internet of Things.<sup>2</sup>



The rise of these megatrends poses an **energy equation**.

**BY 2040**, global energy consumption will grow by over



**BY 2050**, the world's population is projected to reach

**9.8 billion people**<sup>4</sup>



**BUT BY 2030**, global CO<sub>2</sub> emissions must drop by 45% to avoid a

**1.5 °C**<sup>5</sup> temperature rise

This equation exists alongside **an energy paradox**: The world must find a way to bring energy-poor populations access to energy while simultaneously fighting climate change.



**1 in 8** people today lacks access to electricity.

**BY 2040**, **700 million people** will still lack access to electricity.<sup>6</sup>



Nearly **2.7 billion people** lack access to clean cooking fuel.<sup>7</sup>

Schneider works to resolve this paradox by taking actions and developing technological solutions to close the energy gap.

# Our path toward a sustainable future

To work toward a just energy transition and energy access for all, we have followed a clear action plan for nearly 15 years. This plan is based on a long-term 2050 vision, with tangible deliverables along the way.

*“In 2018, we performed well on the 21 objectives of the Schneider Sustainability Impact. As a result of our success, we decided to raise our goals and accelerate our work on key challenges, including climate change, biodiversity, development, and health.”*

Gilles Vermot Desroches,  
CHIEF SUSTAINABILITY OFFICER,  
SCHNEIDER ELECTRIC



## 2020

**Reach the 21 commitments of our Schneider Sustainability Impact for:**

- Climate
- Circular Economy
- Health & Equity
- Ethics
- Development



## 2025

- Invest \$10B in R&D
- Train 1 million underprivileged people in energy management
- Phase out sulfur hexafluoride (SF<sub>6</sub>) completely
- Provide energy access to 50 million people
- Support 10,000 entrepreneurs



## 2030

- Achieve carbon neutrality across our extended supply chain
- Reach 100% renewable energy
- Double energy productivity (versus 2005 levels)
- Contribute to the achievement of the U.N. Sustainable Development Goals



## 2050

- Contribute to limit global warming to well below 2 °C, in line with the Paris Agreement
- Continue our deep commitments to sustainable business initiatives such as the U.N. Global Compact

<sup>1</sup> “Energy Access Outlook,” International Energy Agency, 2017.

<sup>2</sup> “8 in 2018: The top transformative technologies to watch this year,” IHS Markit, 2018.

<sup>3</sup> “World Energy Outlook,” International Energy Agency, 2018.

<sup>4</sup> “World population expected to reach 9.8 billion in 2050 and 11.2 billion in 2080,” United Nations Department of Social and Economic Affairs, 2017.

<sup>5</sup> “Special Report: Global Warming of 1.5 °C,” Intergovernmental Panel on Climate Change, 2018.

<sup>6</sup> “World Energy Outlook,” International Energy Agency, 2018.

<sup>7</sup> “Sustainable Development Goal 7,” International Energy Agency, 2019.



## Doing our part to achieve UN SDGs

The United Nations (U.N.) Sustainable Development Goals (SDGs) consist of 17 objectives for protecting the planet, alleviating poverty, and achieving worldwide peace and justice.

Schneider developed 21 initiatives to support the SDGs. Since 2005, we have updated our company's scorecard every three years. By tracking our sustainability performance and publishing our quarterly results, we uphold our commitments to the SDGs and establish ourselves as an industry leader in corporate social responsibility.

Beyond our SSI, we also instill a culture around sustainability through performance incentives for employees and leadership. These incentives encourage leaders to prioritize decisions that improve sustainability performance and uphold the SDGs. Up to 20 percent of the variable portion of our leadership's performance shares depend on achieving SSI targets. In addition, over 15,000 employees in France are incentivized through the SSI.



## What is our Impact?

The 2018 – 2020 Schneider Sustainability Impact (SSI) is a collection of our sustainability goals, grouped under five megatrends. We use the SSI to share and measure our progress toward our sustainability goals. The 2018 – 2020 Schneider Sustainability Impact statement is audited by a third party and progress is published quarterly.

[See full results, page 38 →](#)

2018 – 2020

# SCHNEIDER SUSTAINABILITY IMPACTS

## CLIMATE

**IMPACT #1**  
**80%** renewable electricity

**IMPACT #2**  
**10% CO<sub>2</sub>** efficiency in transportation

**IMPACT #4**  
**25% increase** in turnover for our EcoStruxure™ Energy & Sustainability Services



**IMPACT #3**  
**120 million metric tons** CO<sub>2</sub> saved on our customers' end through our offers



## HEALTH & EQUITY

**IMPACT #9**  
**70%** scored in our Employee Engagement Index



**IMPACT #10**  
**0.88** medical incidents per million hours worked

**IMPACT #11**  
**90%** of employees have access to a comprehensive Well-being at Work program

**IMPACT #12**  
**100% of countries** have fully deployed our Family Leave policy



**IMPACT #13**  
**100%** of workers received 15 hours of learning with 30% of digital learning

**IMPACT #14**  
**90%** of white-collar workers have an individual development plan

**IMPACT #15**  
**95%** of employees working in a country committed to achieve gender pay equity

## CIRCULAR ECONOMY

**IMPACT #5**  
**75% of global sales** under our new Green Premium™ program



**IMPACT #6**  
**200 sites** labeled toward zero waste to landfill

**IMPACT #7**  
**100%** cardboard and pallets for transport from recycled or certified sources

**IMPACT #8**  
**120,000 metric tons** of avoided primary resource consumption



## ETHICS

**IMPACT #16**  
**+5.5 pts / 100** in average score of ISO 26000 assessment for our strategic suppliers

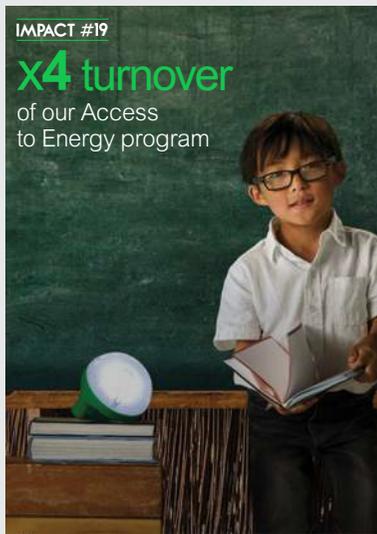
**IMPACT #17**  
**350 suppliers** under Human Rights & Environment vigilance received specific, on-site assessment



**IMPACT #18**  
**100%** of sales, procurement, and finance employees trained every year on anti-corruption

## DEVELOPMENT

**IMPACT #19**  
**x4 turnover** of our Access to Energy program



**IMPACT #20**  
**400,000** underprivileged people trained in energy management



**IMPACT #21**  
**15,000 volunteering days** thanks to our VolunteerIn global platform

Chapter 2 | CLIMATE

*Ethan, we're changing our energy habits to create less pollution starting now.*



# Creating a climate for change

*“We can build a fair, ethical, and just energy transition. We can create climate-resilient pathways to go to zero carbon. It is possible.”*

Leonid Mukhamedov,  
EXECUTIVE VICE PRESIDENT,  
STRATEGY  
SCHNEIDER ELECTRIC



Schneider is taking urgent climate action. It starts with our core offer — the EcoStruxure platform, which helps thousands of our customers worldwide drastically reduce their energy use. The EcoStruxure platform also supports our commitment to shift to 80 percent renewable energy by 2020.

We are also on track to go carbon neutral by 2030. We will accomplish this through more investment in renewable electricity and major energy efficiency gains across our supply chain. Through these efforts, we, along with more than 160 signees to the RE100 100-percent renewable commitment, will show the global business community that sustainability drives profitability.

In 2018, we made important progress in minimizing carbon emissions for our customers and for our own company.



The United Nations (U.N.) 2018 Special Report on Global Warming sets an ambitious target for emissions reductions. Meeting this goal will help protect the planet for future generations.

## How we contribute

In pursuit of U.N. Sustainable Development Goals 7 and 13, we strive to ensure everyone has access to clean energy, while we simultaneously combat climate change.



BY  
**2020**

**80%**  
of our company powered  
by renewable electricity

**40%**  
energy efficiency improvement  
in our company



BY  
**2030**

**100%**  
of our company powered  
by renewable electricity

**100%**  
carbon neutral

**2x**  
energy productivity  
compared to 2005

# EcoStruxure: bridging IT and OT for sustainable growth

The EcoStruxure platform is an essential part of our promise to reduce our customers' CO<sub>2</sub> emissions by 120 million metric tons by 2020. EcoStruxure is our IoT-enabled solution that increases operational and energy efficiency. It gives our customers extensive visibility and control over energy use, thus empowering them to pursue sustainability goals.

## How EcoStruxure solutions drive sustainability

- Digital tracking vastly improves monitoring and reporting of energy use, carbon reductions, and sustainability performance.
- Customers using EcoStruxure have reduced carbon emissions by up to 50%.



### LEARN MORE →

Discover stories about how EcoStruxure Energy & Sustainability Services and our other clean technology drive carbon optimization in our new report on digital transformation.

## EcoStruxure Energy & Sustainability Services by the numbers

**40M**

metric tons of  
CO<sub>2</sub> controlled

**\$30B**

energy spend  
overseen for clients

**430,000**

client sites managed by  
EcoStruxure Resource  
Advisor software

**2.4+**

gigawatts installed  
capacity of newly built  
wind and solar projects  
globally in 2018

**8,500+**

global LEED®-certified green building  
projects receive EcoStruxure Energy  
& Sustainability Services advisory  
services for renewable energy  
certificates and carbon offsets

## Making an iron-clad commitment to renewable energy

Iron Mountain® is a global leader in storage and information services, operating more than 1,400 facilities in over 50 countries. Along with Schneider, it is a member of the RE100 initiative, a commitment among the world's leading companies to use 100 percent renewable power by 2050.

Here's how Schneider E&SS helps Iron Mountain® achieve their RE100 goal and manage their energy sustainably:

- Evaluating and negotiating large-scale power purchase agreements around the world, such as a recent 145 MW wind power deal in the U.S.
- Analyzing 1,100 Iron Mountain® sites to report on and manage a wide range of emissions
- Identifying substantial savings opportunities in the complex energy landscape

*“When you consider the sheer amount of electricity required to power our entire operational portfolio, it’s truly remarkable to hit these milestones in a ‘business-positive’ manner that reduces utility expenses, stabilizes rates and reduces the business risks associated with fossil fuels.”*

Kevin Hagen,  
VP OF ENVIRONMENTAL, SOCIAL,  
AND GOVERNANCE STRATEGY,  
IRON MOUNTAIN



### LEARN MORE →

We surveyed over 300 industry professionals on the transition to an energy-efficient and sustainable future. The data may surprise you.

## A global turn toward renewables

To reach 100 percent renewable energy by 2030, we harness our own products and solutions. We manage our energy use in over 250 sites using our own tools — EcoStruxure Resource Advisor, controllers, inverters, and more.

### Steady progress in changing times

- On-site solar projects ongoing in all regions
- Green tariff opportunities progressing in Europe and South America
- Renewable certificates secured with the support of EcoStruxure Energy & Sustainability Services



### On-site solar in China

In China, six new on-site solar arrays were commissioned in 2018. These arrays are expected to produce over 2,000 MWh of renewable electricity each year — the same amount of energy created by burning 1.5 million pounds of coal.<sup>1</sup>

<sup>1</sup> "Greenhouse Gas Equivalencies Calculator," U.S. Environmental Protection Agency, December, 2018.

Chapter 3 | CIRCULAR ECONOMY

*Emma, we'll use fewer  
natural resources today so  
you'll have more tomorrow.*



## An idea worth circulating

*“The circular economy is a global strategic transformation that is central to everything we do. It benefits the planet, improves our customers’ performance, helps governments and countries through local job creation, and leads to sustainable relationships with our customers.”*

Mourad Tamoud,  
EXECUTIVE VICE PRESIDENT,  
GLOBAL SUPPLY CHAIN,  
SCHNEIDER ELECTRIC.



The circular economy is part of everything we do at Schneider: it lowers total cost of ownership for our customers; it preserves precious natural resources for the future; and it creates new revenue and jobs for our own company. It’s a win-win-win for the triple bottom line.

The goal of a circular economy is to extract the maximum value of goods and resources across their lifespans, including end-of-life recovery. To do this, we go beyond the 3Rs, and follow the 5Rs: repair, refurbish, remanufacture, reuse, and recycle. Our efforts in adopting and promoting circularity gained recognition when we earned The Circulars 2019 award (in the Multinational category), the world’s premier circular economy award.

In 2018, we continued to infuse our product life cycle with circular principles, from R&D to end-of-life services.

Here are our key Circular Economy initiatives for 2018 – 2020:

- Enhanced recycling and take-back initiatives
- Significant expansion of our Green Premium product program



As natural resources become scarcer and more expensive, we need to change the journey of goods from a linear “take-make-dispose” approach to a circular economy.

[DOWNLOAD NOW →](#)

Learn how the circular economy affects return on investment.

## An ongoing tradition of green design

### 2003

European Union (EU) adopts the Restriction of Hazardous Substances directive

### 2007

EU adopts the Registration, Evaluation, Authorization, and Restriction of Chemicals regulation

### 2008

To aid compliance with these regulations, Schneider introduces the Green Premium ecoLabel

### 2015

Schneider creates the ecoDesign Way™, embedding a green approach in new offer creations

### 2018

Green Premium ecoLabel is updated with more value propositions for services, solutions, and products



## Going circular, around the world

To deliver on our promise, we applied circular economy principles across our global value chain, from energy management, to research and development, to end-of-life recycling programs. We also track and externally audit our industrial activities so that we can be sure we are hitting the mark.

These actions aren't peripheral sustainability performance measures — they're core to our business. By focusing on green design, green manufacturing, and circular services, we equip Schneider's business for an uncertain energy and resource landscape. In fact, these practices are so beneficial to our business that we were able to exceed our 2018 benchmarks by 30 percent.

### How do we make these savings possible?

- ecoFit™, our modernization program, extends equipment longevity.
- Enhanced recycling and take-back services ensure old equipment stays out of landfills.
- Green product design reduces the need for new resource inputs.



## The Green Premium program ensures our offers:

- Deliver environmental value propositions to our customers
- Provide transparency on the content of product materials
- Feature 360° environmental information, such as carbon footprint data
- Comply with or surpass regulations (e.g., REACH, RoHS, Prop 65)
- Offer end-of-life management options for enhanced recyclability

## Setting a standard for circular principles

Through our Green Premium program, we improve the environmental performance of our products, services, and solutions. We have integrated eco-design principles into our offer creation process, thereby allowing us to consider environmental criteria during the design phase. These considerations in turn enhance circular performance and minimize the environmental impacts of our offers.

The Green Premium program provides our customers with eco-friendly products that are also more durable, upgradeable, or both. By ensuring longer product lifetimes, we help customers minimize total cost of ownership. Beyond the product level, our solutions harness IoT connectivity to drive energy efficiency, ensure intelligent natural resource management, and thus shrink our customers' CO<sub>2</sub> footprints.



Now customers can check their Green Premium products using the mySchneider app.

Available for iOS™ and Android™ devices, the mySchneider app offers instant, on-the-go access to comprehensive product information. Customers can also access tailored services, expert support, and 24/7 access to our catalog.



Chapter 4 | HEALTH & EQUITY

*Yousuf, we promise to  
help people care for  
their families.*



# Our Health & Equity focus

*“The Employee Value Proposition at Schneider Electric is our way of promising an enriching work experience to all our people. We want our employees — no matter who they are, or where in the world they live — to feel that they can be at their best every day.”*

Olivier Blum,  
EXECUTIVE VICE PRESIDENT,  
GLOBAL HUMAN RESOURCES,  
SCHNEIDER ELECTRIC



In developing countries, human health will be increasingly affected by climate change. Other countries will face increased stress and lifestyle-based disorders. We intend to offset this with proactive policies to support employees around the world.

The Health & Equity megatrend focuses on our greatest resource — our people. We’re taking action to establish work / life balance while providing equal opportunity for today’s workforce, and the next generation.

Well-being in the workplace is too often overlooked. Creating a sustainable workforce means prioritizing employee wellness. We introduced a new People Vision in 2018 to transform our Employee Value Proposition and the way we work every day.

A year of momentum, 2018 advanced Health & Equity at Schneider Electric. Well-being, learning and development, and safety were among our top priorities. By promoting wellness through our programs and policies, we move closer to achieving our people-focused sustainability goals.



## Our Voice is OneVoice

Every year, employees have the opportunity to speak up via the OneVoice survey. Managed by an independent polling firm, it provides a detailed view of our employees.

**100%**  
of employees surveyed

**81%**  
participation rate in 2018,  
improved from 62% in 2011

**67%**  
score achieved on the  
Employee Engagement  
Index, up 2 points from 2017



# A vision of positive change

Great people make Schneider Electric a great company. To strengthen our commitment to current and future employees, our new EVP differentiates us as a company to work for. It's our commitment to engage existing and future talent by ensuring they will:

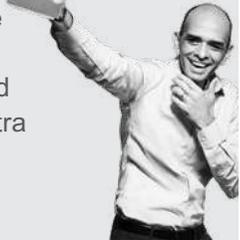
- Find their work meaningful.
- Be in an inclusive environment.
- Be empowered.

## Core values

Our core values guide the way we work and act, helping to transform our EVP into reality. They are:

**CUSTOMER FIRST**

Anticipate customer needs and go the extra mile.



**DARE TO DISRUPT**

Experiment and act fast to ensure Life Is On.



**EMBRACE DIFFERENT**

Equal opportunities help us feel uniquely valued and safe to be at our best.



**LEARN EVERY DAY**

Be curious, listen, and be a lifelong learner.



**ACT LIKE OWNERS**

We are individually empowered and collectively driven.



## Wellness

Supporting a healthy lifestyle for all employees everywhere is a key part of our Health & Equity initiatives. That's why we foster an environment that helps our people better manage their energy across their unique lives. On-site Well-Being Labs offer a health-focused experience through learning, events, and more.

## Diversity and Inclusion

Different is beautiful. We have a strong commitment to an inclusive culture and gender equality. That's why 42 percent of our board members are women, and so are 40 percent of our new hires and 21 percent of global leadership. Further, our Gender Pay Equity initiative promotes equal pay for equal work.



## Global Family Leave

Our Global Family Leave Policy supports the diverse needs of every employee. Schneider Electric provides fully paid parental, care, and bereavement leave in countries that cover 75 percent of our workforce. We recognize that the definition of family, life, and work vary from person to person. We target 100% coverage by 2020.



# Learning Week

Celebrating its fifth year in 2018, Learning Week once again contributed to our learning culture strategy. It invites employees around the world to collaborate, cross-train, and participate through events such as webinars and workshops on key subjects, collective e-learning, roundtables with leaders, games, contests, and more.

**50K**  
participants

**87%**  
are likely to recommend to a friend or colleague

**91%**  
discovered new subjects

**84%**  
of respondents satisfied

# Celebrating our learning culture

In the spirit of lifelong learning, we challenge ourselves to learn every day. To this end, employees are actively tasked with completing training hours each year. Employees worldwide are invited to participate in Global Learning Days, Learning Week, and other opportunities for growth and success. Learning opportunities help maintain a highly skilled workforce.

## Development

New as of 2018, our employees are required to hold development discussions and set development goals. We ensure all employees have equal opportunity to grow to their fullest potential by offering robust development, learning, and career opportunities around the world. Development discussions and plans serve as the foundation for each employee to bring their sustained growth in the company to life.



### Go Green in the City

Entering its ninth year in 2019, Go Green in the City has become one of the biggest global student competitions for engineering and business students worldwide. The 2018 winning team created a new Organic Photovoltaic Greenhouse System that generates energy from the greenhouse cover material. It can generate sustainable energy off-grid to increase crop production and advance the global fight against hunger.

**+24K**  
applicants

**163**  
countries

**3,190**  
universities represented

## Safety

As an industry that counts more than half of its people in factories or the field dealing with electricity, we must show zero tolerance when it comes to accidents. This is why we've established the ambitious goal of 0.88 medical incident per million hours worked, up to 2020.



Chapter 5 | ETHICS

*Ravi, we'll make sure the companies we work with do the right thing, too.*



## Our Ethics focus

*"In response to growing pressure from regulators, investors, and clients, ethics is entering a new phase. Beyond commitments, what's at stake is consistency between the talk and the walk to amplify trust across vast ecosystems of stakeholders, from employees to business partners and consumers. It's no easy task for globalized operations combining merging and complex value chains that are experiencing deep digital transformations."*

Farid Baddache,  
MANAGING DIRECTOR,  
BSR



Increasing demands and expectations from stakeholders for more integrity and transparency is putting pressure on companies. At the same time, governments and legislators are imposing new laws to better regulate business activities. In recent years, this development has been particularly evident concerning respect for human rights and prevention of corruption.

At Schneider Electric, prioritizing human rights and anti-corruption is critical to our work environment. That's why we go beyond regulatory compliance to conduct business ethically, sustainably, and responsibly. These guiding principles are at the heart of our corporate governance.

Thus, we are taking actions to create fair and ethical business practices not just for ourselves, but also for our suppliers, and we are proud to be named one of the World's Most Ethical Companies® by the Ethisphere® Institute in 2018 for the ninth consecutive year.

In 2018, great strides were made in the area of Ethics, respecting human rights and advancing anti-corruption. We take this a step further by holding our suppliers and partners to the standards we set for ourselves. But we know that it's not enough to share our goals; we must also measure our progress.

Learn how else we're progressing toward the Ethics goals we've made through 2020.

### Ethics by the numbers

8

consecutive years ranked in Top 100 World's Most Ethical Companies® by the Ethisphere® institute

30

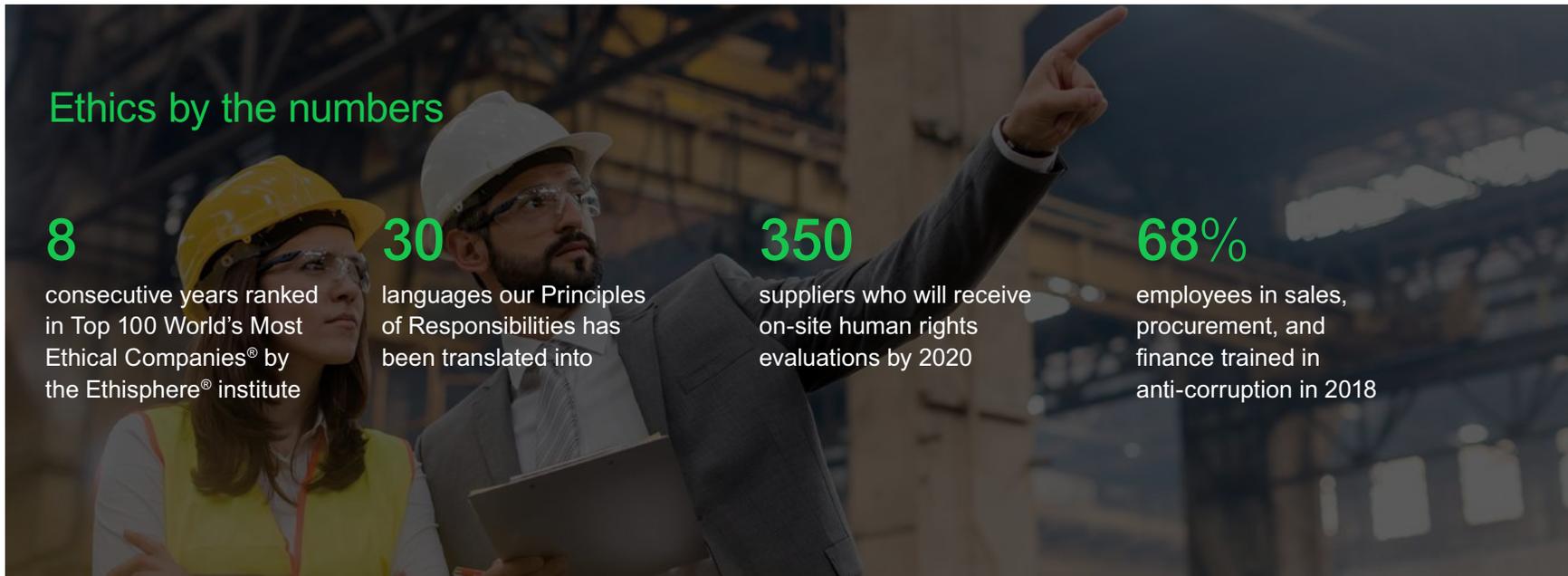
languages our Principles of Responsibilities has been translated into

350

suppliers who will receive on-site human rights evaluations by 2020

68%

employees in sales, procurement, and finance trained in anti-corruption in 2018



# Principles of Responsibility

*“All people should have their fundamental human rights respected. At Schneider Electric, we've got to avoid any human rights abuse and as a multinational, we need to go beyond the laws or regulations on forced and child labor. We also have to make sure our third parties follow our commitment and act to prevent human rights violations.”*

Jean-Pascal Tricoire,  
CHAIRMAN & CEO,  
SCHNEIDER ELECTRIC



Our Principles of Responsibility (PoR) is our frame of references that drive our Ethics & Compliance Program. The Schneider PoR outlines the legal and ethical fundamentals that guide our daily work. It informs our commitments to employees, business partners, shareholders, the planet, and society, driven by three fundamentals.

- 1. Be in compliance with laws:** We will not tolerate any violations of applicable laws.
- 2. Act ethically:** We will follow the ethical rules of conduct that must guide our respective occupations.
- 3. Respect the principles of corporate social responsibility:** We commit to making the most of our energy to produce an overall positive impact on society.



Our PoR aligns with the 10 principles of the Global Compact of the United Nations, the Universal Declaration of Human Rights, and standards issued by the International Labor Organization and the Organization for Economic Cooperation and Development. Newly updated in 2019, our Principles of Responsibility takes a step forward in our evolving world.

## Ethics & Compliance governance





## Anti-corruption

At Schneider Electric, we have a zero-tolerance policy toward corruption and other unethical practices. As such, and to be in compliance with the relevant anti-corruption laws (in particular the American FCPA, the British UKBA, and the French Sapin 2 law), we have put in place an Anti-Corruption Code of Conduct. The document identifies and defines risks related to corruption and describes behaviors expected from each employee and the governing bodies of Schneider, as well as complementary policies and procedures (such as the Gifts & Invitations and Business Agents policies). Moreover, employees most at risk have been trained through a dedicated anti-corruption e-learning.

Because we cannot fight corruption alone, we partner with Transparency International France and are members of “The Circle of Business Ethics” (“Le Cercle d’Ethique des Affaires”).

## Human rights and duty of vigilance

In compliance with the 2017 French Duty of Vigilance law, Schneider created a Vigilance Plan to identify and prevent potential risks related to human rights, health and safety, and the environment. In addition, we continue to play a leading role in shaping business practices. In 2018, our Chairman & Chief Executive Officer Jean-Pascal Tricoire was appointed to the board of the United Nations Global Compact. This is the world’s largest corporate sustainability initiative, and a call for companies to align strategies and operations with universal principles on human rights, labor, environment, and anti-corruption.



## Sustainable suppliers

Who we work with is just as important as how we work. That’s why we partner with diligent suppliers, challenging them to make progress against the ISO 26000 guidelines, and act in an ethical and transparent way that contributes to the welfare of society. We aim to increase the score of ISO 26000 assessment for our strategic suppliers by 5.5 pts / 100 during the 2018 – 2020 period in our Schneider Sustainability Impact. Further, we offer a Supplier Guidebook to outline expectations and commitments for suppliers worldwide.

In 2018, we joined the Responsible Business Alliance (RBA) — a non-profit coalition of 120+ companies that promote high standards in human rights, safety and security, environmental protection, and business ethics. This allows us to step up accountability for suppliers most exposed to human rights or environmental risks.

Chapter 6 | DEVELOPMENT

*Ying, we promise to offer  
more people access to energy.*



# Amplifying our energy

*“The decentralized renewable energy sector, including household solar and mini-grids, is entering a new phase — one that goes beyond access and focuses on the benefits of delivering electricity to 1 billion people worldwide living without it. These solutions satisfy consumer aspirations, power rural economies, and create jobs and better livelihoods to help empower unemployed or under-employed youth and women.”*

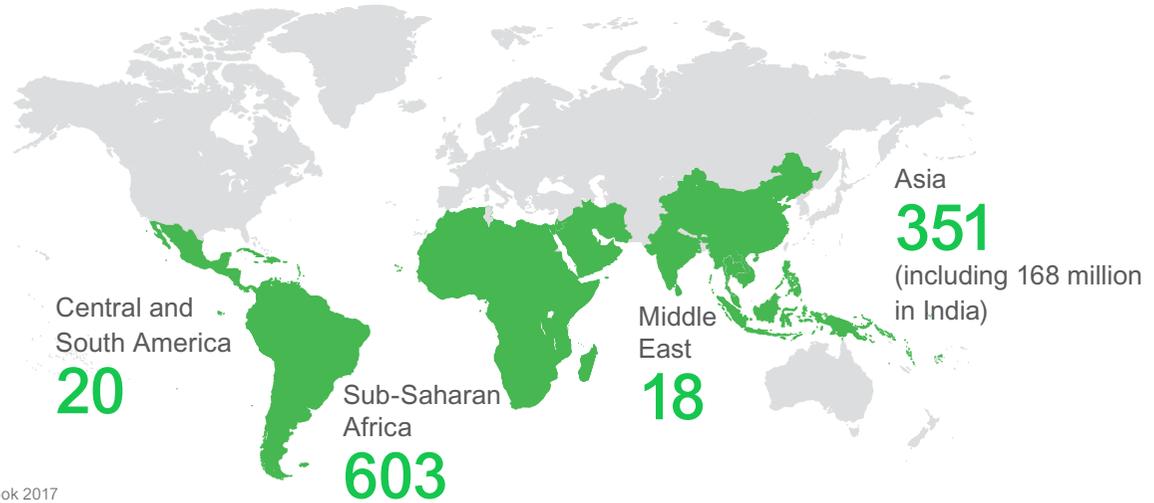
William Brent,  
CHIEF COMMUNICATIONS OFFICER,  
POWER FOR ALL



The Development megatrend addresses today’s energy paradox, in which world energy usage is ever-increasing, yet 1.1 billion people do not have access to electricity<sup>1</sup>. We believe access to energy is a fundamental right, so we must act to provide energy in a way that is safe, sustainable, and responsibly managed.

We must also cultivate innovative business models that promote economic development in rural areas. This includes entrepreneurship and engaging communities, collaborators, and non-profits through training, funding, and volunteering. In keeping with our commitment to the U.N.’s Sustainable Development Goals for energy-poor communities, we developed offers and business models for our Access to Energy program, and collaborations via the Schneider Electric Foundation.

Worldwide electricity deficit 2017<sup>1</sup>  
(in millions of people)



Source: International Energy Agency World Energy Outlook 2017



# Access to Energy

*“In committing to achieving carbon neutrality by 2030, one of our strategic ambitions is to quadruple the number of people gaining access to energy through the aid of our solutions. In other words, we’re talking about roughly 80 million people with access to energy gained since 2009, when the program was created.”*

Gilles Vermot Desroches,  
CHIEF SUSTAINABILITY OFFICER,  
SCHNEIDER ELECTRIC



**WATCH →**  
Villaya Community: A solution to provide energy for off-grid areas.

Our mission is to ensure that Life Is On everywhere, for everyone, at every moment. Our Access to Energy program is a key part of this promise, in which local stakeholders, residents, and customers bring safe, clean, and sustainable electricity to communities around the world.

## Energy for all

In pursuit of U.N. Sustainable Development Goals 4 and 7, we strive to ensure everyone has access to energy and lifelong learning.

### Our development priorities

**24M**

People we've helped access energy via our offers since 2009

**50M**

People we'll help access energy via our offers by 2025

**400K**

Underprivileged people we'll train in energy management by 2020

**10K**

Entrepreneurs we'll support by 2025

## Offers and business models

Renewable off-grid products and solutions deployed commercially through adapted business models.



In 2018, we presented Villaya Emergency for easier access to energy in emergency situations, with the ability to deploy — on-site in less than 30 minutes. An important advancement for electricity in humanitarian emergencies.

The Homaya Solar Hybrid System ensures reliable access to energy through a hybrid electrification solution that draws from the grid, solar panels, or batteries, depending on availability.



We partnered with the Department for Rural Development of Myanmar on an initiative to bring electricity to 40,000 villages via microgrid. Delivering technology, design, and engineering services in the project's first stages allowed us to provide electricity for fishermen and farmers on Kenti Island.

## Accelerating economic development



We joined with the French Development Agency and the European Institute for Cooperation and Development to provide access to electricity and support agricultural production in Donvagne, northern Côte d'Ivoire. This project provided 100 solar kits and lamps to the area's most vulnerable households. It also provided the local women's cooperative with a mill, kneading machine, and refrigerators powered by a 25kW solar microgrid.

## Impact investing

Within Access to Energy is the Schneider Electric Energy Access (SEEA) impact investing fund to support small and medium companies with innovative energy access solutions. We also support the Energy Access Ventures Fund, investing €60 million in Africa to provide electricity for a million people. The fund is jointly backed by Schneider Electric, CDC Group, the UK Department for International Development (DFID), European Investment Bank, FISEA-PROPARCO, OFID, and AFD-FFEM.



## Training and entrepreneurship

We joined a coalition to massively expand training in the energy sector through the Power for All #PoweringJobs campaign. Meant to address the skills gap in emerging countries, Powering Jobs also aims to speed up the deployment of decentralized renewable energy solutions.

We joined the Jesuits to launch two electricity training programs for underprivileged people in Lubumbashi. We have committed to designing the training programs and providing equipment and training for 500 workers by 2020.

We teamed with Initiative France to launch a program supporting entrepreneurship in energy-related trades in Burkina Faso — an area that struggles to create sustainable jobs, particularly for women and young people. Four



local platforms are being set up to develop an ecosystem by providing technical skills, financing solutions, and support for business creation. Schneider has committed to providing technical training and financing loans for 80 entrepreneurs by 2021.

The renewable energy job market looks bright.



The direct job potential for decentralized renewable energy solutions is 4.5 million by 2030.<sup>1</sup>



Data suggests that solar lighting could generate 2 million jobs.<sup>2</sup>



In India, rooftop solar creates 7x as many jobs per megawatt as utility-scale solar.<sup>3</sup>



Replacing kerosene lamps with solar lighting systems could create 500,000 new jobs in West African countries.<sup>4</sup>

<sup>1</sup> "#PoweringJobs Launched to Build Energy Access Workforce," Power for All, 2018.

<sup>2</sup> "Job creation and energy savings through a transition to modern off-grid lighting," GOGLA, 2016.

<sup>3</sup> "Greening India's Workforce: Gearing up for Expansion of Solar and Wind Power in India," CEEW, 2017.

<sup>4</sup> "A Bright Outlook for Employment in the Transition from Fuel-Based Lighting to Electrical Alternatives," UNEP, Light and Livelihood, 2014.

# Schneider Electric Foundation

The Schneider Electric Foundation (under the aegis of the Fondation de France) uses innovation and community engagement to invest in education, reduce the energy gap, and increase sustainability awareness. The Foundation marked its 20th anniversary in 2018.

## Foundation mission

The Schneider Electric Foundation supports forward-looking initiatives to give as many people as possible the energy they need to succeed. It is this pioneering spirit that the Foundation is seeking to advance. We see our role as a catalyst for technological, social, and entrepreneurial innovation helping to close the energy gap and striving for a more equitable energy transition around the world. The Schneider Electric Foundation's aim is to help build a fairer, lower-carbon society to give future generations the keys to transform our world.



### What do we offer?

- **Education:** Ambitious vocational training programs in the electricity sector for underprivileged communities, providing access to energy in emerging countries
- **Social Innovation:** Impactful projects supporting low-income families, combating household energy poverty in Europe
- **Awareness:** Future-thinking and inclusive initiatives, raising awareness about the challenges of climate change



### How do we do it?

- **Meaningful actions:** Local communities of volunteers to ensure that the initiatives take concrete shape in over 80 countries
- **Cooperation:** Partnerships with businesses, associations, collectives, and state authorities to develop initiatives and create synergies
- **Advocacy:** For initiatives driving impactful change to help close the energy gap



# Schneider Electric Foundation by the numbers

**100+**  
projects

**196,162**  
young or  
underprivileged  
people supported

**5,691**  
days of  
volunteering

**€19.6M**  
total community  
investment

**80+**  
countries  
helped

# #GIVING TUESDAY

## The Foundation supported #GivingTuesday 2018

The Foundation supported #GivingTuesday 2018 across 41 countries with actions including crowdfunding campaigns, collections, contributions of skills, concerts, and more. We became the first corporate foundation to join the movement in France. More than 7,000 employees had the chance to see the campaign, representing half of the Schneider workforce in the country.

## Addressing energy poverty

At COP24, the Foundation — together with social entrepreneurship organization Ashoka — launched a new call for the Social Innovation to Tackle Fuel Poverty program. It aims to identify innovative organizations working in energy poverty and energy sustainability, who will receive support through a fully funded mentoring program to leverage their positive impact on society and the environment.

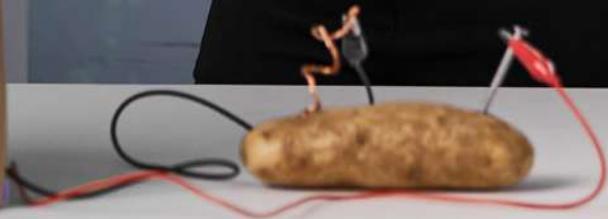
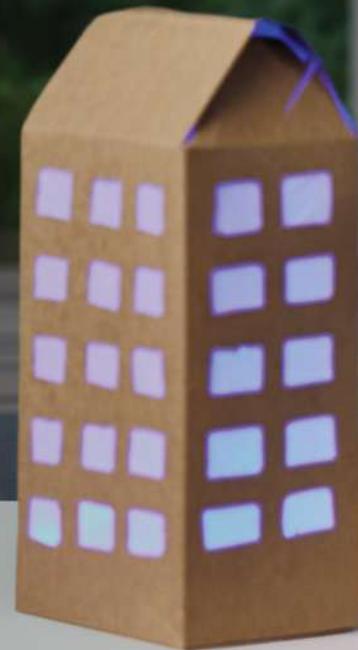


### COP24

We joined international stakeholders in the areas of social entrepreneurship, energy, culture, and climate at COP24 — the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change — allowing us to raise awareness for sustainability. COP24 was held in Katowice, Poland, in December 2018. Highlights included a “Artists and the Climatic Challenge” conference with Art of Change 21, as well as two conferences and a workshop on fuel poverty in partnership with the international NGO Ashoka. Part of Art of Change 21, the Maskbook art project raises awareness on the high stakes of air pollution and climate change by transforming the dust mask into a symbol for positive action. These initiatives demonstrated that creativity and innovation are major levers of transition.

Chapter 7 | COMPANY PERFORMANCE

*Sustainable growth is  
business growth.*



# 2018 Year in review

*“2018 is another year of acceleration of our strategy execution. We provide our customers with complete solutions, cross-selling multiple technologies, more products provided through an enlarged network of partners, more services, more software, and a more targeted development of systems, which creates a solid base for growth in 2019.”*

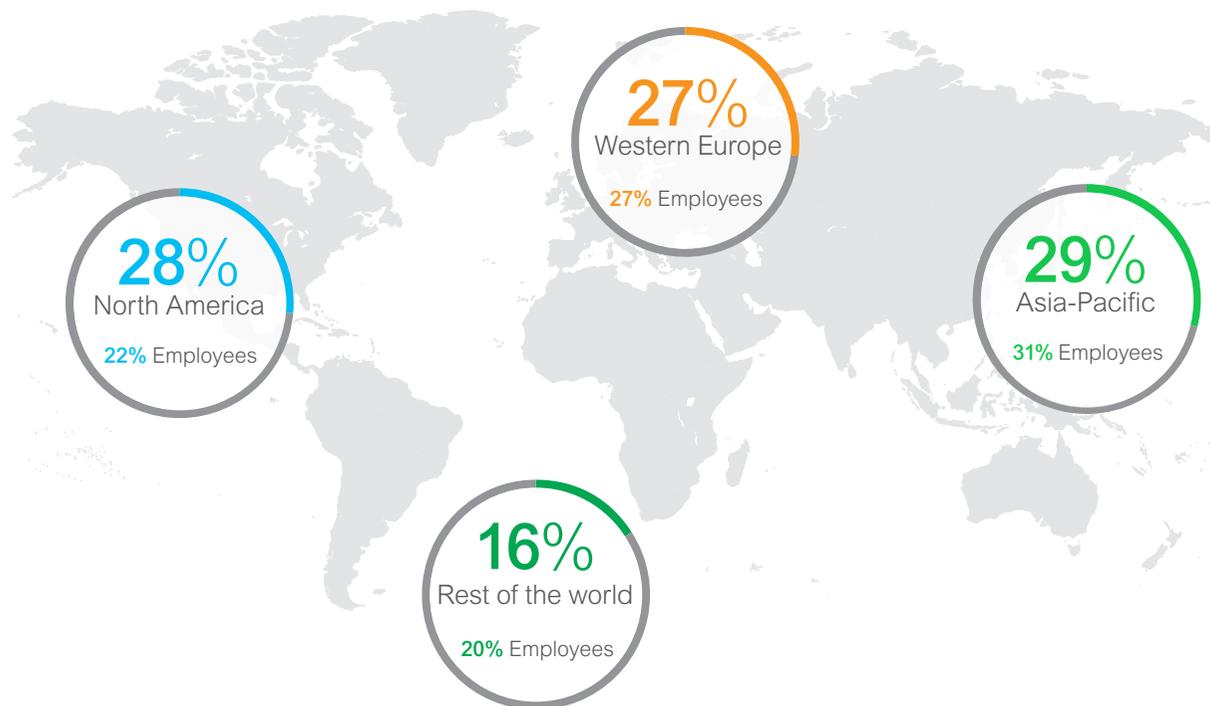
Emmanuel Babeau,  
DEPUTY CHIEF EXECUTIVE OFFICER,  
FINANCE AND LEGAL AFFAIRS,  
SCHNEIDER ELECTRIC



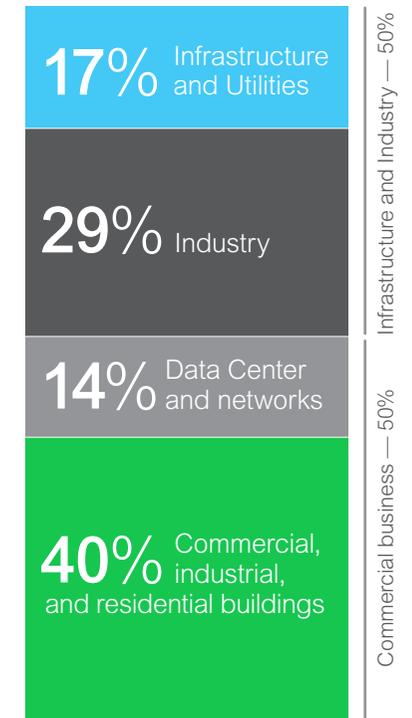
Taking positive action is central to our mission. This was a year of strong progress toward our global sustainability and business goals. Along with an organic revenue growth of 6.6 percent, we saw record-highs for net income and earnings per share. We consolidated toward our core businesses of energy management — regrouping Medium Voltage, Low Voltage, and Secure Power — and industrial automation. Looking to 2019, we continue to target a profitable growth of 3 to 5 percent and an improved margin thanks to more innovation and technologies for customers worldwide.



## Revenue and employees by geography



## Four end markets



## 2018 key figures

**€25.7B**  
Revenue

**€3.9B**  
adjusted EBITA



**5%** of revenue devoted to R&D



**137,000+** employees in more than 100 countries

**24%**



**INDUSTRIAL AUTOMATION**

No. 4 worldwide

**76%**

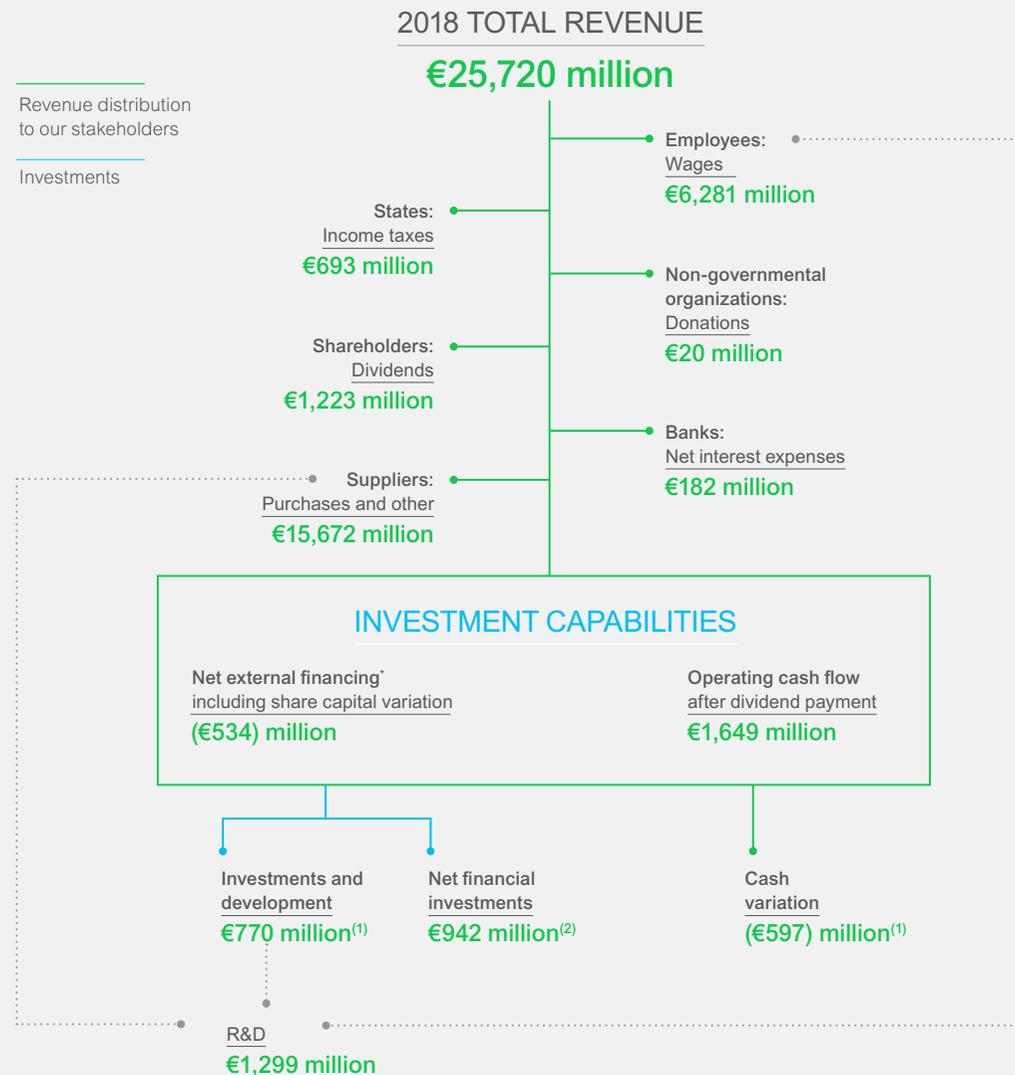


**ENERGY MANAGEMENT**

No. 1 worldwide  
(Medium Voltage, Low Voltage, Secure Power)



## Revenue distribution to our stakeholders



\* Borrowings, capital increases, and treasury stock disposals.

<sup>(1)</sup> Of which €315 million in R&D.

<sup>(2)</sup> Of which €174 million for long-term pension assets.

## Recognitions and awards



Ranked 2nd in our industry in the Dow Jones Sustainability Indices, 2017 – 2018

Named among **2019 World's Most Ethical Companies®** by the Ethisphere® Institute for the ninth consecutive year



The Circularity

Received "The Circularity 2019" **award for engagement in the circular economy** from the World Economic Forum and the Forum of Young Global Leaders



Included in the **2019 Bloomberg Gender-Equality Index**, for the second year

Named one of the **World's Most Admired Companies** by Fortune® Magazine



Eight straight years on the **CDP Climate "A List"**

Listed on 2019 CDP Supplier Engagement Leader Board **for supporting suppliers in the fight against climate change**



Ranked in the **top 15 companies in the world for Gender Equality**, according to Equileap

Recognized as the **Lighthouses of the Fourth Industrial Revolution** by the World Economic Forum



POWER OF THE PROFESSION AWARDS

**Customer Innovation of the Year** in SCM World's 2018 Power of the Profession Awards



Voted **Best Place to Work in France** in the Glassdoor Employees' Choice Awards, 2018

Ranked 12th on **Gartner's Supply Chain Top 25** for 2018

**2019 CATALYST AWARD**

*Winner*

One of four companies to receive the **2019 Catalyst Award for safe and inclusive workplaces** where women can advance

Seven straight years on Corporate Knights' "Global 100" list of the **world's most sustainable corporations**

## 2018 mergers and acquisitions

Our acquisition strategy helps us strengthen our position in leading the digital transformation of energy management and automation and optimizing our portfolio.



IGE+XAO is a leader in design software for electrical installations and will reinforce the software offer of Schneider Electric in a field complementary to products and solutions supplied for electrical distribution.



Aveva is a leader of engineering, design, and information management software for process, plant, and marine industries, strengthening the Schneider Electric position in process and hybrid industries.

## Digital growth

### CONNECTIVITY



**2 million** assets managed — up 34% from 2017

### EXPERIENCE



**14** Innovation Summits gathering **20,000** customers

**650,000+** channel partners on our digital portal

### SCALE



Single- and double-digit growth across segments, driven by EcoStruxure

### ECOSYSTEM



**20,000+** system integrators and developers

Connected customers **X3** since 2015

## Our business model

We believe that great people and partners make Schneider a great company, and that our commitment to innovation, diversity, and sustainability ensures that Life Is On everywhere, for everyone, at every moment.

### Our resources

#### Human

**137,000** employees  
82% of independent administrators

#### Innovation

5% of revenues invested in R&D  
**8,500** R&D engineers

#### Industrial

**230** industrial and logistics sites certified ISO 14001  
**98** distribution centers around the world  
**178** sites labeled towards zero waste to landfill

#### Environmental

Procurement volume > **€12B**  
Energy consumption **1,258 TWh** equivalent  
Water consumption **2.7M m<sup>3</sup>**

#### Financial

Shareholders' equity, **€22.3B**  
Free cash flow, **€2.1B**  
Green Bond, **€300M** emitted in 2015

### Our ecosystem

Our ecosystem includes two core offerings of energy management and industrial automation serving the energy transition and Industry 4.0. We offer integrated and digitized solutions through EcoStruxure — our global platform for efficiency and sustainability.

With a presence in 100+ countries, Schneider is a global leader in power management — medium voltage, low voltage, and secure power — and in automation systems.





## A VISION OF A MORE: Electric, Digital, Decarbonized, and Decentralized world.

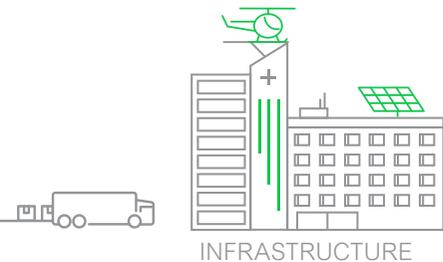
### Our value creation

#### Common values:

- Meaningful
- Inclusive
- Empowered

#### From the business partnership to a culture of dialogue with all our stakeholders:

- Clients
- Civil Society
- Social
- Institutional
- Technical
- Financial
- Partners



### Our commitments

Schneider Electric commits, in the short and long term, to contribute to making the planet more sustainable for all its stakeholders.



#### Inspired, trained, and committed employees

- 0.94 Medical Incident Rate per million hours worked
- 5,691 volunteering days thanks to our VolunteerIn global platform
- 3.2 million training hours

**67%**

Employee Engagement Index

#### Product and Services serving the Energy Transition

- +13.8% turnover for our Energy and Sustainability Services
- €6.59B revenue from our new Green Premium portfolio
- 43,572 metric tons of avoided primary resource consumption through ecoFit, recycling and take-back programs

**51M**

Metric tons CO<sub>2</sub> saved on our customers' end thanks to our EcoStruxure offers

#### Resolute social and societal commitments

- 92% of employees are working in a country with commitment and process in place to achieve gender pay equity
- 21.6% of our leaders are women. We target 30% by 2020
- +1,300 decentralized electrification systems and solar micro-grids installed since 2015

**196,162**

Underprivileged people trained in energy management since 2015

#### Strong financial growth

- Proposed dividend per share €2.35, +7% vs 2017
- +10% Operational margin organic growth

**€25,720B**

revenue

# Our executive committee

(As of February 13, 2019)



**Jean-Pascal Tricoire**  
Chairman &  
Chief Executive Officer



**Emmanuel Babeau**  
Deputy Chief  
Executive Officer  
Finance and Legal Affairs



**Olivier Blum**  
Executive Vice President,  
Global Human Resources



**Hervé Coureil**  
Executive Vice President,  
Digital



**Emmanuel Lagarrigue**  
Executive Vice President,  
Innovation



**Chris Leong**  
Executive Vice President,  
Global Marketing



**Leonid Mukhamedov**  
Executive Vice President,  
Strategy



**Mourad Tamoud**  
Executive Vice President,  
Global Supply Chain



**Annette Clayton**  
Executive Vice President,  
North America Operations



**Barbara Frei-Spreiter**  
Executive Vice President,  
Europe Operations



**Christel Heydemann**  
Executive Vice President,  
France Operations



**Luc Rémont**  
Executive Vice President,  
International Operations



**Yin Zheng**  
Executive Vice President,  
China Operations



**Frédéric Abbal**  
Executive Vice President,  
Services



**Philippe Delorme**  
Executive Vice President,  
Energy Management



**Peter Herweck**  
Executive Vice President,  
Industrial Automation

■ GLOBAL FUNCTIONS  
■ OPERATIONS  
■ BUSINESS

## Board of directors

The board of directors determines the strategic orientation of our business, oversees its implementation, and examines all matters related to the efficient operation of our business.

As of December 31, 2018, the board of directors has 13 members, and one non-voting member — Mr. Lip-Bu Tan.

- Jean Pascal Tricoire
- Léo Apotheker
- Betsy Atkins
- Cécile Cabanis
- Antoine Gosset-Grainville
- Fred Kindle
- Willy Kissling
- Linda Knoll
- Xiaoyun Ma
- Patrick Montier
- Fleur Pellerin
- Anders Runevad
- Gregory Spierkel

## 2019 priorities

The Group targets 2019 adjusted EBITA growth between +4% and +7% organic. This would be achieved through a combination of organic revenue growth and margin improvement, expected to be:

- Revenue growth of +3% to +5% organic
- Adjusted EBITA margin up +20 to +50 bps improvement expected to be more pronounced in the second part of the year

*“Given the urgency of the climate crisis as a daily reminder that we must take action, more investors are looking for companies with real sustainable goals. They are also convinced that sustainable companies are showing better results. It is key that investors understand the value the Group creates for people, and the planet. Thanks to the Schneider Sustainability Impact and the good score reached in 2018, the Group’s performance is recognized, and we have further raised the Group’s ambitions for the next years.”*

Léo Apotheker,  
BOARD OF DIRECTORS,  
SCHNEIDER ELECTRIC



## 2018 board of directors overview: number of meetings



2018 – 2020  
**SCHNEIDER**  
**SUSTAINABILITY**  
 IMPACTS

CLIMATE

Our 2018 achievements toward our 2020 goals



1. Renewable electricity
2. CO<sub>2</sub> efficiency in transportation
3. Million metric tons CO<sub>2</sub> saved on our customers' end thanks to EcoStruxure offers
4. Increase in turnover for our EcoStruxure Energy and Sustainability Services

Q4 2018  
Result

2020 Target

30% ↑  
 (1.8%) ↓  
 51 ↑  
 13.8% ↑

80%  
 10%  
 120  
 25%

CIRCULAR ECONOMY



5. Sales under our new Green Premium program
6. Sites labeled towards zero waste to landfill
7. Cardboard and pallets for transport packing from recycled or certified sources
8. Metric tons of avoided primary resource consumption through ecoFit, recycling, and take-back programs

45.7% ↑  
 178 ↑  
 61.6% ↑  
 43,572 ↑

75%  
 200  
 100%  
 120,000

HEALTH & EQUITY



9. Scored in our *Employee Engagement Index*
10. Medical incidents per million hours worked
11. Employees have access to a comprehensive well-being at work program
12. Employees are working in countries that have fully deployed our Family Leave policy
13. Workers received 15 hours of learning in the year with 30% digital learning
14. White-collar workers have individual development plans
15. Employees are working in a country with commitment and process in place to achieve gender pay equity

67% →  
 0.94 →  
 20% ↑  
 75% ↑  
 57% ↑  
 78% →  
 92% ↑

70%  
 0.88  
 90%  
 100%  
 100%  
 90%  
 95%

ETHICS



16. Increase in average score of ISO 26000 assessment for our strategic suppliers
17. Suppliers under Human Rights & Environment vigilance received specific on-site assessment
18. Sales, procurement, and finance employees trained every year on anti-corruption

+1.80 ↑  
 155 ↑  
 68.6% ↑

5.5 pts / 100  
 350  
 100%

DEVELOPMENT



19. Turnover of our Access to Energy program
20. Underprivileged people trained in energy management
21. Volunteering days thanks to our VolunteerIn global platform

x1.31 ↓  
 196,162 ↑  
 5,691 ↑

x4  
 400,000  
 15,000

The arrow shows if the indicator has risen, stayed the same or fallen compared to the previous quarter.  
 The color shows if the indicator is above or below the objective of 5/10. UP = Unpublished.

## About this report

This report is intended to actively engage stakeholders as critical participants in an ongoing conversation about energy efficiency and sustainability. 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.se.com](http://sdreport.se.com)

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](http://www.schneider-electric.com/company).

**This document reflects our commitment to sustainability. For the print version, we have tried to keep its carbon footprint as low as possible:**

- 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/m<sup>2</sup> text and 250 g/m<sup>2</sup> cover
- This year, printed quantities have been reduced by 30% compared to 2017

## Acknowledgements

### **Our customers, external stakeholders, and agencies / partners:**

Ashoka; Kevin Hagen at Iron Mountain; William Brent at Power for All; Valérie Masson-Delmotte at IPCC; Farid Baddache at BSR; Department for Rural Development of Myanmar; Okra Solar; the Jesuits; Initiative France; French Development Agency; the European Institute for Cooperation and Development; Art of Change 21.

Thank you to all Schneider Electric teams who contributed to this report.

### **Photo credit:**

Frank Ardito, and cover photography by Ecast Productions.

The digital version of *Schneider Sustainability Report 2018 – 2019* is available at:

[sdreport.se.com](https://sdreport.se.com)

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Incorporated in France  
Governed by a Board of Directors  
with issued capital of €2,387,664,968  
Registered in Nanterre, R.C.S. 542 048 574  
Siret: 542 048 574 01 091

Life Is On

**Schneider**  
Electric