

2012 – 2013

Strategy and Sustainability

Highlights

Creating Shared Value

Cover photo

The 'Refuge du Goûter', the historic last shelter before the summit of Mont Blanc, has been completely refurbished to become a net-zero building equipped with the most innovative energy management solutions from Schneider Electric™. It is a dramatic example of how Schneider Electric collaborates with external partners to take sustainable development to new heights.

About this document

This document gives our stakeholders an overview of the achievements and goals of Schneider Electric as they relate to our business strategies and commitment to sustainable development. Our goal is to provide transparent, comprehensive, and succinct information about our company, incorporating the contributions and concerns of our business partners and employees, as well as non-governmental organizations and suppliers that we work with. The document is inspired by three international frameworks for corporate social responsibility (CSR) reporting: the Global Reporting Initiative (GRI), the United Nations Global Compact, and the ISO 26000.

All additional reporting information useful for analysts and investors is in the Schneider Electric Registration Document or online at www.schneider-electric.com/sri. This includes the Statutory Auditors Report on a selection of environmental, safety, and social indicators.

This document is a summation of information that is available online. When more detailed content on a topic can be accessed online, appropriate reference is made. The report is available in English and French. The editorial deadline was 1 April 2013. Our next Strategy & Sustainability Highlights is due to be published in 2014.

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SDreport.schneider-electric.com



Look for this symbol throughout the document to view expanded video content on selected topics.



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Company Overview

- 01 Schneider Electric at a glance
- 03 Words from the President
- 04 Leadership Team
- 05 Solutions overview
- 07 Strategy overview
- 09 Year in review
- 10 Creating shared value

Governance & Ethics

- 11 Message from Henri Lachmann
- 12 Aligning oversight and mission
- 13 Putting principles into practice

Energy Management Solutions

- 15 Meeting the world's energy challenge
- 17 Solutions at work
- 21 New economies
- 23 Innovation and R&D

Access to Energy

- 25 Combining social progress and business
- 27 The BipBop Programme

Environment

- 29 Environmental commitment
- 31 Carbon footprint reduction
- 32 Green solutions and sites

Our People

- 33 Building sustainable careers
- 35 Training and education
- 36 Safety and diversity

Social Responsibility

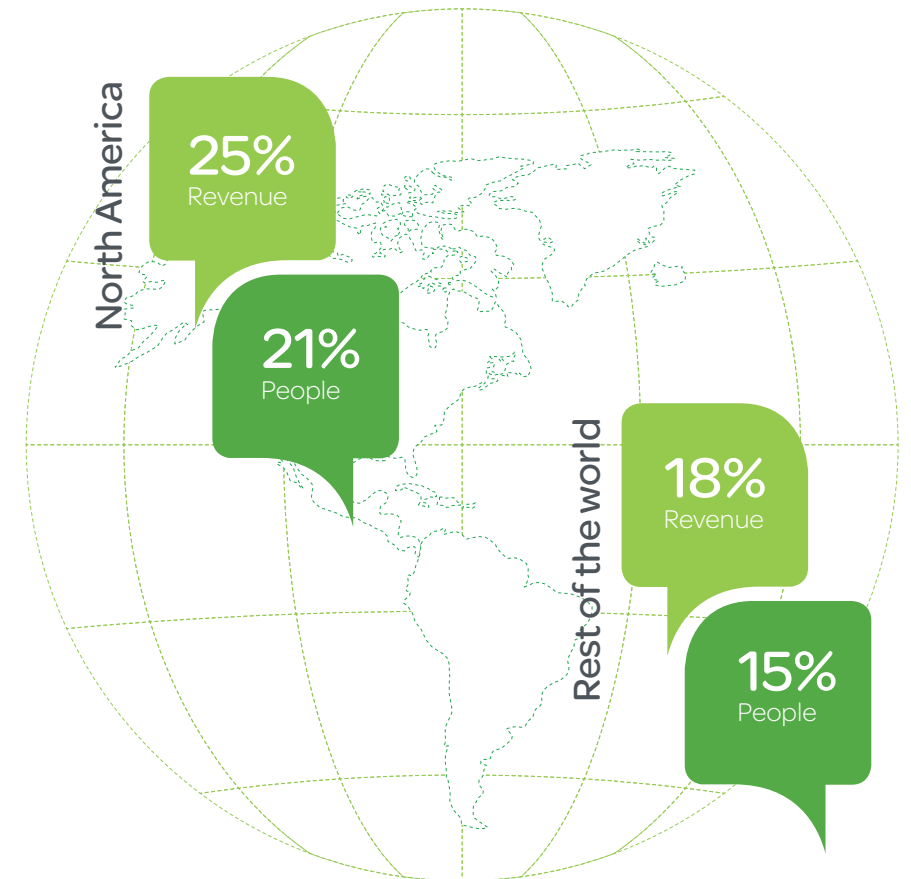
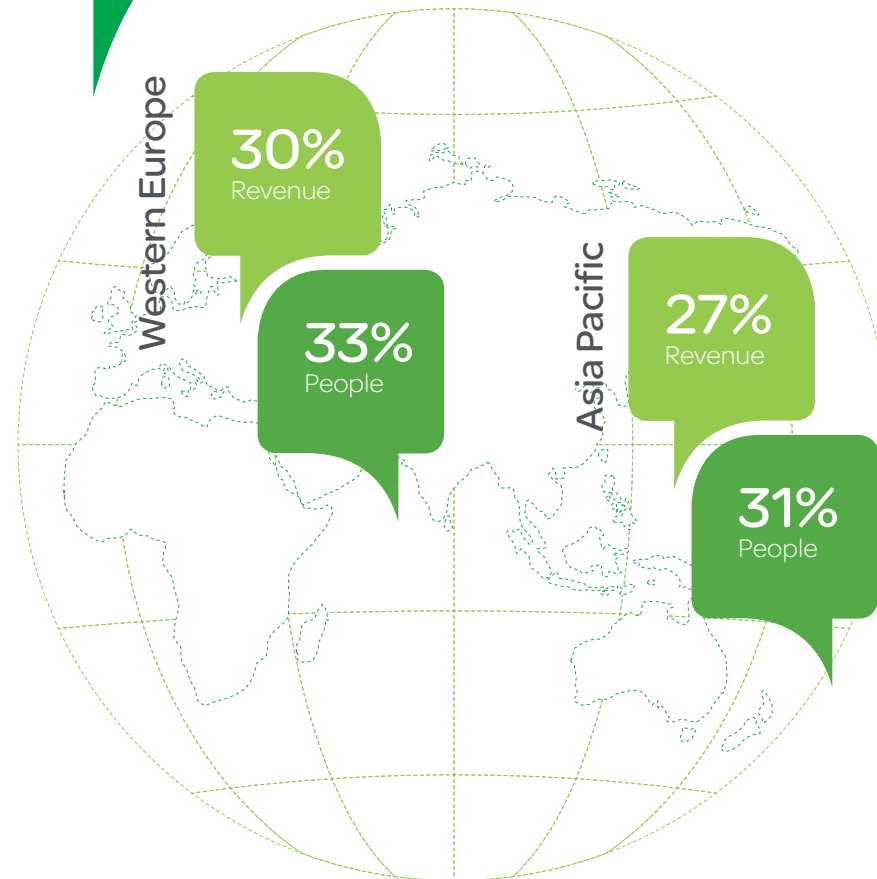
- 37 The Schneider Electric Foundation
- 39 The Foundation at work

Financial & Extra-financial Indicators

- 41 Interview with Emmanuel Babeau
- 42 Shareholders' Advisory Committee
- 43 Stock performance
- 44 Planet & Society Barometer

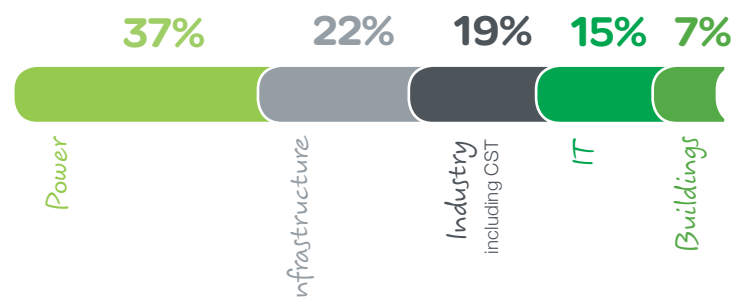
Schneider Electric at a glance

Working each day for a more
efficient and sustainable world



As the global specialist in energy management, Schneider Electric has a 177-year legacy of innovation, international scope, and corporate responsibility. Across three centuries, we have contributed to the transformation of multiple industries, including iron, steel, shipbuilding, and electricity. Today, our more than 140,000 employees in over 100 countries bring a singular mission to their work each day: to help people make the most of their energy.

Revenue breakdown by Business



Schneider Electric by the numbers

177
years
of history

€24
billion
in consolidated
revenue

140,000
total workforce
in 100+ countries

€1
billion
devoted to R&D
representing almost
4.4% of our sales

41%
sales
in new economies

€2.02
billion net
income¹
+12% vs. 2011

110
volunteers
acting as delegates of
the Schneider Electric
Foundation in 75 countries

#1 or #2
player
in 90% world group sales

1. Adjusted from impairment of goodwill

'It is time for everyone to become an active player in energy.'

Jean-Pascal Tricoire
President & CEO

Words from the President

In a complicated international environment, 2012 has been a year of consolidation for Schneider Electric.

First of all, 2012 has been a record year of earnings and cash generation. It reflects the strength of our business model, the solid execution of the Connect company programme, and the disciplined integration of our acquisitions.

We have positioned Schneider Electric on a solid and growing business: technologies that make industry, IT, energy, and cities more efficient. We have diversified and balanced our exposure to geographies and end markets, while remaining totally focused on our mission of helping our customers to make the most of their energy.

We continue to grow our business in new economies, which now make up 41 per cent of our sales, developing products and solutions specifically adapted to those countries.

Our business with partners has been strengthened by a growing relationship with large end users. By growing our service business and our software solutions, we improved considerably in 2012 in delivering those new added values to our customers wherever they operate in the world.

We have increased our investment in innovation with more than €1 billion invested in R&D, to reinforce our leadership in functionality, quality, connectivity, integration, and usability.

We worked intensively to make sure our customers can benefit from the efficiency of One Schneider Electric. We continued streamlining our costs, and delivered significant cost productivity. We progressed

towards a more customer-centric and efficient supply chain. We globalized and simplified our organization: We created two business groups, Partner and End User, dedicated to support our business models; we organized our geographical presence by establishing operation divisions by main geographies; we also globalized our supply chain in order to strengthen partnerships with our suppliers, and drive the efficiency on a whole different scale.

We also welcomed the companies recently acquired, and made sure these new teams found their place within our company.

We stepped up our engagement in social responsibility and sustainable development. We keep measuring our progress in our Planet & Society barometer, and integrate this indicator in the incentives of our leaders. Beyond our support of the UN Global Compact since 2003, our commitment has been recognized in ratings of reference such as Dow Jones Sustainability Indexes, CDP Global 100, and Ethisphere. I am particularly proud of our BipBop access to energy programme. In 2012, this initiative brought electricity to 340,000 households, and enabled the training of 10,000 underprivileged youngsters in the field of electricity.

As a specialist in efficiency technologies, Schneider Electric has been an active contributor to the debates over the world energy challenge and climate change.

The world of energy is under important pressure and undergoing large transitions. Energy prices, commercial unbalance due to

'We have positioned Schneider Electric on a solid and growing business: technologies that make industry, IT, energy, and cities more efficient!'

energy imports, energy availability, climate change, and pollution in large cities are many challenges demanding a different energy paradigm. The convergence of IT and energy technologies, and the new affordability of renewable energy open the door to a new world, a world where energy is saved systematically, produced closer to consumption, and where the environment is connected and accessible. Users, managers, and utilities will work together to save more and share better energy, and integrate a more intelligent energy for more intelligent and efficient cities. It is time for everyone to become an active player in energy, by saving, producing, and consuming energy in the same place.

Schneider Electric is helping people navigate the transition to a new energy world. This is the mission, the aspiration, and the ambition of our 140,000 employees, in the 100 countries where we operate. We will continue to serve our customers wherever they develop, meet challenges, and innovate to build a more efficient world.



Read the full interview from The Schneider Electric 2012 Annual Report online.





Emmanuel Babeau
Executive Vice President,
Finance*



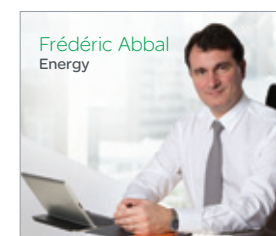
Clemens Blum
Executive Vice President,
Industry Business



Annette Clayton
Executive Vice President,
Global Supply Chain



Hervé Coureil
Chief Information Officer



Frédéric Abbal
Energy



Olivier Blum
Retail



Jeff Drees
Professional
Services

Executive Committee

The Schneider Electric management team brings vision, broad knowledge, and deep expertise to the leadership of our organization.



Michel Crochon
Executive Vice President,
Strategy



Chris Curtis
Executive Vice President,
North America Operations



Aaron Davis
Chief Marketing Officer



Ignacio Gonzalez
Smart
Infrastructure



Jose Lorenzo
Eco Business



Philippe Delorme
Executive Vice President,
Partner Business



Daniel Doimo
Executive Vice President,
IT Business



Karen Ferguson
Executive Vice President,
Global Human Resources

53
years

is the average age of our
Leadership Team members



Zhu Hai
Executive Vice President,
China Operations



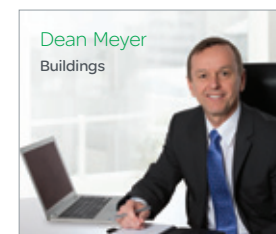
Eric Pilaud
Executive Vice President,
Custom Sensors and
Technologies**



Julio Rodriguez
Executive Vice President,
Global Operations



Laurent Vernerey
Executive Vice President,
End User Business



Dean Meyer
Buildings

Divisions Executive Vice Presidents

* Member of the Management Board ** President & CEO, Custom Sensors & Technologies Inc.

(Executive Committee Team as of 1 March 2013)

What drives our company's work

Delivering solutions that align business performance and sustainability

Schneider Electric delivers efficient solutions across the energy chain, enabling people to experience and transform efficiency together at home and work, across the grid, and in towns and cities.

- > **Efficiency:** Implementing the right services, systems, and technology to reduce energy consumption, cost per kWh, and operating expenditure
- > **Intelligence:** Accessing smart, real-time data and information that can be shared, optimized, and delivered across integrated systems through connected and open platforms, with the right level of information for each user
- > **Sustainability:** Coupling efficient solutions with actionable data to provide the capability for any user to optimize energy usage, curb CO₂ emissions, and improve long-term ROI on CapEx and OpEx

energy efficiency

Buildings and industry represent more than **60%** of the world's final energy consumption and a significant share of **related CO₂ emissions.**

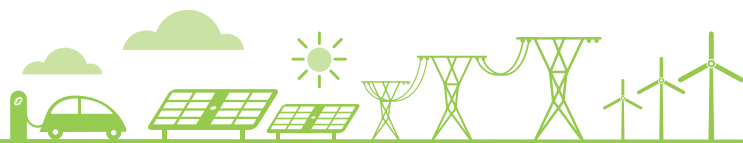
Source: World Energy Outlook 2012, IEA, graph 12.1c

smart grid

Grid infrastructures are ageing, overloaded, and in need of repair.

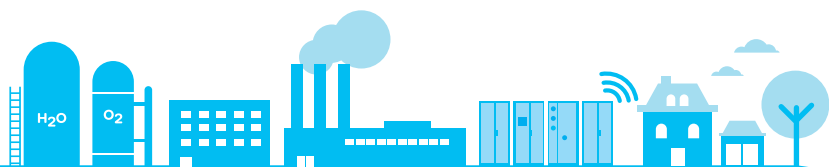
They need to become

**smarter
to adapt to a more complex
environment.**



Enhancing the smart grid revolution ...

By supporting renewable energy, flexible distribution, active energy efficiency and energy management, electric vehicles, and real-time grid management



Making infrastructure, industry, IT, buildings, and homes more efficient ...

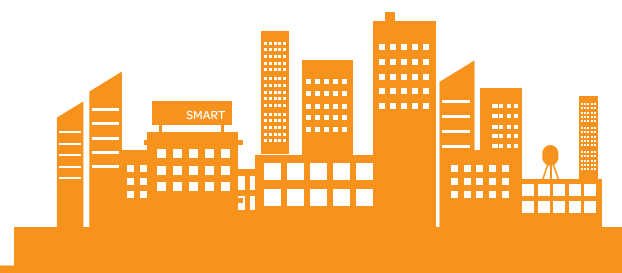
At work, by enabling up to 30 per cent energy savings, improving productivity, reducing costs, enhancing comfort, and increasing security

At home, by creating comfortable, safe, efficient, and automated living spaces

smart cities

Cities today contain 50%
of the world's populations,
consume 75% of
global energy,
and give off **80%**
of **greenhouse gas emissions.**

Source: UN State of the World Cities Report 2012



Supporting urban efficiency ...

By setting the vision, bringing in the technology, working on the integration, adding the innovation, and driving collaboration

39%
revenue
derived from solutions



Learn more about our solutions in action through our customer success stories on pages 16 – 22.

'The world's energy challenge requires both immediate and long-term solutions'.

— Michel Crochon



Michel Crochon
Executive Vice President,
Strategy, Schneider Electric

'Immediately, we need to control energy costs and consumption, and reduce the harmful effects of CO₂. Long-term, we must prepare for the energy demand created when 70 per cent of the world's population lives in cities, which is projected to happen by 2050. Schneider Electric has developed its strategy in response to both of these challenges. Our innovative solutions deliver energy efficiency today, and our leadership position in energy management is helping to pave the way to smarter cities and upgraded infrastructures that will be needed in the urbanized world of the future'.

Connect

Schneider Electric has a tradition of guiding strategic execution through company programmes. In January 2012, we unveiled our latest programme, 'Connect', the goals of which align with our key strategic levers: to be a leader in products and solutions; to be a leader in mature and new economies; to create a culture for employee development and performance; and to drive efficiency, profitability, and growth. The three-year programme runs through 2014.

Responding to today's energy challenge

Energy needs are escalating worldwide as a result of unprecedented economic, demographic, industrial, and urban growth. But rising demand increases carbon emissions, which threaten the sustainability of our planet. How can we respond to society's understandable thirst for the health, educational, and social benefits that electricity brings, while also being responsible stewards of the environment? Our collective response must work towards three goals: energy efficiency, a smarter electricity grid, and more sustainable cities. To work towards achieving these goals, Schneider Electric has designed its strategy around four main actions:

Leverage the world's new energy challenges

We have developed a wide range of products and solutions that deliver significant levels of energy efficiency and savings in industrial plants, data centres, infrastructure, homes, and buildings; smart grid solutions that help utilities improve efficiency and offer better service to customers; and solutions that speed the development of smart cities.

Build two complementary business models: products and solutions

Products and solutions are different and complementary business models, and we aim to deliver profitable growth in both. Products allow us to achieve scale and pricing power in our end-markets, while providing differentiation through technologies that can be combined and integrated. Solutions allow us to generate additional growth and profits, lower capital intensity, and help reduce cyclical.

Leverage the opportunity arising from the accelerated expansion of certain economies

Certain countries in Asia (excluding Japan), Latin America (including Mexico), the Middle East, Africa, and Eastern Europe (including Russia), which we refer to collectively as 'new economies', have entered a prolonged period of accelerated development. As a result of the industrialization, urbanization, digitization, and development processes that these countries are experiencing, we expect the markets of their economies to continue to have a pressing need for the products and solutions that we provide.

Invest in profitable and responsible growth while driving efficiency

We believe in the long-term growth potential of our business, and we continuously invest to drive that growth. This investment is focused on sustained spending in research and development, as well as on growing our commercial presence and skills, especially in the fields of high value-added technologies and services. In addition, we will continuously look for and evaluate possible opportunistic acquisitions.

Interweaving sustainability and success

As the global specialist in energy management, Schneider Electric tackles one of the major sustainable development challenges each day: climate change. Our sustainability commitment is aligned with our mission. It is based on three pillars:

- > **Solving the energy dilemma**
We will help create a more sustainable world through the development of solutions for energy efficiency, the smart grid, the integration of renewables, electric vehicles, and smart cities.
- > **Being exemplary toward all stakeholders**
We will limit the impact of our activity on the environment, be a responsible employer, support the development of the communities where we work and live, and practice ethics and responsibility in all of our operations.
- > **Providing access to energy to those who need it most**
We are committed to developing reliable, affordable, green, and sustainable access to energy to the 1.3 billion people who are still energy deprived today.

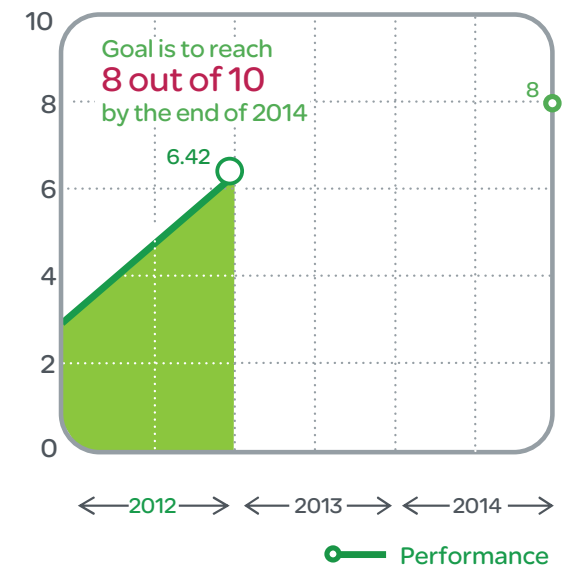
Measuring our sustainability performance

The Planet & Society Barometer

Since 2005, we have provided an ongoing measure and report on our sustainability efforts based on the key performance indicators in our Planet & Society Barometer. Our aim is to:

- > Bring the corporate community together around sustainable development objectives
- > Transparently communicate our performance against each objective every quarter, with annual audits
- > Clearly share our improvement plans with stakeholders

At the start of 2012 we introduced a blend of 14 new indicators that reflect our company's key sustainability stakes for the next three years. As with past Planet & Society Barometers, our goal will be to meet the 8/10 target by the end of 2014.



Look for this symbol to see how we're measuring up to our 14 performance indicators.



'Over the last 10 years, we have strived to build a company that is both global and innovative, to face the sustainability and responsibility stakes and commitments of each country. Our objective: help divide global CO₂ emissions by reducing the world's energy intensity while also developing energy access for all. Schneider Electric works on solutions that will help nations to shape the necessary commitment for the future of the planet. To get there, the Planet & Society Barometer pushes everyone in the company to turn their commitment into meaningful action for the good of all our stakeholders'.

Gilles Vermot Desroches

Senior Vice President, Sustainability, Schneider Electric

Global 100
Most Sustainable
Corporations



Ranked 13th on the Global 100 Most Sustainable Corporations in the World in 2013, up 13 places from the previous year

World's Most
Admired
Companies

#5

Its highest ranking ever, Schneider Electric was named #5 in the Industry/Electronics category of Fortune Magazine's 'World's Most Admired Companies' list for 2013

Top 100 Energy
Efficiency Service
Companies



Ranked 2nd in Top 100 Energy Efficiency Service Companies 2012 by China Industrial Energy Conservation and Clean Production Association

IEA in
Hong Kong



Welcomed the International Energy Agency to a panel discussion in Hong Kong focused on unlocking the potential of energy efficiency

Solar
Decathlon



Served as Sustaining Sponsor of Solar Decathlon Europe, held in Madrid, the largest global university competition focused on energy management in homes

Top 50
Employer



Named to the Top 50 World's Most Attractive Employers 2012 by Universum

Skolkovo
Foundation



Signed agreement with the Skolkovo Foundation to open an R&D centre in Skolkovo, Russia

Cisco
House



Showcased energy management solutions at Cisco® House during the London Olympics

Sustainability
Indexes



Named to the leading sustainability indexes (DJSI, CDP, etc.)

Rio+20
Conference



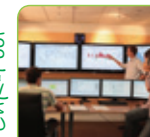
Participated in sustainable development discussions at the UN Conference on Sustainable Development in Rio de Janeiro, Brazil

Grameen
Schneider Electric



Creation of Grameen Schneider Electric, a social business for energy services in Bangladesh

Launch of
EnR-Pool



Launch of EnR-Pool to foster the development of renewables by modulating electricity capacity with large industrial customers

Acquisition of
M&C



Acquisition of M&C Energy Group, strengthening our capability to respond to fast-growing demand for energy management services

Golden Peacock
Awards



Recipient of the Golden Peacock Award for Social Responsibility in the areas of village electrification, electrician trainings, employment, and entrepreneurship

Schneider Electric
Teachers



Creation of Schneider Electric Teachers, an NGO to promote employee volunteering in educational and professional training programmes in the energy sector

Launch of
international
competition

Go Green
in the City

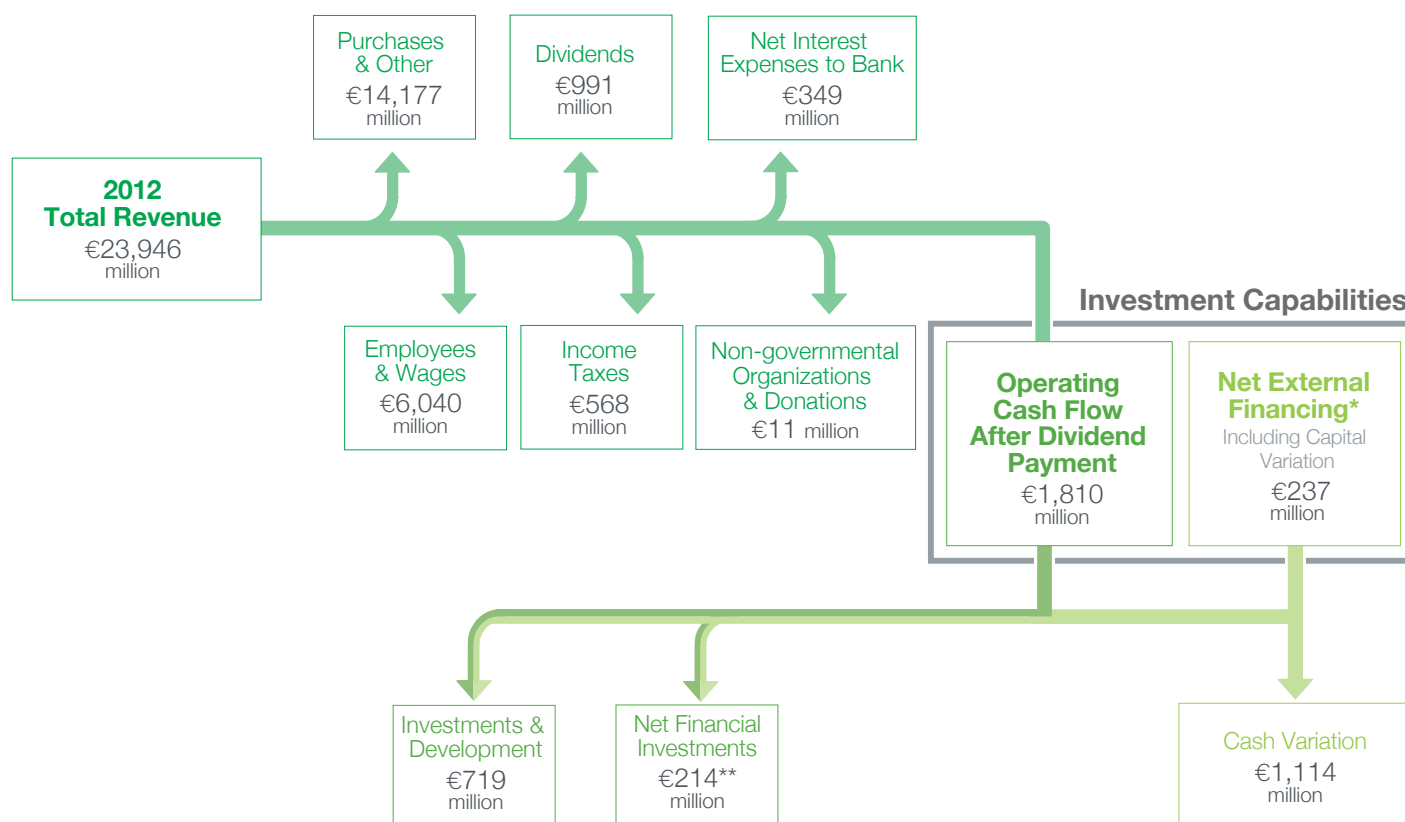
Launched an international competition attracting 270,000 students worldwide

The year in review Highlights from 2012 - 2013



Creating shared value for all our stakeholders

The financial performance of our company affects stakeholders all over the world — employees, suppliers, non-governmental organizations, and public authorities. It also has an impact on the local communities where we work, live, and actively invest. Through distributions, we are pleased to share value with our stakeholders. Through investments, the company positions itself to create more value in the future.



- Revenue distribution to our stakeholders
- Cash flow after operating expenses and dividends
- Cash flow from external sources

* Share issues, sale of treasury stock and loans ** Including 90% of acquisition and 10% placed for retirement pensions

'Schneider Electric is well positioned to seize opportunities related to the energy transition.'

— Henri Lachmann

How does responsible governance foster sustainable growth?



Henri Lachmann
Chairman of the Supervisory Board, Schneider Electric

'For several years, the Supervisory and the Management Boards have given much thought to my succession plan and the evolution of governance at Schneider Electric. I took the initiative to put in place this succession plan at the next Annual Shareholder's meeting, in order to be able to participate in this transition before the end of my term.

Consequently, our Supervisory Board, in agreement with the President of the Management Board, propose the adoption of a structure with a Board of Directors (Conseil d'Administration). The Board is attached to the continued success of the group and its good governance. It endeavours to respect two key principles: to maintain a strong and stable leadership and to guarantee the independent control in the management of the company. It intends to name Jean-Pascal Tricoire as Chairman and Chief Executive Officer (Président Directeur Général) in light of his achievements and performance since he took the lead of the Group in 2006'.

6
meetings
of the Supervisory Board in 2012

5
hours
average duration of meetings

In order to reinforce the Board's role and involvement in the oversight of the Group, the Board of Directors will name a Vice Chairman Lead Director, in application of the by-laws, and will publish the internal regulation of the Board of Directors. Furthermore, four committees will be established, chaired by independent directors. Executive sessions (without the presence of the Chairman & CEO) chaired by the Vice Chairman Lead Director will be included in each Board meeting agenda. The Board will remain flexible with respect to the combination of the Chairman & CEO roles and will reconsider on a yearly basis the combination of these roles.

The existing members of the Supervisory Board (who will be nominated as Directors of the Board for the remaining duration of their terms) have built a strong relationship with the management of our company, based on transparency, dialogue, and even on confronting their ideas and options. By unanimous agreement, they propose this new governance structure and are very confident in its functioning, in the best interest of our shareholders and all Schneider Electric stakeholders.

In additional comments, Henri Lachmann noted that the 2012 performance of Schneider Electric 'reflects the strength of our strategy and the quality of the teams implementing this strategy. The Supervisory Board would like to congratulate and thank them for their work and efficiency. We are highly confident in the profitable development of our company and believe that Schneider Electric is well positioned to seize opportunities related to the energy transition and energy efficiency in general'.

@ Read the full interview from The Schneider Electric 2012 Annual Report online.

Aligning our oversight with our mission

Effective governance is good for business. That point was underscored at the COMMIT!Forum in New York in October 2012. 'Sound governance is a key element of sustainability', said speaker Margie Flynn, principal of

BrownFlynn, a responsible business strategy consultancy. 'It correlates with stock value and contributes to a company's reputation, which comprises a large percentage of the intangible assets of business value today'.

@ Read more about the COMMIT!Forum online.



The Schneider Electric team with Muhammad Yunus, founder of Grameen Bank, at the UN Conference on Sustainable Development (Rio+20).



As a member of the UN Global Compact, Schneider Electric aligns its operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment, and anti-corruption.

Evolving and extending our governance Upholding our ethics

At Schneider Electric, governance calls for vision, responsibility, and ongoing dialogue with stakeholders. These actions not only characterize a good corporate citizen, they also go hand-in-hand with effective business performance.

Our governance principles reached deep into our operations in 2012. We launched a new responsibility programme for suppliers based on ISO 26000 compliance. We also deployed a whistle-blowing system in all major countries where we operate, within the framework of our

Responsibility & Ethical Dynamics programme. At the same time, we continued to fuel the debate around energy, climate change, and corporate social responsibility, taking a lead role at events such as the Rio+20 Conference. One welcome outcome of our vigilant governance is our continued high ranking for ethics and sustainability among best-in-class companies worldwide.



@ See what Georg Kell, Executive Director of the UN Global Compact Office, has to say about the world's largest corporate citizenship initiative, how it has evolved, and the role Schneider Electric plays as a member.

31%
of Supervisory Board
members are women*

4
members
are from non-French
origin or nationalities*

93%
attendance
by members at 2012
Supervisory Board
meetings*



The Planet & Society Barometer

2012 results vs. 2014 target

Three major ethical stock indexes select Schneider Electric



> This Planet & Society Barometer indicator reflects the fact that sustainability is an important factor for the worldwide investment community.

View from
investors ...

166 Socially Responsible Investment (SRI) funds select Schneider Electric. That represents 4.5% of the company's market capitalization, and places us #5 among all companies in the world and #1 in France.

Source: Summer 2012 'SRI Lenders Report, Companies most favoured by Socially Responsible Investors', by market intelligence consultancy Ipreo

A leading voice on sustainability worldwide

Participation in major 2012 forums

Effective governance enables Schneider Electric to take a thought leadership position on matters that are vital to our mission and business. Accordingly, we spark conversations around sustainability through our participation in an annual slate of local, national, and international events. In June 2012, our top executives travelled to Rio de Janeiro for the UN Conference on Sustainable Development (Rio+20) where we helped define measures to reduce poverty while promoting decent jobs and clean energy.



Muhammad Yunus, founder of Grameen Bank, and Jean-Pascal Tricoire, President & CEO of Schneider Electric at Rio+20, signing documents to create a social business joint venture for clean, affordable energy in Bangladesh.



Dr. Fatih Birol, Chief Economist of the International Energy Agency (IEA) at the IEA World Energy Outlook 2012 in Hong Kong in December.

In December 2012, Schneider Electric hosted an event in Hong Kong for 150 of its top stakeholders from the region to discuss the potential of energy efficiency. Speakers included Dr. Fatih Birol, Chief Economist of the International Energy Agency and Jean-Pascal Tricoire, President and Chief Executive Officer of Schneider Electric.

@ Learn about how we are demonstrating our commitment to sustainability through our participation in more global events.

Awards and ratings

Widespread recognition for our sustainability commitment

As sustainability and corporate ethics grow in importance to people and investment advisors worldwide, Schneider Electric is pleased to have received the following accolades:

Ranked
13th

on the Global 100 Most Sustainable Corporations in the World in 2013, up 13 places from our ranking in 2012

Among
110

of the World's Most Ethical Companies, as designated by Ethisphere

One of
33

companies in the Carbon Performance Leadership Index (CPLI), part of the Carbon Disclosure Project

Among
340

companies on the Dow Jones Sustainability World Index (bronze medal) and 166 companies on the Dow Jones Sustainability Europe Index



View from the expert ...



Cathy Kopp

Corporate Director, Member of the Supervisory Board of Schneider Electric

'In 2012, Schneider Electric not only maintained its position in the major global sustainability ratings and indexes, but also continued to advance and innovate. The integration of a sustainability component in the performance shares, the launch of an NGO to involve employees in societal actions, the reinforcement of our responsible commitment towards suppliers ... All of this demonstrates that the company keeps on challenging itself to be more and more consistent and efficient in its sustainability commitment toward all its stakeholders'.

Up to
20%
of variable
compensation

for the company's leaders based on
a sustainability topic related to their
scope of work

Supplier
audit ...

In 2012, 150 suppliers representing
7.8% of our total recommended
suppliers were audited to assess their
compliance with the ISO 26000
guidelines. All of them were judged
compliant, based on a grade from
1 to 10.

Holding ourselves to the same measure

Our expectations for suppliers apply to our
company, as well. So we conducted the ISO 26000
audit on our company. Result: a grade of 7.

The Planet & Society Barometer

2012 results vs. 2014 target

90% of recommended
suppliers embrace
ISO 26000 guidelines



- > With this Planet & Society Barometer indicator, we are motivated to foster relationships with suppliers who share our commitment to operating in a socially responsible manner.

Linking performance incentives to company aspirations

A win-win approach

All members of the Executive Committee have sustainable development components built into their performance incentives. These measures are directly linked to our Planet & Society Barometer targets. In addition, the CO₂ reduction target and the safety indicators, are taken into account for the performance incentives of all Global Supply Chain Management personnel who receive a bonus. Also, 20 per cent of the variable part of the performance shares are calculated on the Planet & Society Barometer results. By linking the remuneration of key players to well-defined



Key managers gather at our annual leadership team networking event to brainstorm and collaborate.

sustainability performance objectives, we seek to make our actions and our aspirations one and the same.

Direct and ongoing dialogue with stakeholders

Transparency and dialogue are drivers of innovation and performance. That's why, as an integral part of its sustainability commitment, Schneider Electric frequently surveys and meets with various stakeholders. Their views are valued and their voices are heard.

View from
the expert ...

'In 2013, we are launching a stakeholders panel to channel our dialogue with the intent of integrating their voice at the core of our sustainability strategy'.

Emilienne Lepoutre

Sustainability Performance Manager,
Schneider Electric

Stakeholders dialogue

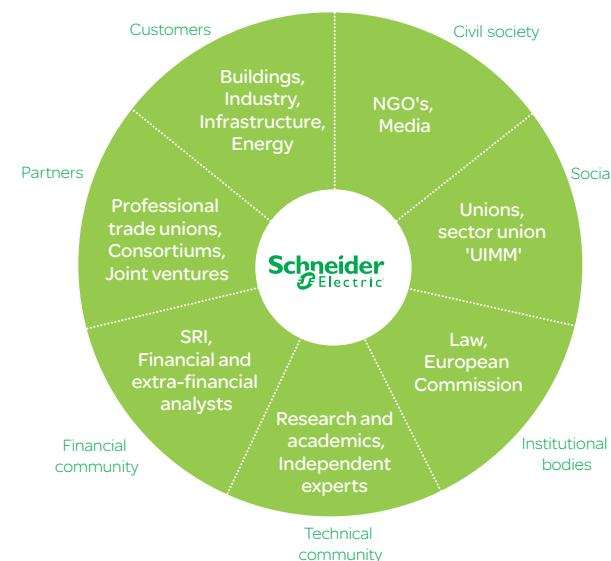


Chart on the right: Gimelec is a group of 230 France-based companies, including Schneider Electric, working to establish a harmonized approach to stakeholder dialogue. Member companies supply electrical and automation solutions for the energy, construction, industrial, and infrastructure markets.

Chart source: Gimelec 2012

'Millions of people are going to generate their own green electricity.'

— Jeremy Rifkin

How do we meet the world's energy challenge right now?



Jeremy Rifkin
Founder and President
of the Foundation on
Economic Trends

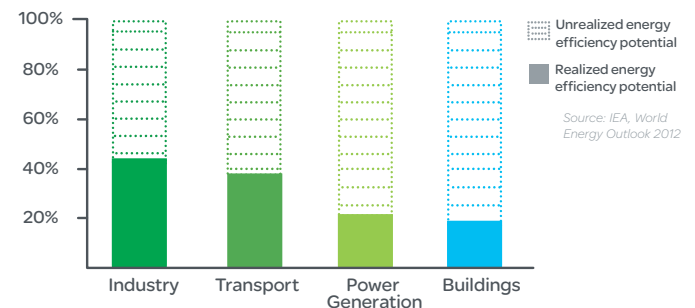
'Great economic revolutions occur when two phenomena come together: a convergence of communication and energy changes. In the 19th century, print technology became very cheap when we introduced steam power to printing: we created a print literate workforce with the communications skills to organize a First Industrial Revolution driven by coal and steam power. Then we did it again in the 20th century when centralized electricity became the communication vehicle to manage a more dispersed Second Industrial Revolution, organized around the oil-powered internal combustion engine, suburban construction, and the creation of a mass consumer society ... We are today on the verge of a Third Industrial Revolution based on the convergence of Internet communication with distributed renewable energy sources'.

@ Learn more about Jeremy Rifkin's theory on the Third Industrial Revolution and why he believes it is imminent.

A ccording to the International Energy Agency, if proper energy efficiency programmes are implemented between 2012 and 2035, the need for 230 gigawatts of energy from coal-fired power plants and another 120 gigawatts from gas-fired plants will be eliminated. Schneider Electric believes the time for change is now. Consume green and consume low carbon — the reasons have never been more compelling:

- > Because citizens cannot endure the consequences of energy deadlock caused by rising prices, climate disorders such as Hurricane Sandy or the Tohoku earthquake and tsunami, increasing pollution in cities, etc.
- > Because technology, for the first time in history, is able to provide energy efficiency solutions that are practical and cost-effective
- > Because the economics work: Energy efficiency and management involving buildings, smart cities, and the smart grid have a fast payback, improving energy security, and creating jobs

Energy efficiency: a huge opportunity going unrealized



Efficiency is our most immediate and cost-effective response

Fossil fuels remain the principal source of energy worldwide. While renewable energy sources are mandatory and promise a solution in the long-term,

they are not enough to change the energy mix today. To address today's energy challenge, efficiency provides our best solution right now.

@ Learn more about our solutions for energy efficiency.



Issy-les-Moulineaux is home to France's first district smart grid.



Responding to the smart grid challenge with urban efficiency

Making the case for change with IssyGrid in France

In less than 40 years, 70 per cent of the world's population will reside in our cities — a rapid migration that will push urban centres to their seams. Can cities evolve to become smarter: more efficient, liveable, and sustainable? Can they meet the challenges that lie ahead? The IssyGrid® in France suggests that they can and gives us a promising glimpse of the future.

In 2011, the City of Issy-les-Moulineaux and Bouygues Immobilier brought together a team of benchmark industry players including Schneider Electric to build IssyGrid, France's first district smart grid. In response to an increasingly tight and complex energy market, IssyGrid offers a local response to global environmental challenges.

The smart grid will gradually extend from its initial base in the Seine Ouest district to the entire city of Issy-les-Moulineaux. IssyGrid will cover the needs of nearly 10,000 in a 160,000 square-meter area. Soon nearby residential buildings will be included, as well. The smart grid will be developed in an open-ended manner over a five-year period.

the players behind IssyGrid

Alstom, Bouygues Energies & Services, Bouygues Immobilier, Bouygues Telecom, ERDF, EDF, Microsoft®, Schneider Electric, Steria, and Total collaborated to make IssyGrid possible.

View from the experts ...

'Moving forward, local communities, landlords, building managers, and renters are looking for services that deliver energy efficiency and flexibility of distributed energy resources under optimal environmental and cost conditions. This raises a number of challenges, chief among them smart energy management at the eco-neighbourhood level. Together, the IssyGrid partner companies provide the necessary expertise to cover all of the technical aspects of the project and achieve the end goal: supporting Issy-les-Moulineaux in achieving energy excellence'.

Guillaume Parisot, Innovation leader, Bouygues Immobilier

'Cities today are the real living lab of how we live and interact together every day. With the increasing demand and need for urban efficiency, we have the opportunity to transform towards more efficient, liveable, and sustainable communities. Such progress in cities can be achieved with the help and commitment of its leaders, citizens, and businesses'.

Charbel Aoun, Senior Vice President, Smart Cities, Schneider Electric

@ Read our White Paper, 'The Smart City Cornerstone: Urban Efficiency'.

close to
70%
of the global
population

will live in cities
by 2050*

50%
of CO₂
reductions
are projected to come
from energy efficiency
in the next 20 years**

50%
of global
energy
demand

will come from India
and China by 2035**

* Source: United Nations World
Urbanization Prospects, 2011

** Source: International
Energy Agency 2012



Schneider Electric is helping Boulder, Colorado address issues of power reliability and future generation.

'We wanted to have someone working with us that was not used to just working with the status quo, that could really help us think about the future. And that company is Schneider Electric'.

Heather Bailey,

Executive Director of Energy Strategy and Electric Utility Development, City of Boulder

Enabling the smart grid, reducing carbon emissions

Building the utility of the future in Boulder, Colorado

The environment is important to the people of Boulder, Colorado, who voted in November 2011 to explore the potential creation of a municipal electric utility to replace their existing utility provider. The existing utility relies heavily on coal-fired plants, so supporters of the change believe a public utility may be able to integrate more renewable energy sources and reduce carbon emissions. If specific metrics are met and the municipalization goes forward, the city plans to increase local generation, implement new energy efficiency programmes and technology, and enhance demand-side management.

With the help of Schneider Electric, Boulder will also enable residents and businesses to use smart grid devices to make choices about how and when they use their electricity.



Learn how we are helping Boulder implement smart city solutions when you watch our video.

Collaborating with BMW i

With the help of Schneider Electric, BMW® i is forging ahead with its strategy of customer-friendly electric mobility. The BMW i3 will be the first electric vehicle on the market to be purpose-built from the outset. The company is offering solutions that extend beyond the vehicle to all the requirements of future electric motorists, including checking the electrical installation in customers' homes and supplying the wallbox charging point. 'Schneider Electric is offering BMW customers an efficient and lasting infrastructure for charging', said Philippe Delorme, Executive Vice President, Partner Business at Schneider Electric.

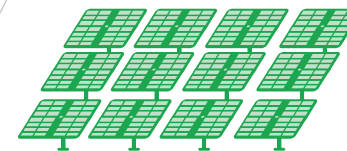


Did you know?

Hybrid, electric, and plug-in hybrid vehicles will account for 24 per cent of vehicles sold in 2035.

Source: IEA World Energy Outlook 2012

Proud partner of Renault® and Ford® in Europe to develop smart electric vehicle infrastructure.



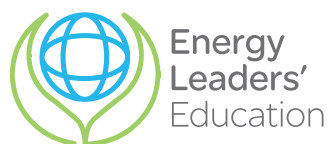
Providing turnkey solar solutions

In October 2011, Schneider Electric announced the signing of a contract with a large solar farm player for two farms in Bulgaria. Our company had been chosen as an EPC (Engineering, Procurement, Construction) for the construction, network connection, and operation of the Letnitsa and Vratsa power plants — providing, in effect, a turnkey solution. The plants will generate 47 gigawatts of energy annually, representing the yearly power requirement for a city of 16,000 inhabitants. They will also deliver a CO₂ savings of 17,000 tonnes per year in terms of an equivalent fossil fuel-based power plant.

View from the expert ...

**Michel Orlhac**Vice President, Global Marketing,
Schneider Electric

'The Solar Decathlon captures the enthusiasm of students as future engineers, architects, business specialists, and homeowners. It not only gives us an opportunity to cooperate with business partners and promote our company, but also helps us find talented new employees. As such, the Solar Decathlon is a wellspring for business and recruitment'.



Energy Leaders' Education is an initiative leveraging a series of courses, competitions, and programmes focused on the importance of energy issues. It includes Energy University™, our free online educational resource.

300+ courses, 165+ countries,
12 languages

on energy efficiency and data centre topics
offered by Energy University

Raising awareness of key energy issues

Solar Decathlon Europe in Madrid

Schneider Electric is proud to be a sustaining partner of the Solar Decathlon. The award-winning programme challenges collegiate teams to design, build, and operate solar-powered houses that are cost-effective, energy efficient, and attractive. The Solar Decathlon gives us an opportunity to promote innovative and effective solutions to reduce energy waste, promote clean energy, and encourage environmentally friendly consumption habits. In September 2012, 19 teams from 11 different countries presented their projects at the competition in Madrid.



See student entries from Solar Decathlon Europe 2012, including the winning project.



The Rhone Alps Team, a group of 10 universities sponsored by Schneider Electric, was declared winner at Solar Decathlon Europe 2012.

Upcoming Solar Decathlon competitions

Datong, China — August 2013

Los Angeles, CA, USA — October 2013

Versailles / Paris, France — August 2014

Taking a lead role in support of our mission

Schneider Electric is first-ever title sponsor of the Paris Marathon

In February 2013, Schneider Electric became the title sponsor of the prestigious Paris Marathon, one of the premier global marathon events. We were thrilled to agree to a four-year title sponsorship, especially as the event truly underscores our company's values and our commitment to what we do. Across the race route in April 2013, we demonstrated how energy can be efficiently tracked, saved, and transformed.



The Paris Marathon attracts more than 50,000 runners to one of the world's most beautiful cities.



The Planet & Society Barometer 2012 results vs. 2014 target

7 points growth revenue
with EcoXperts above total
growth revenue

0

start

7.6

results

7

target

> This indicator motivates us to generate growth through partners who have demonstrated expertise in energy-efficient products and solutions.



Cisco House in London showcased the future of sustainable cities, including solutions from Schneider Electric.

Supporting worldwide efficiency events

Teaming up with Cisco at the Olympics in London

Throughout 2012, Schneider Electric was present at major events worldwide. At the London Summer Olympics, we partnered with Cisco to showcase the future of sustainable cities. Cisco House stimulated fresh thinking on how network platforms offer new and innovative ways for cities, countries, and organizations to drive growth and efficiency. The Schneider Electric solutions featured at Cisco House enabled the monitoring and control of the facility to enhance visitors' comfort and experience as well as boost energy efficiency.



To learn more about Cisco House and the comprehensive Schneider Electric presentation on smart city solutions, watch our video.

'At Cisco we believe that intelligent networks can enable overall sustainability — economic, social, and environmental. With companies, individuals, and governments working together, we can level the playing field and help cities, communities, and countries develop and grow equitably. Cisco's role as the official Network Infrastructure Supporter for the London Olympics and Paralympics is an excellent example of our ability to strategically partner to facilitate incredible outcomes and experiences. Our collaboration with a leading company like Schneider Electric demonstrates that amazing things can — and do — happen when the previously unconnected are connected, whether that is in the area of healthcare or education'.

Wim Elfrink, Executive Vice President, Industry Solutions and Chief Globalisation Officer, Cisco



Schneider Electric is helping Region Skåne pursue its goal of being fossil fuel-free by 2020.

Energy performance contracting for enhanced efficiency in healthcare

Helping a region's hospitals get greener in Sweden

The county of Region Skåne in Sweden has set an ambitious goal for itself: to be fossil fuel-free by 2020. Regionservice, the company in charge of public facilities in Region Skåne, knew that reducing energy consumption across the board would be a massive — and potentially very expensive — task. So, in 2005, Regionservice signed its first energy performance contract (EPC) with Schneider Electric. A second project followed in 2010. The upgrades provided through these projects have resulted in annual savings of more than 18 million Swedish krona and green building certification for several buildings.



Watch our video to learn how Schneider Electric solutions are helping to make 'sustainable healthcare' a reality in Region Skåne.

StruxureWare

Conserving resources,
maximizing productivity

StruxureWare™ software is a unique platform of integrated applications and suites that delivers visibility into energy and resource use across an organization. Users access accurate and actionable data from shop floor to top floor, enabling their companies to conserve enterprise resources, optimize business performance, and manage a sustainability strategy proactively and effectively.

Our enterprise level SaaS-based software application, Resource Advisor, continues to grow and provide meaningful value to users. Many large corporations rely on Resource Advisor for key energy and carbon reporting and project management data.

Resource Advisor

- > 22,000+ users
- > \$30 billion in energy spend managed
- > 39.6 million metric tonnes of CO₂ tracked
- > 300,000 facilities measured



Hear from our experts in our video 'Straight talk about StruxureWare software'.

View from the expert ...



Alexis Grenon,
Vice President, EcoStruxure Programme,
Schneider Electric

'With StruxureWare software, Schneider Electric is delivering meaningful customer value. Segment solutions are specifically focused on the interoperability of software and hardware to create a unique competitive advantage. These solutions are part of an architecture that is tested, validated, and documented. They are driving innovation for our customers'.

Verdantix recognizes Schneider Electric as a leader in energy management software

The independent analyst firm Verdantix named Schneider Electric a leader in its 2013 Green Quadrant Energy Management Software (Global) report. Verdantix referenced our energy management and sustainability software applications along with our strong leadership and vision. Schneider Electric was one of three companies cited as a market leader in the report, along with CA Technologies® and IBM®.

Driving business performance with innovative technology

Keeping data centres cool in Australia

As data centre service providers such as NEXTDC in Australia continue to grow, highly effective and efficient cooling solutions are critical to keep servers running. Flexible cooling solutions enable data centres to accommodate the increase in density that cloud computing demands. The efficiencies delivered by Schneider Electric cooling solutions at NEXTDC's Brisbane data centre offer clients some of the most competitive rates in the marketplace while maintaining availability. Our solutions also provide the visibility NEXTDC needs to make important decisions about energy usage at its Brisbane facility.



Schneider Electric provides the flexible cooling solutions NEXTDC needs to handle the increased densities created by cloud computing.



In our video, see how NEXTDC is offering its Brisbane data centre as a service to clients, with the help of Schneider Electric solutions.

Coming home to savings, security, and control

Wiser solutions are user-friendly

Everyone wants a safe and comfortable home, but with energy prices rising, people are keeping a close eye on their consumption as well. Our Wiser™ offer provides smart, cost-effective plug-and-play devices that connect through a dashboard to show homeowners how they are consuming energy and enabling them to program thermostats and control lights and appliances from their PC, smartphone, or tablet.



Wiser received the prestigious Design star from Observateur du Design in 2012.

Awards

Better lighting by design

Schneider Electric received the prestigious Janus de l'Industrie 2012 Award from the French Design Institute for its innovative and environmentally friendly Odace™ switchgear line.

Recognition for innovative engineering

The U.S. Industry Business awarded Schneider Electric the 2011 Plant Engineering Product of the Year Gold Award in the automation and control category for its Harmony™ XB5R wireless, battery-less push button. The annual Product of the Year recognition is the manufacturing and engineering industry standard for new and innovative product achievements.

90%
of world energy demand growth
will come from **new economies** in the next 40 years*

*Source: World Energy Outlook 2012 Factsheet

Responding to the energy demands of new economies

Growing our presence in emerging markets

New economies will generate 90 per cent of the world's energy demand growth in the next 40 years. The share of non-OECD (Organisation for Economic Co-operation and Development) energy demand will rise from 55 per cent in 2010 to 65 per cent in 2035. China will account for the largest share of the growth in global energy use, with its demand rising 60 per cent by 2035. In addition,

200 of the 500 mega cities will be found in emerging economies, where the gross domestic product (GDP) will grow twice as fast as in countries in mature economies. For these reasons and more, Schneider Electric is an established player in emerging markets worldwide, where we generate 41 per cent of our sales and employ 43 per cent of our people.



Big C Superstores selected Schneider Electric Vietnam for Vietnam's largest renewable energy project ever.

Providing turnkey efficiency solutions

Powering Vietnam's biggest renewable energy (solar) project

In November 2012 in Hanoi, Big C Superstores (Casino group) and Schneider Electric Vietnam signed a contract for Vietnam's largest renewable (solar) energy project ever. The agreement called for the electrical EPC contract for a 212 kWp solar photovoltaic system to be installed on the roof of a car park at the Big C store in Binh Duong, which began operations in February 2013. The scope of the project included the design engineering, procurement, supply, and installation of a complete system that will feed solar energy directly into the building's electrical distribution system. The solution will save up to 10 per cent of Big C's annual energy consumption.

Awards



Schneider Electric Brazil received the ECO award from American Chamber as one of three top companies in strategy, leadership, and innovation for sustainability. The company was recognized for its solutions in energy and resource efficiency and its efforts to reduce its own environmental footprint, as well as for its initiatives to provide access to energy in several vulnerable tiers of Brazilian society.

Photograph by Mário Miranda Filho / Prêmio Eco

41%
sales

in new economies, representing
€9.8 billion, up from 34% since 2010

Source: The Schneider Electric 2012 Annual Report

Opening an R&D centre in Russia



In July 2012, Schneider Electric and the Skolkovo Foundation signed an agreement to create a new R&D centre in Russia's Skolkovo Innovation City. The R&D centre, with more than 100 Schneider Electric employees, will work to create an advanced energy distribution management system for electricity networks and develop standalone generator control systems. Viktor Vekselberg, President of the Skolkovo Foundation, noted that in addition to researching its own solutions, Schneider Electric 'will be participating directly in developing the smart grid system for the Skolkovo Innovation City'.



'China is the country with the biggest population and the second biggest economy in the world. Its demographic and energy stakes are equal to its size. Schneider Electric has been an active player in China for almost 30 years and wants to be an efficient and sustainable partner in the country's development, from East to West'.

Zhu Hai

Executive Vice President, China Operations,
Schneider Electric

30,000
people

employed by Schneider Electric
in China*

43%
of our workforce
found in new economies*

*Source: The Schneider Electric 2012 Annual Report

Delivering scalable solutions for growing businesses

Adding data centre capability in China

In China, Schneider Electric solutions enabled co-location facility Telehouse Beijing BDA to design and build a data centre to the highest international specifications while offering carrier-neutral choice connectivity. The company's data centres are deployed globally by KDDI, a mobile and fixed-line communication provider, with 44 locations in 23 cities worldwide. According to Shinji Miyazawa, President of Telehouse Beijing BDA, 'Schneider Electric was able to provide this total solution, with its choice of architectures, modular/scalable solutions that allow for quicker deployment, and additional capacity'.



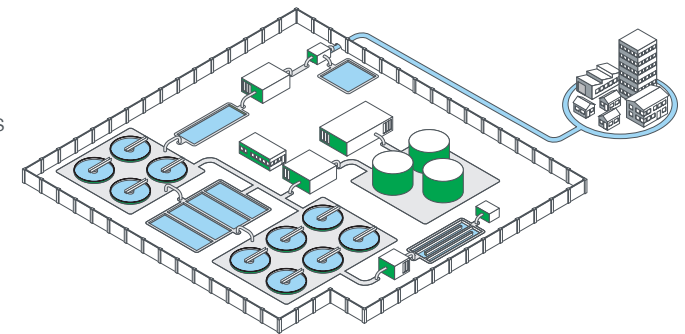
Telehouse Beijing BDA designed and built a data centre to the highest international specifications using Schneider Electric solutions.

@ Learn how Telehouse Beijing BDA benefited from the economies of scale offered by our solutions.

Increasing access to clean water

Creating one of the world's largest wastewater treatment plants in Mexico

Commissioned in 2010 by CONAGUA, the National Water Commission of Mexico, the Atotonilco Wastewater Treatment Plant is designed to provide much-needed relief from the environmental pollutants and health risks that result when untreated water is used to irrigate farmland in the state of Hidalgo in Mexico. The new facility will process 60 per cent of the wastewater runoff from Mexico City, improving the living conditions of approximately 300,000 inhabitants. Schneider Electric was chosen to be the power, control, and automation provider of this project due to its ability to deliver a comprehensive solution, including electrical distribution, drives, automation, and control systems. Also, our engineer-to-order capability enabled us to meet the highly customized order requirements set forth by CONAGUA.



@ Learn more about our solutions for the Atotonilco wastewater facility, which completed its first phase of construction in October 2012.

Innovating for the future

Driving efficiency breakthroughs with R&D

Research and development is a key driver of the growth strategy of Schneider Electric and strongly contributes to its ambition to become the global provider of operational efficiency solutions, with a specific focus on energy. We invest almost 5 per cent of our revenues in R&D annually, with hubs in China, India, America, and France. The global hubs aim to:

- > Develop products and solutions for all of the company's sectors
- > Collaborate with the organization in each country to identify and develop specific offers
- > Develop strategic expertise and innovative technology for the entire company, both internally and in partnership

Schneider Electric R&D main sites



4.4%

of revenue

spent in R&D by Schneider Electric – more than €1 billion in 2012



Schneider Electric helps its 11,000+ R&D engineers expand their knowledge through a skills network development programme.

11,000

R&D engineers
in 26 countries

Nurturing a collective think tank

Helping engineers share skills and knowledge

Around 20 worldwide expertise networks are in place at Schneider Electric, the result of a long-term knowledge development programme. These networks bring together the 11,000 Schneider Electric R&D engineers, located worldwide across the 26 countries and 70 sites where we operate. The programme is part of a long-term vision to expand our technological leadership, as we:

- > Offer men and women in R&D a motivating work environment
- > Help get our programmes deployed in the marketplace faster
- > Enhance our development with quick thinking and foresight
- > Participate in structured projects and research partnerships

Collaborating to augment our brain trust

Schneider Electric partners with universities and prestigious institutions worldwide, including:

China

- > Jiao Tong University

France

- > CEA
- > INRIA
- > Mines ParisTech
- > Grenoble Institute of Technology
- > Joseph Fourier University

Mexico

- > Monterrey Institute of Technology Higher Education

United States

- > MIT Media Lab
- > Georgia Tech

Green plastics for better health

Fossil fuel-based plastics are everywhere in our daily lives, as well as in most of Schneider Electric products. Life cycle assessments demonstrate that biosource plastics – recycled or vegetable-based – can now technically replace existing solutions, improving health and limiting resource depletion. Schneider Electric is conducting tests to transition to biosource plastics for its switches and other basic products.



Pascal Brosset
Senior Vice President, Innovation,
Schneider Electric

'Having reached a leadership position in energy efficiency, Schneider Electric is broadening the scope of its research agenda on the optimization — beyond, but including energy — of the core processes of its customers. Optimizing a mine 'from pit to port', a distribution grid, or even an entire city will require the management, analysis, and ultimately 'sense making' of vast amounts of data, beyond the reach of traditional IT technologies. In-memory databases, 'big data', and machine learning then become key topics in our research agenda. Deeply integrated with the broad Schneider Electric portfolio of operational control solutions, these techniques will allow companies to mine the efficiency gap between enterprise-class systems (ERPs) and traditional automation systems'.

Partnering to optimize energy performance

HOMES programme concludes four years of successful collaboration

Led by Schneider Electric, the HOMES (Homes and buildings for Optimized Management of Energy and Services) programme was the largest European project focused on active energy efficiency. Twenty partners at five pilot sites collaborated to create solutions for achieving optimal energy performance in all buildings. After four years of experiments, concluded in February 2013, the group determined that buildings can save up to 60 per cent on energy-related costs while realizing a fast payback — estimated at three to seven years in tertiary buildings and five to fifteen years in residences.

Solutions developed through the HOMES programme could have a significant impact. If applied to the 230 million buildings in Europe, they can:

- > Reduce building energy consumption by 40 per cent, cutting the global energy bill by 16 per cent
- > Ease the integration of renewables into the grid, enhancing the ability of smart grid-ready buildings to respond to peak shaving during high energy demand periods



The HOMES programme brought together 20 partners to create solutions for optimizing energy performance in buildings.

- > Improve Europe's energy security and independence
- > Create approximately 600,000 jobs in Europe in the next 30 years
- > Not add to the debt burden of local municipalities, as the solutions are almost autonomous financially

@ Learn more about the innovative solutions developed through the HOMES programme.

40%

potential savings

in energy consumption in a building with proper active energy efficiency measures

Packaging our solutions for fast implementation



StruxureLab

To improve the efficiency of our solution development process, Schneider Electric created global StruxureLabs. Their purpose? Create pre-packed StruxureWare software solutions for market segments targeted by Schneider Electric. StruxureLabs enable us to respond to a client's market-specific needs (for healthcare, mining, public companies, etc.) while making it easier for customers to adopt our technology platforms. In addition to improving efficiency, our platform strategy increases the potential for innovation.

'Sustainable energy is the golden thread that connects us all'.

— UN Secretary-General Ban Ki-moon

How do we eradicate energy poverty while making a profit?



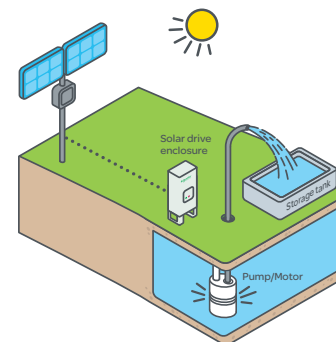
Dr Kandeh Yumkella
Special Representative of
the UN Secretary-General for
Sustainable Energy for All

'I am honoured to serve the Secretary-General and ready to take this path-breaking initiative to the next level. We will continue to work with all key stakeholders to achieve sustainable energy for all and drive real action on the ground — action that transforms lives, communities, economies, and the environment. Since the initiative's launch last year, more than \$50 billion has been mobilized from the private sector and investors. Tens of billions of dollars have been committed by multi-lateral development banks in Asia, Europe, and Latin America. Commitments to support energy access will provide more than one billion people with access to modern energy during the lifespan of the initiative. And new public-private partnerships are forming on transport, energy efficiency, solar cooking, finance, and energy access for the poor'.

The BipBop Programme focuses our company's ambition to bring safe, clean electricity to the people who need it most worldwide. BipBop is an acronym that stands for Business, Innovation, and People at the Base of the Pyramid. The programme addresses three key issues in an effort to achieve the environmental, social, and business outcomes that are essential to any successful sustainability initiative:

- > the lack of appropriate equipment through the development of an adequate offer
- > the lack of financial resources available for innovative energy entrepreneurs through funding
- > the skills and expertise shortage through technical and business training

Powering water pumps with solar energy



In remote areas, pumping water from a well can be a time-consuming and laborious task. To address this challenge, Schneider Electric provides rural communities with Water of the Sun, a fully automatic solar-powered water pumping system. With Water of the Sun, villages with no grid power or erratic power can maximize use of solar energy to pump water for domestic use and/or irrigation purposes.

Combining social progress and business performance

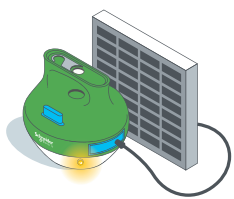
As we address the challenges faced by people worldwide who have no access to energy, can we also make money? That may sound shocking to some, but it is an essential question for any sustainability project.

Schneider Electric believes its energy access initiatives must be looked at through a three-faceted prism, with consideration given to environmental, social, and business outcomes.

@ Learn more about how our sustainability efforts are informed by our business practices.



In isolated regions in Senegal, Villasol off-grid electrification systems coupled with In-Diya lighting systems by Schneider Electric provide 24/7 electricity for collective infrastructure and local micro-entrepreneurs, as well as light for individual homes.



In 2013, Schneider Electric is launching a portable lamp with modular-LED lighting, a USB port for mobile charging, and a solar or plug-in charging capability.

Providing technology to improve everyday living

Solutions for three off-grid villages in Senegal

Schneider Electric, in collaboration with the Senegal authorities, provided three off-grid villages in Senegal with a micro off-grid solar-powered facility known as Villasol. The plant supplies electricity to the main communal buildings in Dar Salam, Thiasky, and Kak: their schools, community centres, and health centres. It also provides a battery charging station so village inhabitants can recharge their Schneider Electric-provided In-Diya lamps. In Senegal, 67 per cent of the population has no access to electricity.

For end users in remote villages, our Villasol solution offers a significant improvement

in healthcare, education, and lighting, all of which helps improve overall living conditions. It also reduces migration and provides more sustainable development for local communities and businesses. For Schneider Electric, the installation of Villasol solutions fulfils our BipBop Programme's call for providing the right equipment to address the need for energy access.

13 villages

have gained access to electricity thanks to Villasol and Villasmart rural electrification solutions in Africa, Asia, and South America, representing 3,500 households

*Source: The Schneider Electric 2012 Annual Report

2.5 billion
people worldwide do not have cooking capabilities

(approximate combined populations of the United States, Europe, and China)*

1.3 billion
people worldwide do not have access to energy

(approximate combined populations of the United States and Europe)*

\$1 trillion
mobilized to eliminate energy poverty

(approximate gross domestic product (GDP) of Mexico or South Korea)*



The Planet & Society Barometer

2012 results vs. 2014 target

1,000,000 households at the Base of the Pyramid have access to energy

0	344,441	1 million
start	results	target

30,000 people at the Base of the Pyramid trained in energy management

0	10,517	30,000
start	results	target

> Two flagship indicators for our 2012 – 2014 Planet & Society Barometer focus on initiatives from our BipBop Programme: the number of households benefiting from access to energy solutions, and the number of BoP people trained in energy management.

In similar news ...

Schneider Electric is helping people gain access to energy worldwide, including the Amazon communities of Tumbira and Santa Helena do Ingles. Watch our video and discover how electrification and training are changing lives and delivering economic opportunity for these rural populations.



Learn more about bringing clean energy to Amazon communities in our video.



Through vocational training, Schneider Electric supports the Cambodian government's effort to bring electricity to 70 per cent of its villages by the end of 2020.

Nurturing the skills that make sustainability possible

Introducing trades in Cambodia

Vocational training is always the first step towards access to energy. That's why it is one of the pillars of our BipBop Programme. Cultivating competence in a trade or the management of a system leads to autonomy and sustainability.

Since 2009, Centre Kram Ngoy in Cambodia has been a partner in the Schneider Electric BipBop Training Programme for energy access. Together, we are introducing electrical and automation trades to people from the BoP to enable them to contribute to Cambodian development. Schneider Electric helps train instructors and provides laboratory equipment.



Progress update ...

With the help of our training programme, 120 people have successfully set up their own business. Individual earnings average 3,000 Indian Rupee (INR) per month.

It's one of the
20 training
projects
in 19 countries that
have been initiated
since 2009.

Collaborating to succeed

Schneider Electric is a member of Livelihoods, a carbon fund dedicated to supporting the efforts of agricultural and rural communities to live in sustainable ecosystems. These ecosystems serve as the foundation of a community's food security and provide the resources that ensure sustainability. Livelihoods creates value for communities, which benefit from the restoration and preservation of ecosystems that are degraded or threatened. Investors, such as Schneider Electric, benefit from the carbon credits (VERs) they receive in return for their investment in the fund. Joining Schneider Electric as partner investors in Livelihoods are Danone, CDC Climat, La poste, Cr dit Agricole, HERM S, and Voyageurs du monde.



Schneider Electric supported the Africa Express mission which toured around the whole continent to assess energy best practices.

Less than
\$10
daily earnings
by individual consumers in
many emerging markets*

\$38
billion
spent annually by low-income
consumers worldwide on
kerosene for light*

\$10
billion
spent annually by low-income
consumers worldwide on cell
phone charging*

*Source: Simpa Networks,
www.simpanetworks.com/energy-as-opportunity

View from the expert ...

'The problem is essentially lopsided development. For instance, we have seen unemployment in the villages that has led to an exodus of rural populations to the cities. What is needed is to create a situation that reduces such migration. The entrepreneurs programme creates opportunities for our trained electricians to start their own businesses while staying in their own village, not only giving them a source of livelihood, but also providing safe, reliable, efficient, and affordable lighting for people living in the village'.

Ravi Bushan

India BipBop Training Programme Director,
Schneider Electric

Progress update ...



After acquiring skills in the electrical trade through the BipBop Programme, Sandeep Kumar Sahu set up a

solar-powered battery charging station in his village of Bairi Mangtaiya, India in 2011. One year later, Sandeep's income had increased considerably. He was also instrumental in helping other entrepreneurs install their battery charging stations. Now Sandeep is ready to transform his LED lamp and battery business from rentals to sales.

Making modern energy simple, affordable, and accessible

Supporting Simpa Networks

Simpa Networks is a venture-backed technology company that provides distributed energy solutions on a 'progressive purchase' basis to underserved consumers in emerging markets. Customers make a small initial down payment for a high-quality solar photovoltaics (PV) system and then pre-pay for the energy service, topping up their systems in small, user-defined increments. Each payment for energy also applies to the final purchase price of the PV system. Once fully paid, the system unlocks permanently and produces energy, free and clear. Simpa Networks is funded in part by the Schneider Electric Energy Access (SEEA) Fund, which aims to support the development of entrepreneurial initiatives around access to energy in communities at the Base of the Pyramid.



With Simpa household energy systems, users pre-pay for electricity based on actual usage, and each payment adds up towards the total purchase price of the solar home system.

'So far Schneider Electric Energy Access has invested in six companies in France, Africa, and India. By investing in those companies, we foster an ecosystem of innovative subject matter experts who make sustainable development through access to energy possible'.

Christophe Poline, Sustainable Investment Director,
Schneider Electric

@ Learn more about our commitment to sustainability at SDreport.schneider-electric.com

Awards

Praise for our corporate social responsibility



Schneider Electric India was awarded the prestigious Golden Peacock Award for Corporate Social Responsibility for the year 2012. The award recognized our corporate social responsibility initiatives in the areas of village electrification, electrician trainings, employment, and entrepreneurship.

'Many citizens overall are becoming legitimately more attentive to the carbon footprint of companies.'

— Alain Digeon

How do we link concern for the planet to productivity and customer service?



Alain Digeon
Senior Vice President,
Environment, Schneider Electric

'Each year, we see the expectations from all our stakeholders rise when it comes to environmental issues. More and more customers ask for transparent environmental information. Regulations are more demanding. Resources are more scarce and their price is more volatile. End users, financial institutions, and many citizens overall are becoming legitimately more attentive to the carbon footprint of companies. Over the last three years, we have built great momentum for our environmental commitment. 2012 has been the beginning of a new chapter for Schneider Electric. Based on a complete carbon assessment, we extended our CO₂ management into Scope 3*, pursued our journey towards reliable product environmental information with Green Premium, and initiated a new programme to master our water footprint. And there is more to come'.

*Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

In response to the company's significant growth in the last decade, Schneider Electric is reinventing its supply chain to be more effective and green. In this transformation, our objective is to make our supply network a source of competitive advantage. The initiative is called the Tailored Supply Chain, and at its core is the understanding that our customers are too diversified to be treated in a uniform way. Accordingly, we have segmented their purchasing behaviours into four models: basic products, facilities, systems, and spare parts. Mapping our supply chain to each customer's needs will become part of the Schneider Electric process, updated every year to bring more added value.

The Tailored Supply Chain has three major axes of transformation:

- > Segmentation to answer the specific needs of new and diversified customers and deliver added value
- > Coordination of the supply chain, marketing, and sales to speed response time and lower cost
- > Regionalization around three logistics hubs connected by physical and computing highways to optimize our distribution network

Schneider Electric aims to incorporate environmental actions into its supply chain transformation to boost customer satisfaction and productivity.

Looking at everything through an environmental lens

At Schneider Electric, our environmental commitment is all-encompassing. That means everything we do — from making and selling products to operating sites and consuming energy — is considered within

an environmental context. Our recent focus includes what the International Energy Agency calls the 'water-energy nexus', as water resources worldwide become increasingly stressed and access more contentious.*

* Source: World Energy Outlook 2012 Executive Summary, International Energy Agency

@ Learn more about our commitment to safeguarding the planet and read our Environmental Policy.



Our headquarters in France was the first building in the world to earn ISO 50001 certification, the new standard for energy management practices.

Proper energy management starts at home

Saving with our own solutions

Across 160 industrial sites, Schneider Electric has achieved a 15 per cent reduction in energy consumption since 2005 while also reducing CO₂ emissions. These results were delivered within the context of the Schneider Energy Action programme, whose main objectives are to:

- > Achieve continuous overall reduction of electricity, gas, and oil consumption

- > Implement the company's own solutions across all of its sites
- > Raise employees' awareness of the new energy efficiency offers and help them understand how they can contribute to their development

Schneider Electric has now set a new energy consumption reduction goal: to save an additional 10 per cent by 2014.



See how we are reducing our energy consumption globally.

202 sites

connected to energy management unified dashboards through the Schneider Energy Action programme, representing 3/4 of Schneider Electric total energy consumption



The Planet & Society Barometer

2012 results vs. 2014 target

10% CO₂ savings on transportation

0	14.8	10
start	results	target

75% of our products revenue achieved with Green Premium

63	65.5	75
start	results	target

10% energy consumption savings

0	6.1	10
start	results	target

- > Three indicators of our 2012 – 2014 Planet & Society Barometer focus on minimizing our environmental impact through reduced CO₂ emissions, green products, and reduced energy consumption.

In similar news ...



Implementing our own solutions, we have transformed our Pisek manufacturing plant in the Czech Republic into an energy efficiency showroom, demonstrating our core strategy to customers and employees.

- > 24.5% reduction in energy consumption 2012 vs. 2008
- > 390 tonne reduction of CO₂ emissions 2012 vs. 2008

6.1%

reduction

in Schneider Electric energy consumption over 2012*

36

Schneider Electric

sites are ISO 50001 certified*

280

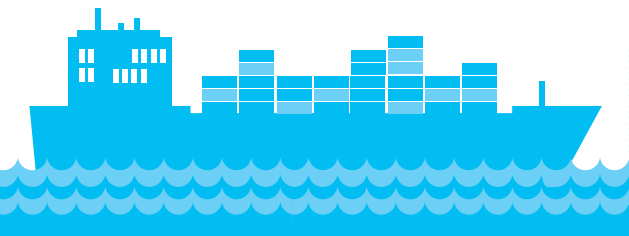
Schneider Electric

sites are ISO 40001 certified*

Driving down carbon emissions

Focusing on transportation

Between 2009 and 2011, Schneider Electric focused its carbon reduction efforts on energy consumption, the SF₆ gas that is present in some of its products, and long-distance freight. We have now decided to make transportation our target for reducing emissions, as it is the largest contributor of the three. Incorporating our ambition in our new Planet & Society Barometer, we now have a goal of reducing by 10 per cent our CO₂ emissions linked to transportation. We got off to a good start in 2012, achieving 14.8 per cent savings based on sea freight preferences, logistics flow rationalizations, and choosing cleaner carriers.

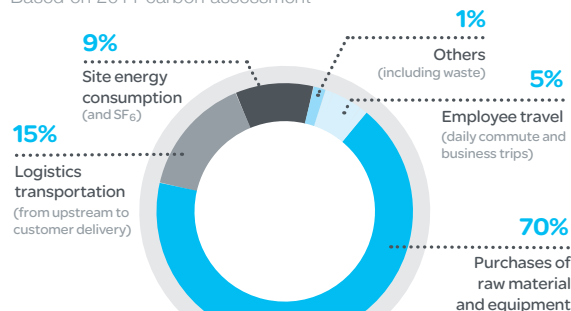


Optimizing our energy bills

Recently acquired by Schneider Electric, Summit Energy™ Services specializes in energy procurement and sustainability services. Their know-how has optimized our energy bills and enhanced our energy and carbon dashboards.

Schneider Electric carbon emissions share

Based on 2011 carbon assessment



@ Track our emissions reduction progress with our online Planet & Society Barometer tool.

33
companies

included in the Carbon Performance Leadership Index of the Carbon Disclosure Project in 2012, including Schneider Electric

Progress
update ...

Through a focused effort, Schneider Electric has reduced leaks of SF₆ in its manufacturing processes to 0.75%, minimizing related CO₂ emissions.

99.25%
of manufacturing

processes at Schneider Electric are free of SF₆ leaks and related CO₂ emissions

Collaborating with Green Freight Europe

Schneider Electric has always thought that standardization is key at the industry level. That's why we became one of the founding members of Green Freight Europe, the leading independent voluntary programme for improving the environmental performance of European road freight. Comprising more than thirty multinational carriers, shippers,

and logistics service providers, Green Freight Europe aims to have an industry-driven approach to establishing a standard pan-European system for collecting, analyzing, and monitoring CO₂ emissions for road freight operations. Such an approach is mandatory to have long-term improvements.



4.1
tonnes of CO₂
emissions

per employee, equivalent to the CO₂ per capita of Mexico

Source: The Schneider Electric 2012 Annual Report and World Bank Data Library 2012

Mastering our water footprint



In an effort to be more mindful in its management of water resources, Schneider Electric has launched a task force to establish three-year water reduction objectives and identify the main water usage of the company. At the end of 2012, some of our facilities had already achieved their water reduction objective. In these cases, we have established new challenges for 2013.

2.4%

reduction

in water consumption
per employee in 2012

Source: The Schneider Electric 2012 Annual Report

Supporting our customers' environmental policies

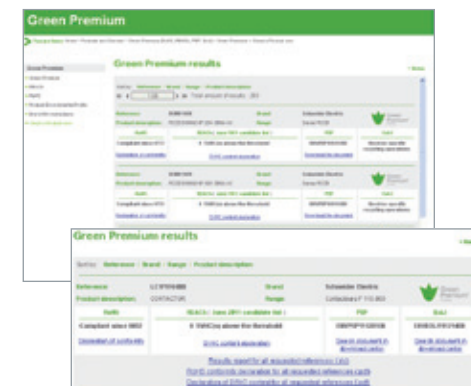
Green Premium products

With its Green Premium™ products Schneider Electric provides customers with the information they need to maintain their environmental policies. An online Check-a-Product tool lets users access the following information about each of our Green Premium products, based on its date code:

- > Environmental Product Profile
- > End-of-life instruction manual
- > The list of substances of concern according to the European REACH regulation
- > Confirmation that the product does not contain lead, hexavalent chromium, mercury, polybrominated biphenyls (PBB), and polybrominated diphenyl ethers (PBDEs) above the threshold set by the European RoHS directive.

Green Premium products help customers calculate their carbon footprint, anticipate and ensure full regulation compliance, and reduce end-of-life cost by optimizing recyclability.

@ Learn more in our White Paper 'Green Premium eco-mark: In Sustainability, Information is Power'.



Thanks to the Check-a-Product tool, our customers can search on-line for the environmental information they need on our products.

2/3

of Schneider Electric
product revenue is achieved
with Green Premium products

Complying with ISO 50001 at 15 UK sites



The commitment of Schneider Electric to energy efficiency has been recognized with ISO 50001 accreditation across 15 of its largest UK sites. The UK certification followed a global first in June 2011, when the company's head office in France was the first building in the world to be certified as complying with the new standard for energy management practices.

'We need to help our employees build sustainable careers.'

— Karen Ferguson



Karen Ferguson
Executive Vice President,
Global Human Resources, Schneider Electric

'I firmly believe that to build a truly sustainable business, we need to help our employees build sustainable careers. If we give people access to learning, career development, and coaching, we empower them to take control of their careers and to be agile enough to face the future, whatever it may bring. This in turn creates an enterprise which is able to constantly evolve and take advantage of opportunities for growth, which in turn creates even more growth opportunities for our people — this is true sustainability'.

How do we connect individual fulfilment with collective success?

Highly engaged people are a competitive advantage for Schneider Electric. So how can we foster employee engagement to drive business results? The answer is the Total Employee Experience, a collaborative approach that empowers all Schneider Electric employees to take ownership of their careers. The programme provides managers with the tools to guide highly motivated employees, while enabling human resources to play a strategic role in building a thriving global organization.

Schneider Electric embraces digitization as a way to engage and empower employees, as well. Web tools, social networks, collaborative portals, and more are major efficiency enablers, allowing us to accelerate service to our customers. Training also engages Schneider Electric employees as we give our people the means to learn new skills and build their careers.



The Planet & Society Barometer

2012 results vs. 2014 target

1 day of training for each employee every year*

*This indicator will start to be reported in 2013

30% women in the talent pool
(~ 2,500 people)

30% reduction of the
Medical Incident Rate (MIR)

-	-	1
start	results	target
23	27	30
start	results	target
0	23	30
start	results	target

> These Planet & Society indicators promote skills development, gender balance, and employee safety.

Creating an environment for employee and corporate growth

At Schneider Electric, we are committed to giving our employees an engaging work environment — one that inspires, supports, and rewards their efforts.

We believe our company can perform better when our people are empowered in a collaborative workplace.

@ Hear what our employees have to say about working at Schneider Electric.



Schneider Electric employees at our world headquarters in Rueil-Malmaison, France.

Ranking with top employers worldwide

Fostering employee engagement

Our aspiration as an employer is unequivocal: we want to be the company of choice for the people who work for us and for potential employees. Toward that end, we set up the ONEVoice internal satisfaction survey in 2009. Each quarter, we take the pulse of our organization worldwide, using a methodology similar to the one we use to measure our customers' satisfaction. Questions recently added to the

survey enable us to quantify an Employee Engagement Index, which we use to compare ourselves with the best employers in key regions of the world. In 2012, our Employee Engagement Index was 55 per cent, two points above the average for the Industry sector. An ambitious objective of 70 per cent by the end of 2014 is now part of our Planet & Society Barometer.



Discover what our people, including our President & CEO, have to say about working at Schneider Electric when you watch our video.

50
best employers

Schneider Electric is part of the Top 50 best employers in the Universum 2012 ranking*

31%
of workforce
are women*

47%
of workforce
are blue collars*

*Source: The Schneider Electric 2012 Annual Report

Teaming up for
sustainability ...



Schneider Electric employees from around the world participated in the Amazone Green Tree Raid, a challenging women-only competition that celebrates empowerment, collaboration, the environment, and a more sustainable world. Our four teams represented each of our four company programme values: care, connect, challenge, and commit.

Connecting the generations

40 per cent of Schneider Electric employees are between 16 and 34 years of age. In 2012, a specific training was provided to 2,000 of our leaders in order to help them bridge generational differences and facilitate understanding and collaboration among people of all ages.



Employees earn Energy Management Expert certification at Energy & Solutions University.

3,501 employees

certified at Energy & Solutions University since 2009

Advancing our skills through training

Energy & Solutions University

Through Energy & Solutions University, Schneider Electric offers employees business-approved learning paths to help them become more solutions-oriented and develop their consultative skills. The learning resource also gives our people the opportunity to achieve certification as an Energy Management Expert. The designation is a valuable professional credential for employees and a source of confidence for customers. At the end of 2012, 3,501 employees in 60 countries had received certification, and more than 10,000 people — account managers, sales representatives, solutions architects, service teams, and more — were enrolled at Energy & Solutions University.



Go Green in the City challenges students from around the world to develop innovative solutions for energy management in urban areas.

Engaging students at Go Green in the City 2012

Go Green in the City is a competition created by Schneider Electric that invites students working in teams of two to develop viable solutions for energy management sectors critical to a city. The teams, which must include at least one woman, are rewarded for innovative proposals reconciling energy demand, social progress, and environmental protection. The 2012 competition attracted approximately 270,000 students, and the top 25 teams were flown to Paris in June for a final presentation. The winners received attractive Schneider Electric job offers and earned a trip around the world, which started with a visit to our facilities in the United States and Russia.



Meet the Go Green in the City 2012 winners and learn more about the challenge.

35%
of our
employees

are Schneider Electric
shareholders

The Connect Olympics



In celebration of our new company programme, our West Kingston facility hosted the first-ever Connect Olympics. Athletes were divided into four teams, each representing one of the Connect transformations: Connect to Customers, Connect Everywhere, Connect People, and Connect for Efficiency. The event brought together people from all levels of our company, as executives and employees competed in a range of contests before enjoying an end-of-the-summer cookout.

**Rich Widdowson**

Vice President, Safety,
Environment, Real Estate,
North America
Schneider Electric

'When it comes to safety, our challenge will be to build on the momentum we have had on the frequency rate of accidents and the Medical Incident Rate and drive 10% more improvement in 2013. Our ultimate goal is zero injuries and we want all our employees safe at work, at home, and at play'.

**Eveline Noya**

Senior Vice President,
Talent Management,
Schneider Electric

'We promote diversity, inclusion, and gender balance in our talent pool and beyond because we recognize they are a source of strength and competitive advantage. Different viewpoints spur innovation and creativity'.

Ensuring the highest levels of safety

Certification for manufacturing and logistics sites

All Schneider Electric employees and contractors must benefit from the highest possible standards for health and safety. The company conducts frequent and ongoing safety awareness and training campaigns. We include safety criteria in the performance incentives of all plant and logistics centre managers. And by the end of 2012, all Schneider Electric manufacturing and logistics sites had implemented a certified health and safety management system (OHSAS 18001 or equivalent). We are also committed to helping our people adopt well-being practices around health, stress management, nutrition, and more.

1,172 calendar days

without a lost time accident at our Swindon, UK plant
(as of 31 January 2013)



In August 2012, our manufacturing facility in Swindon, UK achieved its 1,000th calendar day without a lost time accident.

Embracing diversity and gender balance

The launch of the Women Initiative

At Schneider Electric, our different nationalities, backgrounds, genders, and abilities are cause for celebration. They give us competitive advantage and make our company unique. The diversity policy at Schneider Electric places particular emphasis on equal employment opportunities for men and women. Reflecting this emphasis, the company launched the Women Initiative in 2012, with four main pillars:

- > Ensure that our human resources processes and Key Performance Indicators are aligned with our gender balance policy
- > Develop the potential of our women through the 'Women in Leadership' programme and by supporting employee participation in professional women's networks
- > Build gender balance awareness among managers throughout the company via workshop training, and involve key potential women in mentoring programmes



The Schneider Electric Women Initiative was launched in 2012 to support women employees through career development and professional networking opportunities.

- > Attract female graduates for internships and recruitment through our Go Green in the City international case challenge for students (see page 35)

'2012 has been a defining year for the Schneider Electric Foundation.'

— Patricia Benchenna



Patricia Benchenna
Schneider Electric Foundation
Programs Director

'First, we fortunately had no emergency campaigns to support as no major natural disasters required our help, enabling us to focus on reconstruction in Haiti and Japan. Indeed, we have scaled up the number of young people trained from 7,500 to 10,500, a 40 per cent increase from 2011. In addition, we have launched a new initiative, Schneider Electric Teachers, that opens the way for our employees and retirees to contribute to the Foundation's main mission: foster professional integration of underprivileged people through training around energy. The combination of professional training, engaged employees, and long-term partnerships gives us reason to be optimistic about our future work'.

How can our leadership and knowledge help build communities?

According to the UNESCO 2012 Education for All Global Monitoring Report, one young person out of eight worldwide is unemployed, two to three times more than the percentage for adults. The development of skills and competencies is instrumental to tackle unemployment and poverty, and to boost long-term growth. That is why, in the past five years, the Schneider Electric Foundation has decided to focus its action towards the most underprivileged communities around professional training in energy. Created in 1998, under the aegis of Fondation de France, the Schneider Electric Foundation articulates its actions around three areas:

- > Support the professional integration of young underprivileged people in energy management through training and reconstruction programmes after natural disasters
- > Support sustainability awareness via innovative projects
- > Foster employee and retiree volunteering

In parallel, through our annual Luli week, we continue to support local projects to ensure that we nurture our contributions to the communities around us all over the world.



The Planet & Society Barometer

2012 results vs. 2014 target

300 missions by the 'Schneider Electric Teachers' NGO

0

start

66

results

300

target

- > With this objective, we concentrate on encouraging Schneider Electric employees and retirees to volunteer in communities where energy training is required.

Sharing expertise, fostering skills, and lending a hand

Schneider Electric is in touch with the real-life conditions in its local markets. We make a proactive and lasting commitment to the places where we

work and live by rolling up our sleeves and standing shoulder-to-shoulder with our community partners.

@ Discover how we are helping communities through training, volunteering, and sharing knowledge.



The schools of the Iwate Prefecture in Japan were devastated by the Tohoku tsunami.

Aiding reconstruction with professional training

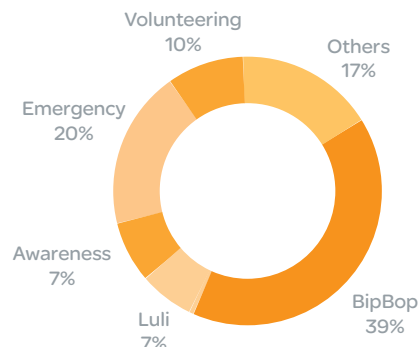
Restarting after a natural disaster

The Schneider Electric Foundation strives to integrate training into all of its relief support efforts. So, after donating In-Diya solar lamps in emergency support of tsunami-devastated Tohoku, Japan in March 2011, we turned to education. With an eye towards supporting recovery in the region, we partnered with the Iwate Prefecture

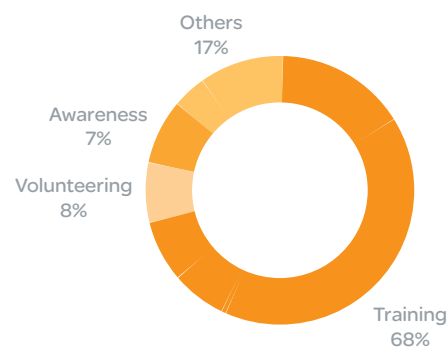
Board of Education to help 12 technical schools recover from the significant damage that they had suffered. We provided the schools with equipment and educational tools involving solar generation. We also donated equipment for the development of extracurricular activities.

Schneider Electric Foundation Contributions in 2012

Contribution by programme



Contribution by subject



View from
the expert ...



'Many citizens were victims of the 2011 Tohoku earthquake, as were many of the region's economic activities. In our efforts to help with

the recovery, we hope to advance our students' knowledge in industrial engineering and science so they can grow to become young professionals who can contribute to the region's rebuilding'.

Hiroshi Takahashi, Manager of Special Mission Council and High School Education Department Iwate Prefecture Board of Education, Executive Office of High School Education Chamber

€6.5
million

in-kind and financial donations from Schneider Electric employees, entities, and partners in 2012

Source: The Schneider Electric 2012 Annual Report

€4
million

Foundation budget in 2012

10,517 young people trained through Foundation efforts



Michel Ruiz works at Schneider Electric Automation in Carros, France. For three years, he has volunteered as a Schneider Electric Teacher in Arusha, Tanzania, working as a human-machine interface trainer.

'I think it's very important to bring this sort of expertise to the people of Tanzania and East Africa', Michel says. He notes that training is essential not only to teach people how to use technology, but to also provide them with the skills to repair equipment if it breaks down.

Hear Schneider Electric Teachers volunteer Michel Ruiz talk about his experiences at the KIITEC technical institute in Tanzania.



Training tomorrow's energy experts

Bridging the technology gap in Africa

The Schneider Electric Foundation is committed to projects that emphasize sustainable and practical training in energy management for the Base of the Pyramid populations. Schneider Electric Teachers, an NGO launched in February 2012, has become a key component of the Foundation's focus on training, harnessing the expertise of current and retired Schneider Electric employees in an educational and professional training capacity.

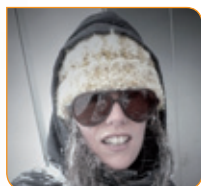
Over the last 20 years, the technology revolution has widened the gap between industrialized countries and the emerging nations of Africa, where new technologies can create unsolvable maintenance problems. Within its partnership with ADEI (Action – Development – Education – International) since 2009, the Schneider Electric Foundation has supported the KIITEC technical institute in Arusha, Tanzania, by:

- > Contributing equipment and materials for the electricity and automation training courses
- > Allocating grants to open up training to the poorest
- > Facilitating and supporting the graduate students in setting up their own businesses
- > Encouraging employee volunteers through Schneider Electric Teachers



Reaching new heights in sustainable development

Perched on a breathtaking 3,835 metres (12,582 feet) above sea level the Refuge du Goûter has long been an iconic destination for mountaineers, but one that desperately needed renovation. Now a new shelter has been constructed, with the support of the Schneider Electric Foundation, main patron of the Refuge. EcoStruxure™ architecture, the innovative energy management solution by Schneider Electric, was donated and deployed to monitor and control energy production and consumption. The energy-generation system comprises solar panels, a Schneider Electric Conext™ XW off-grid system, and a cogeneration group that runs on petrol or vegetable oil. The system has been programmed to optimize the performance of the energy sources.

**Gabrielle Leroy**

Solar Solution Specialist, Schneider Electric

'Thanks to existing strong relationships with the best electricians in the Alps, all specializing in solar and micro-hydro, I had the chance to get some training with them before being called to the Goûter in August 2012 ... We had made an exact copy of the Refuge's electrical installation in a lab working closely with the EcoStruxure teams, to make sure we could simulate faults, troubleshoot, and develop solutions in a less hostile environment. Up there, with the lack of oxygen, even the simplest mental addition hurts your brain! To sum it up, it was a beautiful human adventure and an unforgettable field experience'.

@ Discover how Schneider Electric and its Foundation demonstrate it is possible to do more with less through projects like the Refuge du Goûter .

Supporting entrepreneurs, helping young job seekers

Rewarding ingenuity and ambition

Schneider Electric works to create opportunities for entrepreneurs within its own ranks and for young people from the community at large.

- > Created in 1994, Schneider Initiatives Entrepreneurs holds an annual competition encouraging the entrepreneurial spirit of the company's employees and rewarding the six most promising proposals to come forth. In 2012, the association welcomed its thousandth initiative to the competition.
- > The '100 chances, 100 emplois' association gathers approximately 600 companies in 15 different cities in France to help underprivileged young people enter the job market. The network connects youths with these companies to get them started on a career path.

@ Learn more about the Schneider Electric Foundation's involvement with local communities.



The Schneider Electric team with Slim Bensaoud, centre, winner of our 2012 internal entrepreneurs contest, 'Vivez l'Aventure!'

110

Foundation delegates lead our community actions in 75 countries*

*Source: Schneider Electric Foundation and The Schneider Electric 2012 Annual Report



As part of our Luli campaign and BipBop Programme for 2012, Schneider Electric South Africa sent a team to Mkhangisa, one of the most deserted villages in the Eastern Cape Province. The team helped install our In-Diya lighting solution in homes and buildings.

Helping through the Luli campaign

Luli is an annual campaign to raise funds and competencies among Schneider Electric employees. Now in its twelfth year, Luli energizes support for long-term partnerships developed locally with organizations involved in youth employment opportunities. The 2012 campaign was led by 110 Schneider Electric Foundation delegates worldwide and delivered these results:

- > 155 initiatives undertaken, with 75 per cent of projects related to our skills
- > More than 30,000 employees involved

'We have laid a solid base for our long-term growth and profit'.

— Emmanuel Babeau

What drives our growth, even in a challenging economy?



Emmanuel Babeau

Executive Vice President, Finance
Member of the Management Board, Schneider Electric

'In 2012, we delivered 7 per cent growth in sales, double-digit increase in earnings per share, and record free cash flow in mixed markets. This illustrates once again the strength of our business model, the solid execution of the Connect company program, and the disciplined integration of our acquisitions. This strong performance allows us to propose a 10 per cent increase in dividend to €1.87 per share this year. Our effort to improve the solutions performance is paying off and we continue to grow our strong new economies platform'.

With what has been achieved in product and software innovation, tailored supply chain, and organization efficiency, Schneider Electric has laid a solid base for long-term growth and profit. For 2013, in an economic environment that remains mixed, the company targets a low-single digit organic growth in sales and a stable to slightly up adjusted EBITA margin.

Key Figures <i>(in millions of euros)</i>	Full Year 2011 ⁽²⁾	Full Year 2012	% Change
Sales	22,345	23,946	7%
<i>Organic growth</i>		-0.7%	
Adjusted EBITA <i>(before acquisition and integration costs)</i>	3,190	3,515	+10%
<i>% of sales</i>	14.3%	14.7%	0.4 pts
Adjusted net income⁽¹⁾	1,808	2,023	+12%
<i>Adjusted earnings per share in euros</i>	3.36	3.73	

⁽¹⁾ Adjusted for the non-recurring goodwill impairment charges

⁽²⁾ The 2011 figures were restated for the item disclosed in note 1.2 of consolidated financial statement.

Executing consistently on a proven strategy

In contrast to a world economy and marketplace distinguished by unpredictability, Schneider Electric has achieved steady growth by adhering to a proven formula: stay focused on a clear strategy and insist on exceptional

performance in all phases of execution. For 2013, we expect the economic environment to remain mixed, with continued challenges in Western Europe, opportunities for acceleration in the new economies, and a slow recovery in North America.

@ Learn more about our financial results, review key figures, and access financial reports and presentations.



Shareholders' Advisory Committee members visiting Schneider Electric international headquarters in March 2012.

Hearing the voice of our shareholders

The Shareholders' Advisory Committee

When shareholders have a concern about financial communications from Schneider Electric, they also have a voice. The Shareholders' Advisory Committee is designed to provide a communications channel between our shareholders and the company. The committee's members align with the

geographic and professional diversity of our shareholder base. Up to eight independent volunteers are appointed by Schneider Electric for a three-year term. In addition to meeting as a group several times in 2012, members participated in discussions with shareholders throughout the year.

2013 Financial and Extra-financial Calendar

Financial:

21 February 2012 Annual results
23 April Q1 2013 sales
25 April Annual Shareholders' Meeting
31 July Half year results
25 October Q3 2013 sales

Extra-financial:

2 May Q1 results
31 July Half year results
7 November Q3 results

View from
the expert ...

'As an individual shareholder of Schneider Electric, I appreciate the company's efforts in technological innovation as well as the development of solutions in the field of energy management. The geographic footprint of the company and its responsiveness demonstrate long-lasting development opportunities. Also, preserving the company's operations in France and focusing on employee training and social integration of young people are very important'.

Henriette Dennequin,

Shareholders' Advisory Committee Member

€1.87^{*}
dividend
per share^{**}

€3.73
adjusted
earnings
per share^{**}

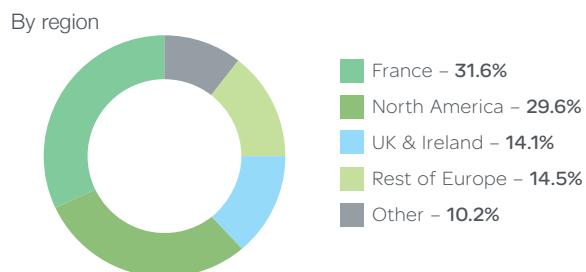
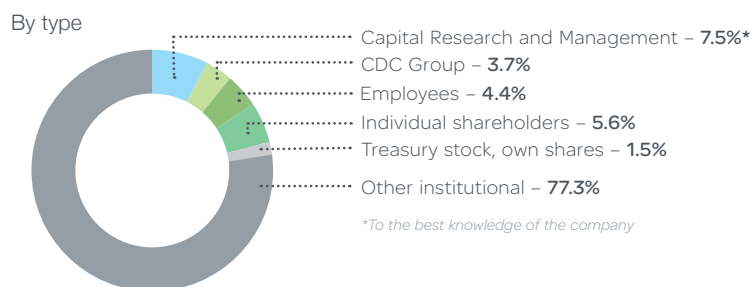
^{*} Subject to shareholders' approval on 25 April 2013

^{**} Source: The Schneider Electric 2012 Annual Report

Delivering value to
all our shareholders

Ownership profile and stock performance

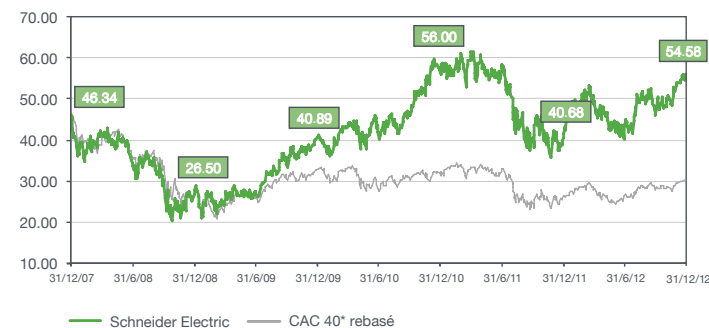
Shareholder Ownership structure (as of December 2012)



€30 billion

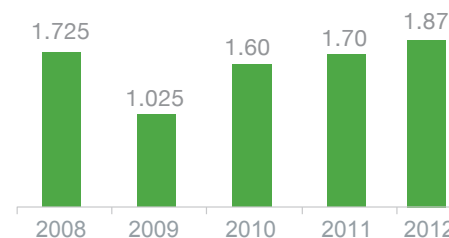
Schneider Electric market capitalization
as of 31 December 2012

Evolution of dividend and share price



** Cotation Assistée en Continu*

Dividend per share



Schneider Electric policy is to pay out 50% of net
income in dividend.

Planet & Society Barometer:

Results for our 14 indicators in 2012

Our Planet & Society Barometer kicked off a new three-year cycle in 2012, with a blend of indicators informed by our company's key sustainability stakes. The goal is to reach our target of 8/10 by 2014. With a score of 6.42 at the end of 2012, we are off to a good start.

The Planet & Society Barometer indicators

Planet		Start 01/01/12	Results 31/12/12	Target 12/2014
Carbon	10% CO ₂ savings on transportation	-	14.80%	10%
Products & Solutions	75% of our products revenue achieved with Green Premium	63%	65.5%	75%
Energy	10% energy consumption savings	-	6.1%	10%
Profit				
Green Growth	7 points growth revenue with EcoXperts above total growth revenue	-	7.6	7
Access to energy	1,000,000 households at the Base of the Pyramid have access to energy	0	344,441	1,000,000
Suppliers	90% of preferred suppliers embraces ISO 26000 guidelines	0	7.8%	90%
Governance	3 major ethical stock market indexes select Schneider Electric	3	3	3
Best Practices	300 sites recognized as 'Great places to work — cool site'	0	-	300
* This indicator will start to be reported in 2013				
People				
Safety	30% reduction of the Medical Incident Rate (MIR)	-	23%	30%
Engagement	70% score in the Employee Engagement Index	-	55%	70%
Diversity	30% women in the talent pool (~ 2,500 people)	23%	27%	30%
Training	1 day of training for each employee every year*	-	-	100%
Access to Energy	30,000 people at the Base of the Pyramid trained in energy management	0	10,517	30,000
Communities	300 missions by the 'Schneider Electric Teachers' NGO	0	66	300

6.42 / 10
barometer score

after one year

Awards

In October 2012, the Cercle Humania awarded Schneider Electric the Sustainability Innovation Prize for its Planet & Society Barometer. The Cercle Humania think tank rewards sustainability initiatives that have proven their efficiency to the benefit of companies, colleagues, customers, or the environment. Henri Lachmann, Chairman of the Supervisory Board of Schneider Electric, received the award on behalf of the company.

Collaborating with our stakeholders to tell our story

The making of this document



Sustainable management of this document

Because this document must reflect our commitment to sustainability, we have tried to keep its carbon footprint as low as possible

- > This document is printed with vegetable oil-based ink on 100 per cent FSC®-certified recycled paper, manufactured in a chlorine-free process
- > Printed on Arjowiggins Graphic Cocoon Offset paper: 140 g/m² text and 250 g/m² cover
- > The printer meets the standards in accordance with the Imprim'Vert® specification
- > The year over year printed quantities have been reduced by 22 per cent for the English version and 12 per cent for the French version

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Our dear customers and external stakeholders:

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Agencies, partners, and alliances:

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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

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Also available:

The Schneider Electric 2012 Annual Report
www.schneider-electric.com/annualreport



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