A technician wearing a yellow hard hat and safety vest is shown from the side, holding a handheld device that displays '220'. He is working on an electrical panel with various wires. The background is slightly blurred, showing an industrial setting.

100 Mtons saved CO<sub>2</sub> on our customers' end  
thanks to our EcoStruxure offers (2018-2020)

May 2018

Wednesday, May 30th 9:00AM NY / 2:00PM London / 3:00PM CET

### **Replay available during 90 days**

France (EN) : +33 (0)1 70 71 01 60

UK : +44 20 3364 5147

US : +1 (646) 722-4969

**Access code: 418762157#**

# Speakers



**Emilienne Lepoutre** joined Schneider Electric in early 2011 as Sustainability Performance Manager. She is driven by the desire to transform businesses towards sustainable growth. Emilienne is responsible for managing and promoting the Group's 3-year sustainability transformation plans, called Schneider Sustainability Impact, the company's performance in sustainability assessments by investors and rating agencies, and the integrated report. Graduated from ESCP in 2004, Emilienne began her career as a consultant, first in France in a large consulting firm and then in Argentina on sustainable development projects.



**Esther Finidori** leads initiatives to deliver Schneider Electric's 2030 CO<sub>2</sub> neutrality ambition. Esther has a strong expertise in CO<sub>2</sub> accounting methodologies and tools and has notably developed Schneider Electric "CO<sub>2</sub> impact accounting methodology", to quantify CO<sub>2</sub> emissions saved for customers. Esther also leads the "Green Supply Chain" strategy of Schneider Electric, that aims for continuous improvement of the environmental performance of Schneider's 300 largest sites worldwide. Key initiatives include waste management optimization, energy efficiency and renewable electricity. Before joining Schneider Electric in 2016, Esther Finidori has 6 years of experience as an environmental consultant, with a specific expertise on climate change and the energy transition.



**Xavier Houot** is Schneider Electric SVP Group Safety, Environment, Real Estate functions. His 'Environment' role encompasses Energy & CO<sub>2</sub> strategies and programs for the Group, amongst which 2020 Environmental Strategy, the 100% renewable electricity strategy and membership to RE100, as well as the CO<sub>2</sub> neutrality ambition for 2030. He reports to Annette Clayton, EVP Global Supply Chain and North America operations. Xavier first worked 25 years in the consulting industry, of which a Partner with PwC, EY, BearingPoint, then joined Schneider Electric 4 years ago. His experience includes marketing and growth strategies design -with a strong '*Green for Growth*' focus over last 15 years-, and was gained internationally -of which 4 years in India- serving large Companies in their Sustainability transformations, leading Clean Development Mechanism projects and Carbon strategies definition.

# Agenda & objectives of the call

## Objectives

- Share Schneider Electric's vision about how we contribute to fight climate change, focusing on the impact of our offers in reducing our customers' CO<sub>2</sub> emissions
- Gather your insights and feedbacks on this initiative, to push our CO<sub>2</sub> journey always further

## Agenda

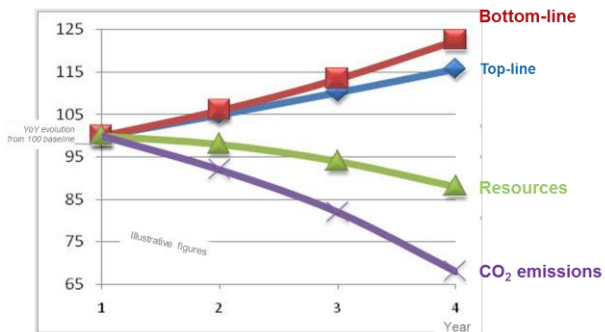
- Introduction by Exane 5 min
- Schneider Electric's CO<sub>2</sub> journey 30 min
  - Our CO<sub>2</sub> vision
  - 100 Mtons CO<sub>2</sub> saved for our customers
  - Climate in our governance
- Q&A Session 25 min

# Our CO<sub>2</sub> strategy finds its relevance in many forms

## For SCHNEIDER ELECTRIC

### Our journey towards CO<sub>2</sub> decoupling

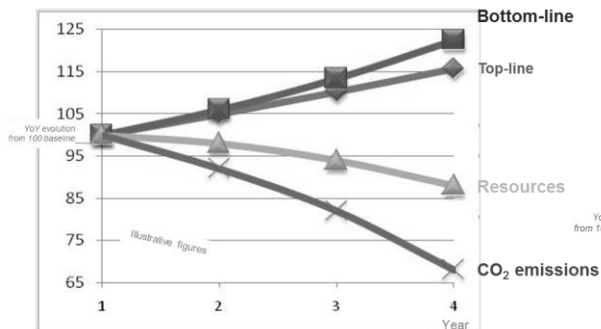
(decorrelation of growth from natural resources and CO<sub>2</sub>)



Simplified representation of targeted impacts at Schneider Electric level

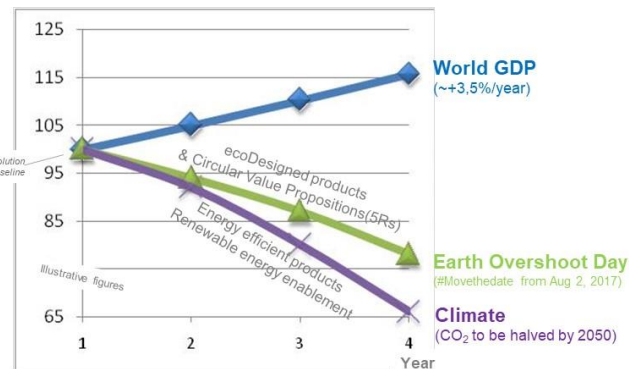
## For our CUSTOMERS

Helping Clients win: differentiation, cost avoidance, image, resilience



## For the WORLD's ECONOMY

World economy's decoupling towards +2°C and one-planet



Simplified representation of desired impacts at World's economy level

## Schneider Electric strategic vision

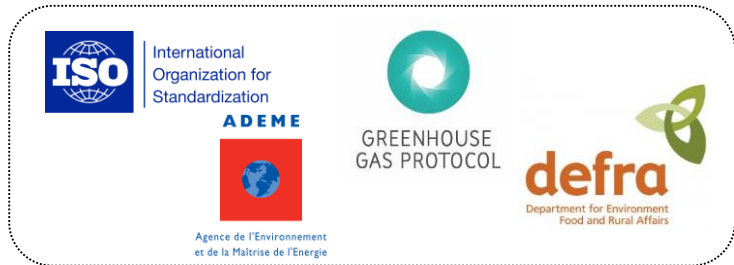
Demonstrate (quantify) the positive CO<sub>2</sub> impact of our offers for our customers

Our ambition is to prove **'More Schneider is a better climate'**:

**100** Mtons CO<sub>2</sub>  
saved through our EcoStruxure offers  
from 2018 to 2020

# CO2 impact accounting: innovation today is driven by investors

Years 2000 to 2010



Corporate accounting guidelines  
Scope 1, 2 and 3

Since 2010 ...



**Investors** are driving methodology innovation on  
« CO<sub>2</sub> impact accounting » looking at the business impact  
of companies on climate

- ✓ **Status today:** no harmonized CO<sub>2</sub> methodology for companies to calculate CO<sub>2</sub> saved by their customers thanks to their offers. Standards for CO<sub>2</sub> related data are driven by finance sector demand
- ✓ **Schneider Electric's ambition:** design a robust & innovative methodology to quantify CO<sub>2</sub> savings delivered to our customers, be transparent, share and push for global standardization

# 100 MtCO<sub>2</sub> saved for our customers (2018-2020)

## A unique methodology, designed to become an industry standard

### 1 Transversal

- Transversal methodology framework applicable across equipment industries, that aims to become a shared standard
- Covers products, software and services

### 2 Rigorous and detailed

- Detailed calculation rules per offer/technology, leveraging in each case the best available data (sales data, market data, expert estimates) to quantify the expected use case of our offers and associated energy and CO<sub>2</sub> savings

### 3 Conservative assumptions

- Conservative assumptions to avoid « green washing » in CO<sub>2</sub> savings claims
- Distinction between brownfield sales that enable CO<sub>2</sub> savings v/s actual and greenfield sales that enable CO<sub>2</sub> avoidance v/s alternative scenario

### 4 Forward-looking

- As solutions sold today will be used for 10 to 20 years, the methodology takes into account the future evolution of CO<sub>2</sub> emissions (notably reduction of the CO<sub>2</sub> intensity of the electricity mix)

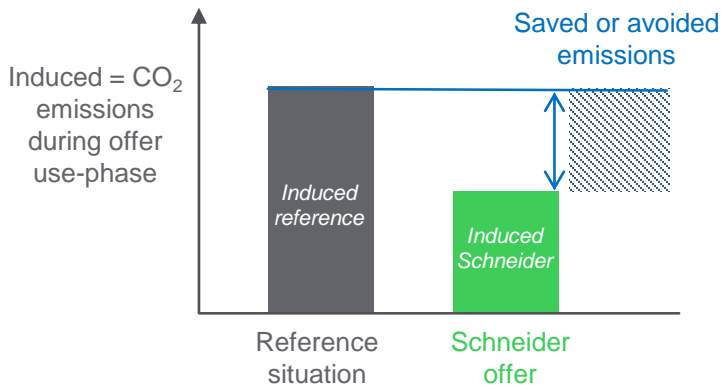
### 5 Transparent and verified

- Methodology developed with the support of an independent consulting company
- Part of the annual end-of-year audit by EY of non-financial results in Schneider Sustainability Impact
- Objective to publish a methodology guide by end 2018 to ensure transparency



# Methodology principles: induced, saved and avoided emissions during offer use-phase

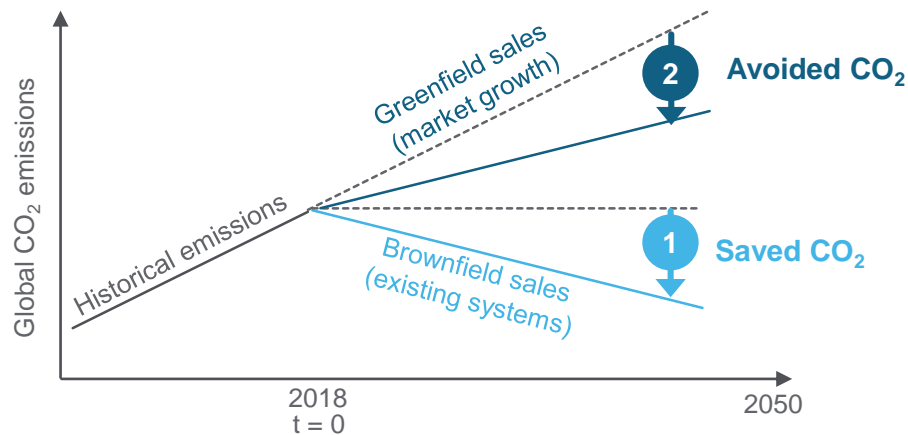
## Induced, avoided and saved emissions



→ Saved and avoided emissions are « net »: calculated as the difference between use phase emissions of a reference situation and use phase emissions of Schneider Electric's offer

## Reference situation

*Brownfield and greenfield*



→ Distinction between brownfield and greenfield: brownfield sales enable reduction of global CO<sub>2</sub> emissions compared to previous years (saved CO<sub>2</sub>), greenfield sales enable a limitation of the increase of global emissions (avoided CO<sub>2</sub>)

# EcoStruxure™

Innovation At Every Level

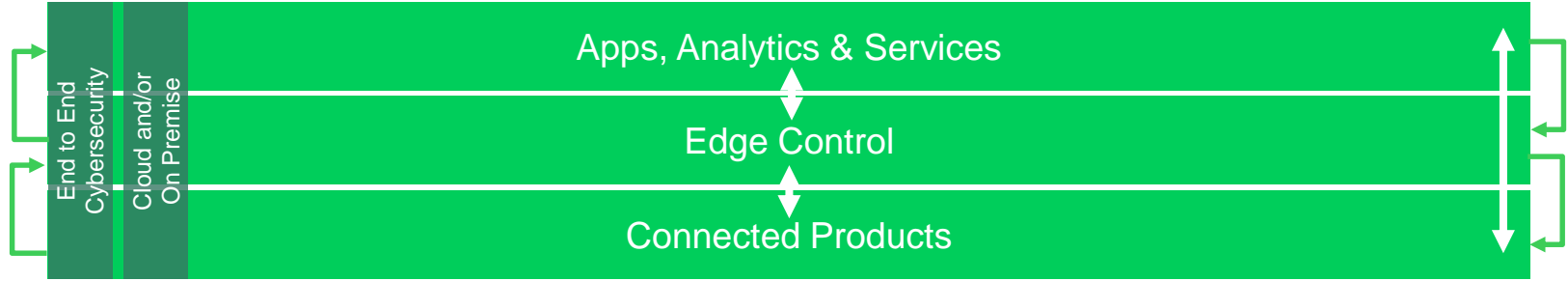
EcoStruxure™ Architecture

Building

Data Center

Industry

Infrastructure



Illustrative  
offers

**EcoStruxure  
Building**



Building  
Management  
System

**EcoStruxure  
Power**



Electrical  
Panel

**EcoStruxure  
IT**



Prefabricated  
Data Centers

**EcoStruxure  
Machine**



Variable  
Speed Drives

**EcoStruxure  
Plant**



Distributed  
Control  
System

**EcoStruxure  
Grid**



Substations

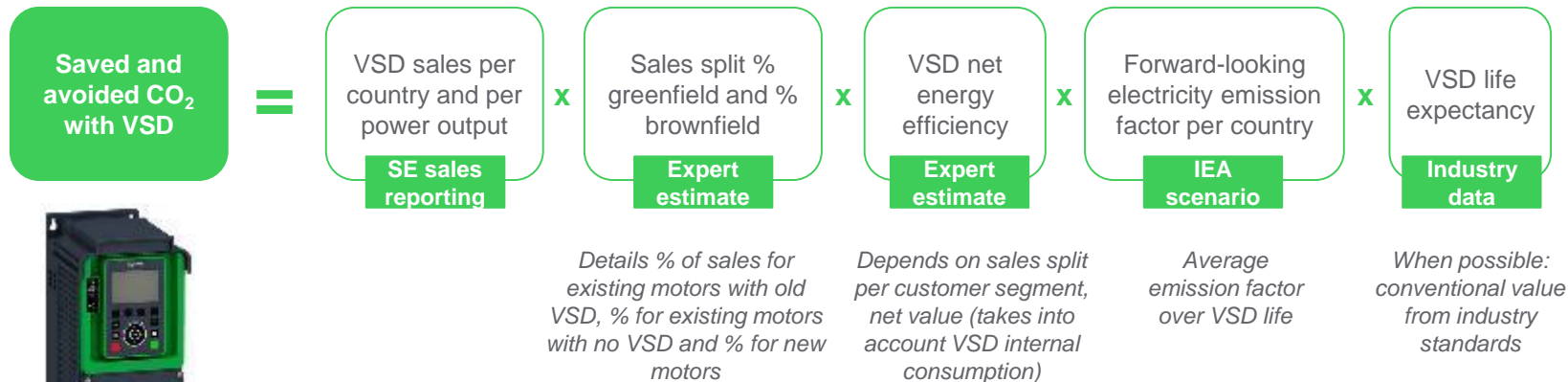
Life Is On

**Schneider  
Electric**

## Zoom on 2 offers:

### 1. Variable Speed Drives (VSD)

**Variable Speed Drives** enable to save electricity consumed by motors, by regulating their speed and rotational force.



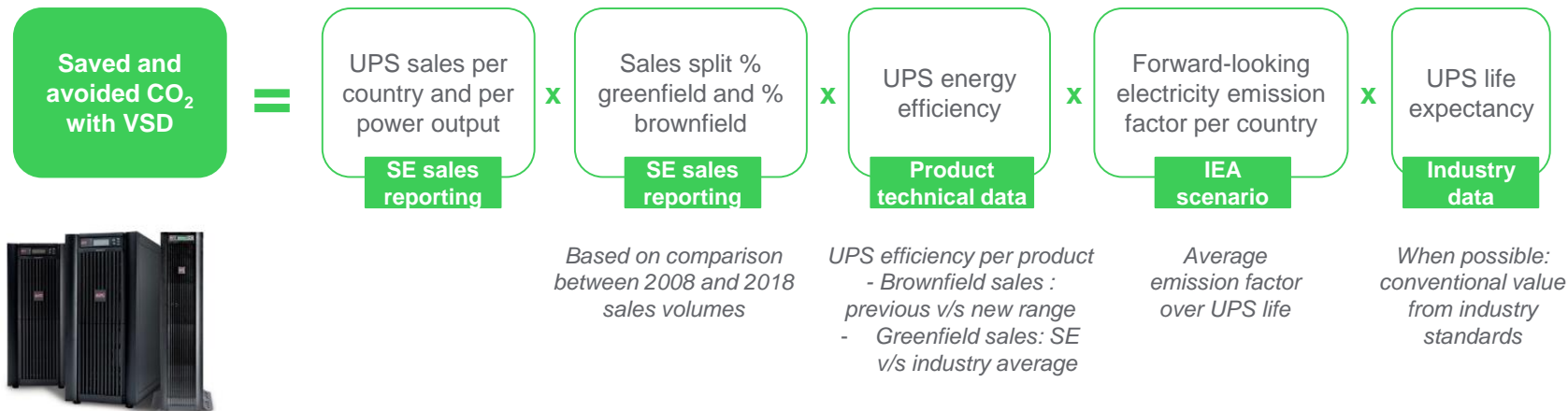
Our 2017 VSD sales will allow our customers to save

**10** MtCO<sub>2</sub>  
*Preliminary results*

## Zoom on 2 offers:

### 2. Uninterruptible Power Supply (UPS)

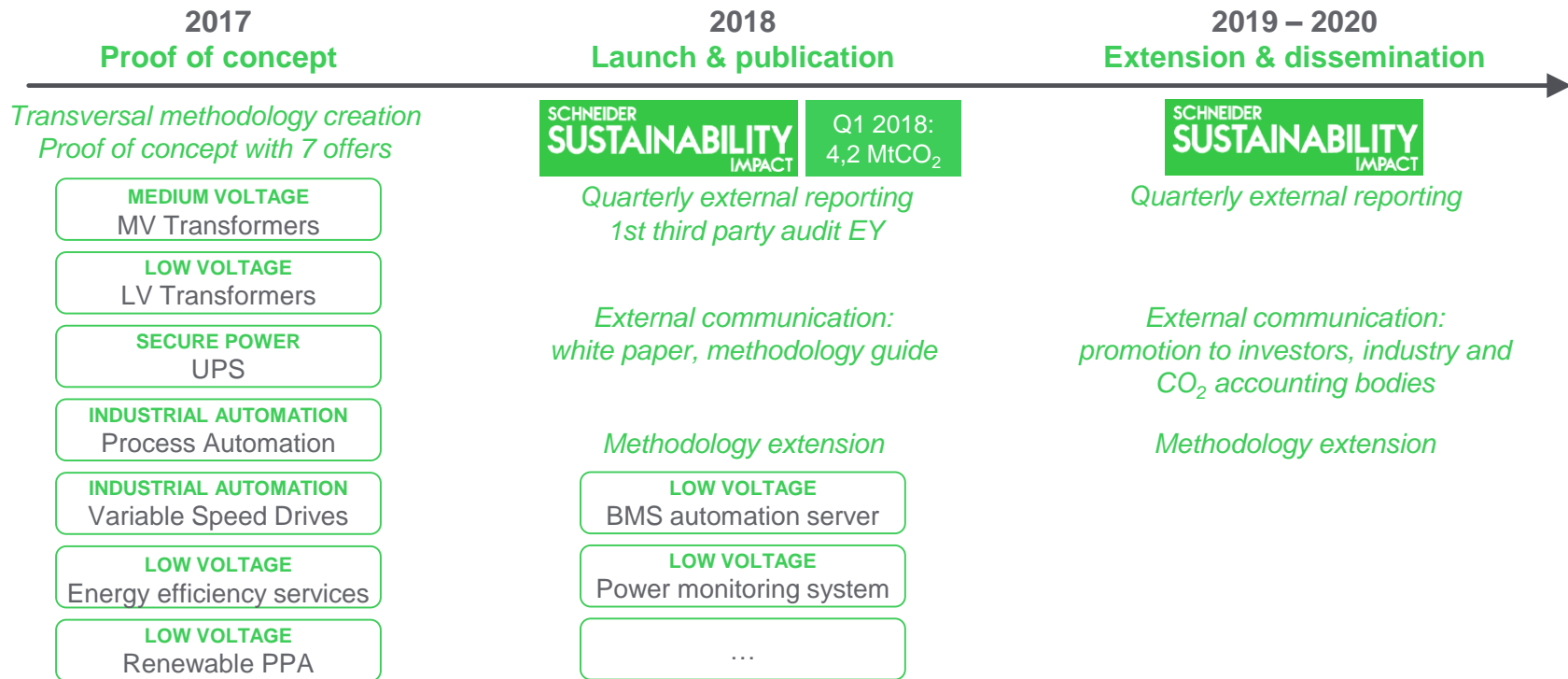
**Uninterruptible Power Supply (UPS)** enable devices to be continuously powered at the right voltage and frequency. The internal efficiency of UPS has strongly improved over the past decade, enabling significant CO<sub>2</sub> savings.



Our 2017 UPS sales will allow our customers to save

**2.5** MtCO<sub>2</sub>  
*Preliminary results*

# Our plan looking ahead



# We integrate sustainability into our overall performance, decision making & execution processes

## Sustainability means company growth

Sustainability is business: Life is On™

Sustainability strategy to meet the energy challenge

## At the communication level: integrated and reliable processes

The Schneider Sustainability Impact commented on by the CFO and the CEO

Quarterly results presented together with financial information to investors

### Audited results

All Schneider Sustainability Impact indicators verified annually (EY)

**SCHNEIDER**  
**SUSTAINABILITY**  
**IMPACT**

## At the strategic level: integrated in the company program

Sustainability in the initiative “Innovate to support growth”

5 sustainability megatrends 2015-2020

21 sustainability transformation indicators 2018-2020

The Schneider Sustainability Impact

## At the operational level: integrated governance involving every level

HR & CSR committee at Board level, Sustainability committees at ExCom level

**Specific committees & all employees:** 35,000 employees involved in mobilization programs, 6,000 sustainability fellows, 1,900 volunteers

**Schneider Sustainability Impact in compensation:** in short-term incentives (7,000 employees), long-term incentives (2,000 employees), and profit-sharing incentives (15,000 employees)

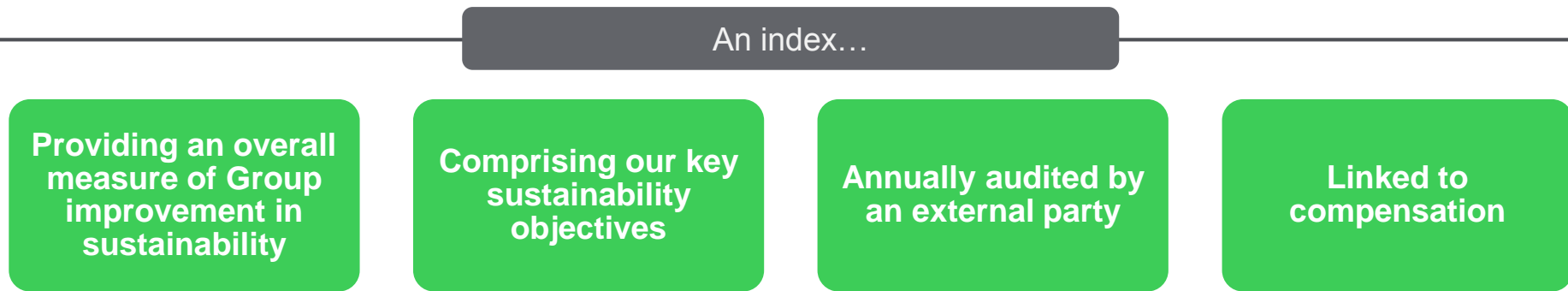
## The Planet & Society barometer, an innovative tool to measure and drive sustainability performance, becoming Schneider Sustainability Impact in 2018

Schneider Electric launched its sustainability approach in **2002**. We were then faced with two questions:

- **How to mobilize the company around sustainability objectives?**
- **How to provide our stakeholders with regular, overarching reporting on our initiatives?**

We found an answer **in 2005** by designing the **Planet & Society barometer**. It has been our 3-year sustainability transformation plans and steering tool for more than 13 years.

We set 3-year targets and measure our results every quarter, converted into a score out of 10. This offers a comprehensive view of our performance and evolution, and is a source of renewal and progress.



# Our commitments for 2018-2020: Schneider Sustainability Impact

## CLIMATE

**80%**  
renewable electricity

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



**100 million metric tons**  
saved CO<sub>2</sub> on our customers' end thanks to our EcoStruxure offers

**25%**  
increase in turnover for our Energy & Sustainability Services

## CIRCULAR ECONOMY



**75%**  
of sales under our new Green Premium program

**200**  
sites labeled towards zero waste to landfill

**100 %**  
cardboard and pallets for transport packing from recycled or certified sources

**100,000 metric tons**  
of avoided primary resource consumption through EcoFit™, recycling and take-back programs

## HEALTH & EQUITY

**70%** scored in our Employee Engagement Index

**1** medical incident per million hours worked



**90%**  
of employees have access to a comprehensive well-being at work program

**100%** of employees are working in countries that have fully deployed our Family Leave policy

**100%** of workers received 12 hours of learning in the year with 30% digital learning

**90%** of white collars have individual development plans

**95%** of employees are working in countries with commitment and process in place to achieve gender pay equity

## ETHICS



**5 pts /100**  
increase in average score of ISO26000 assessment for our strategic suppliers

**300**  
suppliers under Human Rights & Environment vigilance received specific on-site assessment

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

## DEVELOPMENT

**x4**  
turnover of our Access to Energy program

**350,000**  
underprivileged people trained in energy management



**12,000**  
volunteering days thanks to our VolunteerIn global platform

Life Is On

**Schneider**  
Electric



# Q&A

Life Is On



**Schneider**  
Electric