

CLIMATE

CIRCULAR ECONOMY

HEALTH & EQUITY

ETHICS

DEVELOPMENT

Life Is On

Schneider
Electric

How Sustainability contributes to Schneider differentiation

FUTURE

The Schneider Electric sustainability newsletter #2 - September 2019



Jean-Pascal Tricoire
Chairman & CEO, Schneider Electric

“

At Schneider Electric, sustainability is at the heart of everything we do. Our commitment to it extends across our technology, our value chain, our business model, and our culture. Here is our promise to future generations: We will be part of the solution, taking urgent actions now to co-create a brighter future for everyone, everywhere.

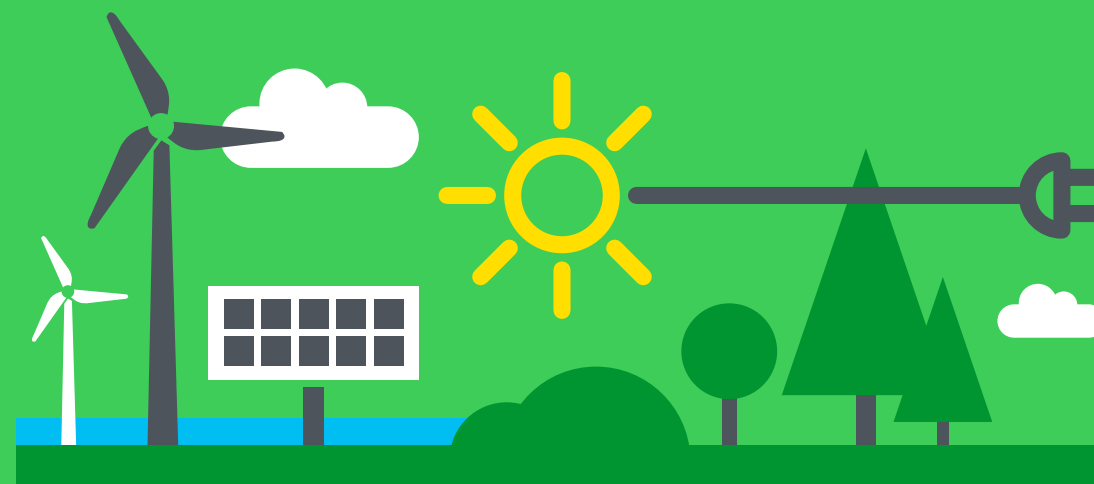
Watch Jean-Pascal Tricoire share the Group's vision and commitment at 2019 Climate Week

Summary

Reiterating our mission at 2019 Shareholders' Meeting

Performance and measurement are intertwined

Shaping the future: 100% renewable electricity in 2030



Reiterating our mission at 2019 Shareholders' Meeting

During last General Meeting, on April 25, Jean-Pascal Tricoire reaffirmed the company purpose: “to empower all to do more with less, ensuring #LifeIsOn everywhere, for everyone, at every moment. At Schneider Electric, we provide energy and automation digital solutions, for efficiency and sustainability. For the first time in history, we can all participate in a step change in efficiency, and the rare opportunity to

reconcile the paradox between progress for all, and a sustainable future for our planet. We keep also progressing in our #sustainability impact along targets closely aligned with the #SDG’s of the UN Global Compact. We are working with the Board of Directors and all of our stakeholders, particularly our people, to enrich this shared vision, which is at the heart of our values and brings together our entire community around the world.”

Discover how Schneider Electric helps Lidl achieve energy savings

Shareholders approved all resolutions

Following the AGM, the Board is comprised of



More detail on AGM



Performance and measurement are intertwined

“We aim to continue improving our profitability, while accelerating the setting-up of our improvement plans to meet the challenges relating to climate change”

Leonid Mukhamedov, Schneider Electric Chief Strategy Officer

Schneider Electric has developed a management tool for measuring progress with sustainability, called the Schneider Sustainability Impact. Its 21 indicators are in line with the five sustainability megatrends defined by the Group: Climate, Circular Economy/biodiversity, Ethics, Health & Equity; and Development/ Access to Electricity. It is

annually audited by a third party. For more than 15 years, the Group has clear and challenging goals in conjunction with its long-terms ambitions: carbon neutrality by 2030 while contributing to reach the COP21 commitments and the Sustainable Development Goals of the United Nations.

[Learn more about our Commitments](#)

With a total score of 6.10 at end of December 2018, the Schneider Sustainability Impact has exceeded its target score of 5/10 for 2018. Let’s discover now one of the indicators to better understand how to use this management tool to measure the impact of a company and furthermore its social, societal and environmental

responsibility. The selected indicator reflects the relevance of our strategic transformation to provide our customers with complete digital solutions generating more efficiency and sustainability, while supporting the global energy transition an digital transformation, moving towards a more electric, decarbonized, digital and decentralized model.

2018 – 2020 SCHNEIDER SUSTAINABILITY IMPACTS

CLIMATE

IMPACT #1

80% renewable electricity

IMPACT #2

10% CO₂ efficiency in transportation

IMPACT #3

120 million metric tons avoided CO₂ on our customers' end through our offers

IMPACT #4

25% increase in turnover for our EcoStruxure™ Energy & Sustainability Services

CIRCULAR ECONOMY

IMPACT #5

75% of global sales under our new Green Premium program

IMPACT #6

200 sites labeled toward zero waste to landfill

IMPACT #7

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

IMPACT #8

120,000 metric tons of avoided primary resource consumption

HEALTH & EQUITY

IMPACT #9

70% scored in our Employee Engagement Index

IMPACT #10

0.88 medical incidents per million hours worked

IMPACT #12

100% of countries have fully deployed our Family Leave policy

IMPACT #11

90% of employees have access to a comprehensive Well-being at Work program

IMPACT #13

100% of workers received 15 hours of learning with 30% of digital learning

IMPACT #14

90% of white-collar workers have an individual development plan

IMPACT #15

95% of employees working in a country committed to achieve gender pay equity

ETHICS

IMPACT #16

5.5 pts/ 100 increase in average score of ISO 26000 assessment for our strategic suppliers

IMPACT #18

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

IMPACT #17

350 suppliers under Human Rights & Environment vigilance received specific, on-site assessment

DEVELOPMENT

IMPACT #19

x4 turnover of our Access to Energy program

IMPACT #20

400,000 underprivileged people trained in energy management

IMPACT #21

15,000 volunteering days thanks to our VolunteerIn global platform

Performance and measurement are intertwined

For the climate challenge, the “increase in turnover for our Energy & Sustainability Services” indicator shows very strong performance at +13.8% in 2018. The high growth is boosted by the energy efficiency business with the public sector in the US, and by key wins in the cleantech business. The energy sourcing business is contributing to the growth as well. Energy & Sustainability Services targets a 25% increase in sales in 2020 compared to the 2017 baseline.

St. Joseph, Missouri USA

- **Energy efficiency & infrastructure** modernization project
- **Energy Savings Performance Contract** to fund critical improvements in city infrastructure for modernization and reduction in operational costs
- **Energy and operational** savings estimated to be more than \$200k in first year alone

“Working with Schneider Electric gives us the best of the most modern technology, with a way to fund the upgrades ... beginning the first in what we hope to be many new projects to use our energy and operational savings to work harder for our city”

Public Works Director, St. Joseph

A demanding ambition integrated into compensation

Based on these results, Schneider Electric decided to raise the level of its ambitions for 9 indicators out of 21 indicators of the Schneider Sustainability Impact for the next two years.

The long-term sustainability performance of the Group shall also be measured in terms of relative performance, through a combination of external indices which cover a range of environmental, social and governance indicators wider than and different from the Schneider Sustainability Impact. Using external indices will also ensure that the sustainability priorities governing the assessment of the long-term sustainability performance of the Group are at all times those which matter the most to the stakeholders. This new index, the Schneider Sustainability External and Relative Index (SSERI) shall comprise four external indices selected by the board, all widely recognized as objective, challenging, trustworthy and meaningful, such as DJSI World, CDP, FTSE4GOOD or Vigeo-Euronext.

Sustainability performance represents...

10%
of Short term incentive plan for 52,000+ employees

30%
of Long term incentive plan for 2,000+ managers

The numerous recognitions we received in 2018 testify the Schneider Electric performance such as “The Circulars” in the “Multinational” category which rewards the Group’s commitment to circular economy, or the selection among the World’s Most Admired Companies by Fortune magazine, our presence in the CDP Climate A list for the 8th consecutive year; or our ranking in the Global 100 Most Sustainable Corporations in the World by Corporate Knights for the 7th consecutive years.

In 2018-2019, Schneider Electric has been included in the DJSI World and Europe and has ranked 2nd in its industry

Schneider Electric is ranked 15th among 3,200 firms in accelerating progress towards gender equality.

Winner of The Circulars Award 2019 in the “Multinational” category

Named to Fortune “World’s Most Admired Companies List”

Eight straight years on the CDP Climate “A List”

Seven straight years on Corporate Knights “Global 100” list of the world’s most sustainable corporations

Shaping the future: 100% renewable electricity in 2030

At the close of 2017, Schneider Electric began a new phase of its energy transition by joining RE100 and committing to source 100% of electricity from renewables by 2030.

RE 100

RE100 is a collaborative, global initiative uniting more than 100 influential businesses committed to 100% renewable electricity

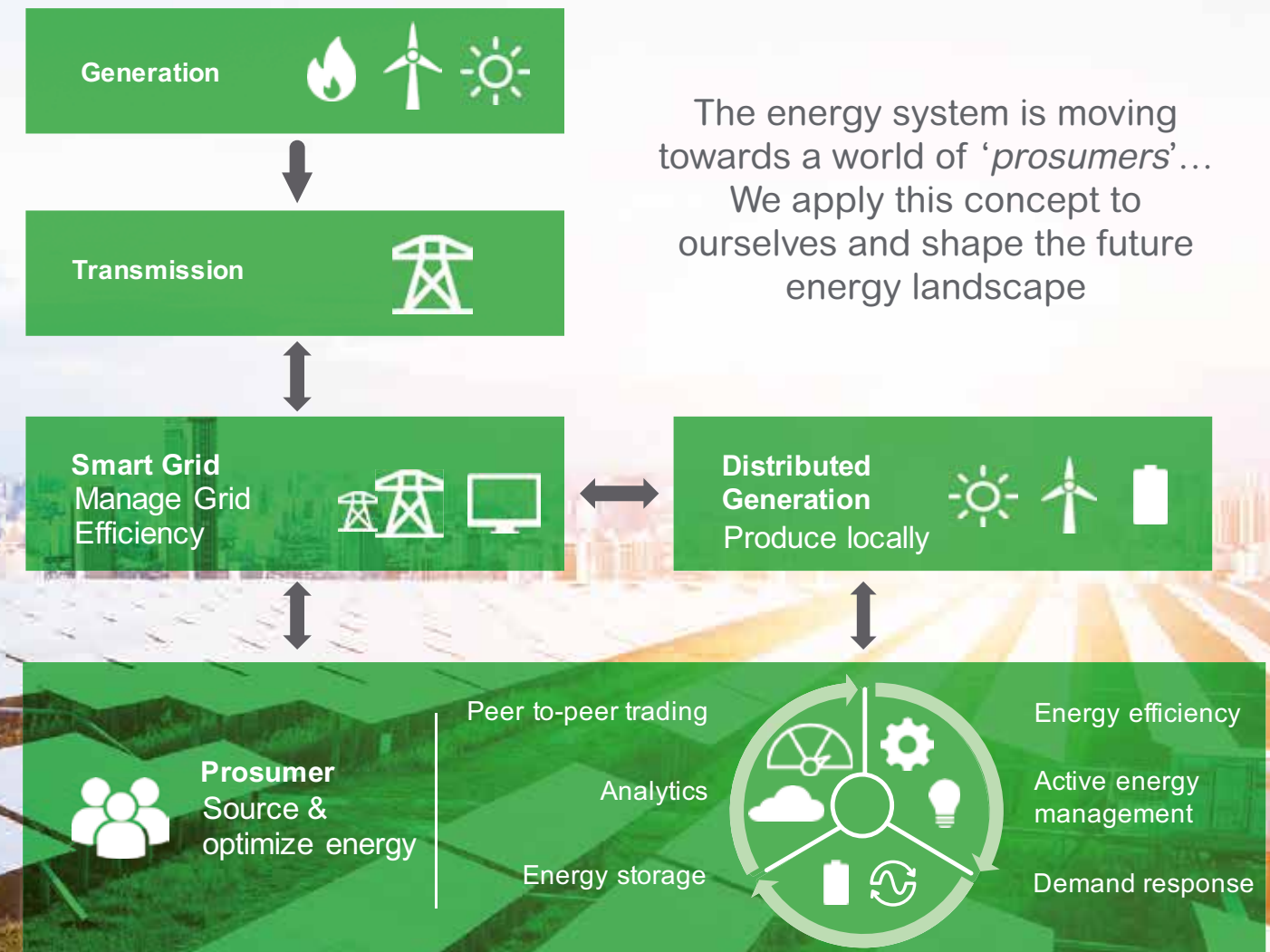
Going green is deeply aligned with our strategy, our own sites acting as “Prosumers” in the electricity grid and demonstrating the benefits of digital energy management. This **makes good business sense**: renewable supply can deliver savings on electricity costs, typically 10% to 20%

savings compared to the electricity grid. It’s also a way to diversify our energy supply risks, and reduce our exposure to the volatility of market prices. Finally, in some developing countries, microgrid technologies, coupled with renewables, can enable us to secure our power supply and reduce downtime risks.

Renewable sourcing goes hand in hand with **Schneider Energy Action**, an energy efficiency program launched over 10 years ago. Our ambition is to drastically cut CO₂ emissions from our operations, following a 2°C trajectory in line with Science-Based Targets. In 2018, **we reduced CO₂ emissions by 130 000 tCO₂e** compared to 2017.

130,000 tCO₂e
is equivalent the emission of
a Boeing 747 full of people,
making **450 rounds**
around the earth

[Learn more](#)



The energy system is moving towards a world of ‘prosumers’... We apply this concept to ourselves and shape the future energy landscape

Enabled by **EcoStruxure**
Innovation At Every Level

Shaping the future:
100% renewable electricity in 2030

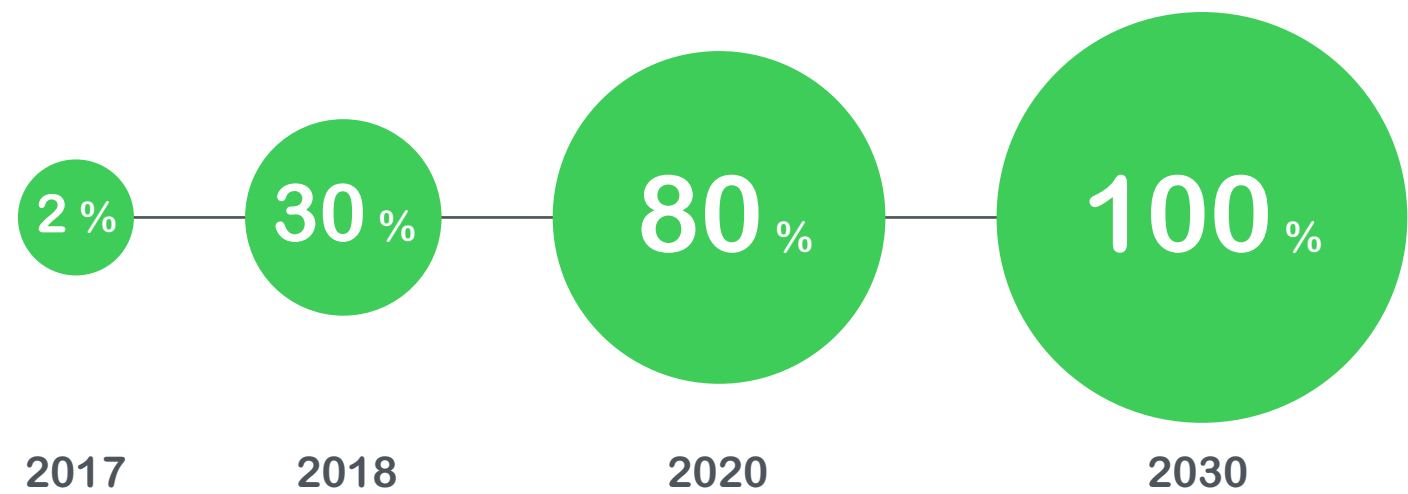
A transformative commitment

Within a few months, our 100% renewable commitment has already deeply transformed our electricity sourcing strategy. Our intermediary target is to reach 80% of renewable electricity supply by 2020, up from 2% in 2017. To reach our target, we will leverage 4 complementary tools: green tariffs, renewable certificates, power purchase agreements and onsite generation. National

legislations and renewable markets differ, so to succeed it is critical to be proactive and flexible, leveraging each tool at the right time and in the right country.

We are very proud to celebrate impressive success stories appearing in all geographies. **In 2018, our renewable electricity mix reached 30%.** In China, for instance, we have commissioned six new solar onsite capacities in 2018 that are expected to produce over 7,000 MWh of renewable electricity per year!

A journey towards an ambitious target



Our promise: a fast ramp-up of renewable electricity consumption



Solar rooftops in China



Solar rooftop in Vietnam



Schneider Electric Invertors



Solar Film (anti-typhoon) in China

Shaping the future:
100% renewable electricity in 2030

Sustainability is Business

We demonstrate the value added by our technologies and solutions, by showcasing our IoT-enabled EcoStruxure architecture in our own sites. We install Schneider connected inverters, MCCBs and transformers to connect onsite solar panels to the grid, and use our energy and microgrid software to manage energy production and consumption.

More than ever the future is Active Energy Management

With the renewable strategy, we are breaking silos between energy procurement and sustainability, with the support Energy Sustainability Services. ESS experts act as our strategic partner to deliver our renewable ambitions, helping us leverage opportunities in all countries as they arise.



Agenda, events, financial results
See the Schneider Electric shareholder’s pages

We showcase our solutions
for renewable power in our sites

Apps, Analytics & Services

Ecostruxure Microgrid Advisor

Optimize when and how to produce, consume and store energy



Edge Control



Ecostruxure Microgrid Operation

Ensure system stability whatever the system configuration

Connected Products



Inverters

To convert direct current from the solar panel into alternative current for the electricity grid



Smart meters, breakers and switchboards

To monitor energy production, protect electrical circuits from damage and ensure power quality

