

SUSTAINABILITY

A clear vision for the future

sdreport.se.com

Life Is On

Schneider
Electric

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The digital transformation of energy management and automation is our mission. As our CEO, Jean-Pascal Tricoire says, “When it comes to climate change, I’m neither an optimist nor a pessimist. I’m an activist.”

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ON THE COVER: Sustainability is driving growth in Shenzhen, China's greenest city.

INTRODUCTION: OUR MISSION

Welcome from the CEO

At Schneider Electric, sustainability is part of everything we do — every decision, every innovation, and every initiative. For us, sustainability extends far beyond a vague hope for a cleaner planet. We believe that access to energy is a fundamental right, and therefore a truly relevant vision for sustainability must take into account human rights, ethics, and health and equity concerns.

The challenge of our time

As we once again provide this report on our sustainability efforts, we're reminded of the urgency of the climate crisis and inspired by those who, together, are rising to meet the challenge head on. Two years ago, the Paris Climate Agreement gave us all a clearer understanding of what's at stake. Limiting global temperature rise this century to less than 2 °C above pre-industrial levels is essential if we are to avoid widespread, disastrous ecological problems.

The path to a healthier planet

We believe that concrete, meaningful action is the only successful path to address climate change and create a healthier world. That is what this report is about. Each year, our Schneider Sustainability Report shows how we're taking steps to ensure our own sustainability; how we're empowering our people; how we're delivering sustainable innovations to the world; and how we're supporting the sustainable development of others through outreach and initiatives.

Co-creating a sustainable future

We also believe that sustainability is business — a core pillar for any successful company. This is because, in working for a more sustainable world, we not only ensure a healthier planet for future generations, we also promote innovation and prosperity here and now. Because Life Is On™ when life is powered and digital, we are empowering our partners and customers to accelerate the transition to a sustainable future in buildings, industry, data centers, and the grid. As I have said before, when it comes to the climate, I'm neither an optimist nor a pessimist. I'm an activist. At Schneider, we'll continue to actively participate in all useful initiatives to increase the low-carbon approach to the world's economy.



“

We believe climate change can be overcome through innovation and collaboration. But the world must be proactive. We must act now. We must co-create a sustainable future.

”

JEAN-PASCAL TRICOIRE,
CHAIRMAN & CEO,
SCHNEIDER ELECTRIC

Follow us on:



@schneiderelec



Two global megatrends

Electrification and digitization are presenting the world with the opportunity to make energy more decarbonized and more decentralized. The question is if we all will harness these opportunities to create a healthier, sustainable world.

ELECTRIFICATION

By 2040, consumption of electricity will increase by **60%**¹.

DIGITIZATION

30 billion devices will be connected by 2020².

The energy equation

Energy consumption and CO₂ emissions will continue to increase over the coming decades. The solution is efficiency. We must leverage technological innovation to use less energy, and to use the energy that we do consume more intelligently.



The energy paradox

The energy equation exists alongside a surprising reality, what we call “the energy paradox:”

We believe access to energy is a basic human right, yet we all must be mindful of the effects of energy consumption on the environment.

The world must find a way to bring energy-poor populations access to energy while simultaneously fighting climate change. Here, again, initiative and proactive innovation are the answer.



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

¹ IEA, World Energy Outlook 2016
² IHS, March 2016
³ Increase of global energy consumption 2014 – 2040 in New Policy Scenario extrapolated to 2050. IEA, World Energy Outlook 2016
⁴ International Energy Agency, Energy Access Outlook 2017 <https://www.iea.org/publications/freepublications/publication/weo-2017-special-report-energy-access-outlook.html>

Sustainability at Schneider Electric

With the challenges of climate change and the global megatrends made clear, the next steps also become apparent: we must act; we must take responsibility; and we must begin with ourselves. We are committed to providing innovative solutions that empower our own sustainability journey and help the world to overcome the energy paradox. Together, we can balance our planet's carbon footprint with the irrefutable human right to quality energy.

In 2017, Schneider Electric was one of 120 companies placed on the Climate A List of CDP (formerly Climate Disclosure Project) and is the only company in its industry to achieve an A rating for the seventh year in a row. Looking forward, our climate-related goals include:



Reach the 21 new commitments of the 2018 – 2020 Schneider Sustainability Impact statement; define a precise trajectory respecting the 2 °C scenarios up to 2050; validate it via the Science Based Targets initiative to which the company has been a signatory since 2016; and increase the impact of the Schneider Electric internal carbon price.



Achieve carbon neutrality by reducing the carbon emissions of our sites and those of our industrial ecosystem, including suppliers and customers; quantify the CO₂ emissions avoided by our customers thanks to our offers; aim for 100% renewable electricity, 100% recycled or certified packaging, and 100% recycled waste; and double our energy productivity compared to 2005.



On Scopes 1 and 2, reduce by more than 50% our CO₂ emissions in absolute value compared to 2015, in line with the guidelines of the Science Based Targets¹.

¹Scope 1 are also referred to as Direct Green House Gases (GHG) and are defined as emissions from sources that are owned or controlled by the organization. Scope 2 are also referred to as Energy Indirect GHG and are defined as emissions from consumption of purchased sources of energy generated upstream from the organization.



2015 – 2017 Planet & Society barometer achievements

CLIMATE

10.3%

CO₂ savings from transportation

CLIMATE & DEVELOPMENT (SUSTAINABILITY OFFERS)

168,400 tons

of CO₂ avoided through maintenance, retrofit, and end-of-life services

10 commitments for a sustainable future

At COP21 in 2015 we unveiled our 10 sustainability commitments. The goal of these pledges is to ensure that Schneider Electric's entire ecosystem — from our own operations to those of our suppliers, customers, and partners — becomes carbon neutral by 2030. With this in mind, we have now renewed and strengthened our 10 sustainability commitments.

- 01** **Avoid the emission of 100 million metric tons of CO₂** on our customers' end, thanks to our offers (2018 – 2020).
- 02** **Use 80% renewable electricity by 2020** and 100% by 2030; and continue to drive energy efficiency toward doubling our energy productivity in our sites over 2005 – 2030 period.
- 03** **Achieve 75% of our turnover under the new Green Premium™ program** (2018 – 2020).
- 04** **Avoid 100,000 metric tons of primary resource consumption** through ECOFIT™ product recycling, and take-back programs (2018 – 2020).
- 05** **Use 100% cardboard and pallets for transport packing from recycled or certified sources** by 2020 (Q4).
- 06** **Reach 200 sites labeled Toward Zero Waste to Landfill** by 2020 (2015 – 2020) and recover 100% of our industrial waste by 2030 (2015 – 2030).
- 07** **Reduce CO₂ emissions from the transport** of our goods by 3.5% per year (annually since 2012).
- 08** **Facilitate access to lighting and communication with low-carbon solutions for 50 million underprivileged people** by 2025 (2009 – 2025).
- 09** **Propose alternatives to the use of SF₆ gas by 2020** (2015 – 2020) and eliminate SF₆ from our products by 2025 (2015 – 2025).
- 10** **Invest €10 billion in innovation and R&D for sustainability** in 10 years (2015 – 2025).

UN Sustainable Development Goals

Schneider Electric aligns with the United Nation's Sustainable Development Goals (SDGs), a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030.

We're committed to accomplish the 17 SDGs through our core business and five sustainability megatrends: Climate, Circular Economy, Ethics, Health & Equity, and Development.



2018 – 2020
SCHNEIDER
SUSTAINABILITY
 IMPACT

The Schneider Sustainability Impact guides our sustainability efforts by making our goals clear. Formerly known as the Planet & Society barometer, it reflects our holistic view of sustainability and how our efforts affect the planet, its people, our profit, and that of our customers. The Schneider Sustainability Impact is audited by a third party and our progress is published quarterly at: schneider-electric.com

CLIMATE	CIRCULAR ECONOMY	HEALTH & EQUITY	ETHICS	DEVELOPMENT
 <p>100 million metric tons avoided CO₂ on our customers' end through our offers</p> <p>80% renewable electricity</p> <p>25% increase in turnover for our Energy & Sustainability Services</p> <p>10% CO₂ efficiency in transportation</p>	<p>200 sites labeled toward zero waste to landfill</p> <p>100,000 metric tons of avoided primary resource consumption</p>  <p>100% recycled packaging</p> <p>75% of sales under our new Green Premium program</p>	<p>1 medical incident per million hours worked</p> <p>95% of employees covered in the gender pay equity commitment</p>  <p>100% of countries have fully deployed our Family Leave policy</p> <p>90% of white-collar workers have an individual development plan</p> <p>90% of employees have access to a comprehensive well-being at work program</p> <p>70% scored in our Employee Engagement Index</p> <p>100% of workers received 12 hours of learning in the year</p>	<p>300 suppliers under Human Rights & Environment vigilance received specific on-site assessment</p> <p>100% of sales, procurement, and finance employees trained every year on anti-corruption</p>  <p>5 pts / 100 increase in average score of ISO 26000 assessment for our strategic suppliers</p>	 <p>350,000 underprivileged people trained in energy management</p> <p>x4 turnover of out Access to Energy program</p> <p>12K volunteering days thanks to our VolunteerIn global platform</p>

Environmental strategy

Decades ago, sustainability and environmental concerns emerged as scientific studies began to uncover the harm being done to the planet by development and industry. Some corporations reacted to this trend by trying to demonstrate how they were working to use fewer resources or to offset their carbon footprint. Some organizations still operate in this manner, with sustainability and environmental responsibility viewed as “nice to haves” instead of the what they truly are: an engine for innovation.

The reality is, good environmental strategy is good business strategy.

“
We value collaboration and partnership because we believe that, together, we can transform the world's buildings, industries, infrastructure, and data centers.
 ”

XAVIER HOUOT,
 SENIOR VICE PRESIDENT,
 GLOBAL SAFETY, ENVIRONMENT, REAL ESTATE,
 SCHNEIDER ELECTRIC



2015 – 2017 Planet & Society barometer achievements	CLIMATE & DEVELOPMENT (SUSTAINABILITY OFFERS) 80.1% of product revenue with Green Premium ecoLabel™	CIRCULAR ECONOMY 130 industrial sites labeled Towards Zero Waste to Landfill
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Sustainability: the new pillar of business growth

Business growth and sustainability are not at odds. Quite the opposite — sustainability drives business growth. Leading companies have recognized that environmental responsibility is a boon to the bottom line. Renewable energy is now cheaper in many areas than traditional brown power. The economy of the future is low carbon, and companies that prepare for that future gain a competitive advantage.

Becoming more sustainable makes good business sense, helping to ensure long-term market viability, competitiveness, and resiliency.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Schneider Electric is among the more than 400 companies working with the Science Based Targets initiative. We're currently at the second step of their four-step process — Commit, Develop, Submit, Announce — and look forward to sharing our targets publicly and doing our part to achieve the goals of the Paris Climate Agreement.

Our six pillars of environmental strategy

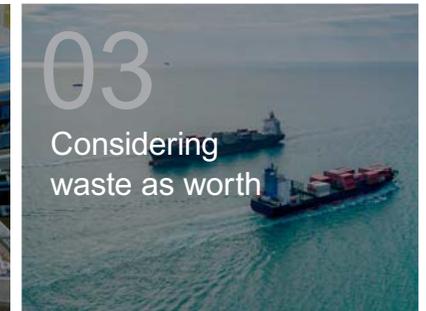
At Schneider Electric, our environmental strategy extends our vision for sustainability into six principles that guide our operations and transform our entire supply chain.



01
Deploying low-CO₂,
efficient strategies
for a planet-compatible
growth path



02
Building an
increasingly green
supply chain



03
Considering
waste as worth



04
Promoting green
attributes and
value-adds



05
Implementing a
circular economy



06
Strengthening
our environmental
governance

#MoveTheDate

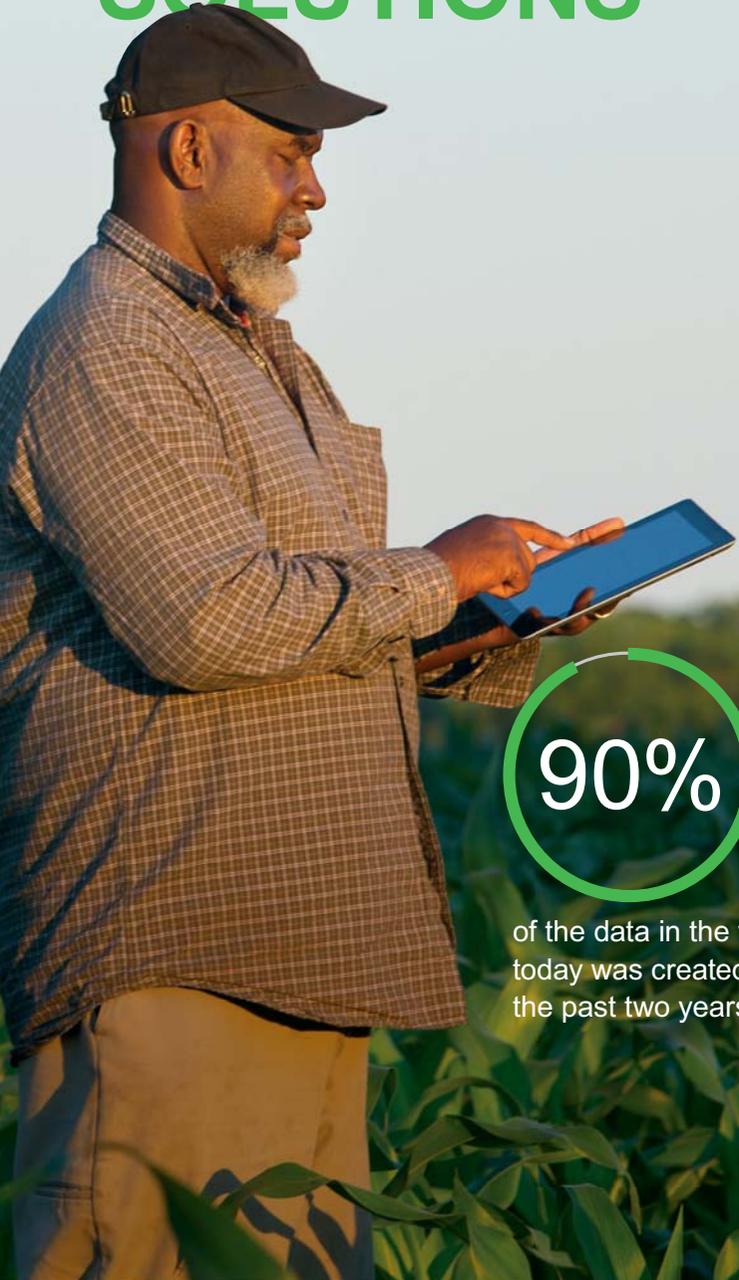


When it comes to environmental responsibility, incremental gains are no longer enough. We already consume 1.7 planets' worth of resources per year¹. And if we do nothing, we are bound to a 4 °C increase in global temperature by 2100.

In 2017, August 2 was Earth Overshoot Day. This means that in 2017, all of us who call Earth home used more from nature than our planet can renew in the whole year — and we did so in less than eight months. Overshoot happens through overfishing, overharvesting forests, and emitting more carbon dioxide into the atmosphere than forests can recycle into oxygen. We must #MoveTheDate.

¹ According to the Global Footprint Network

SUSTAINABLE SOLUTIONS



of the data in the world today was created over the past two years.¹

“

Data is the new oil. It's a new currency. It's a new way to monetize and create value in our businesses.

”

EMMANUEL LAGARRIGUE,
EXECUTIVE VICE PRESIDENT, STRATEGY,
SCHNEIDER ELECTRIC



Data-driven sustainability

If the world is going to become more sustainable, we all need to know how much energy we're using and how to use energy more intelligently. The convergence of the “internet of things” (IoT) and energy gives us a tremendous opportunity to tap the value of data to advance sustainability across buildings, data centers, industry, and infrastructure.

Just as oil has delivered the economy of today, data is driving the sustainable, low-carbon economy of tomorrow.

Schneider Electric brings together energy management, automation, and software in one interoperable IoT architecture: EcoStruxure. We also partner with clients to help them buy energy more strategically, reduce energy use, and operate more sustainably through our EcoStruxure Energy & Sustainability Services

With these innovations, we empower our customers' bold ideas — to both achieve their sustainability goals and compete in today's digital economy.

TURN DATA INTO ACTION



Connect

Connect everything from the shop floor to the top floor.



Collect

Capture critical data at every level, from sensor to cloud.



Analyze

Convert data into meaningful analytics.



Take action

Drive action through real-time information and business logic.

¹ IEA, Digitization & Energy 2017 <http://www.iea.org/publications/freepublications/publication/DigitalizationandEnergy3.pdf>

EcoStruxure Innovations

The EcoStruxure platform and architecture is our IoT-enabled solution that increases operational and energy efficiency. EcoStruxure solutions have been deployed in 480,000+ sites, with the support of 20,000+ system integrators and developers, connecting over 1.6 million assets under management through 40+ digital services.

“
Digitization is at the core of Schneider’s DNA. We connect people and assets to drive efficiency, safety, and reliability.
 ”

HERVÉ COUREIL,
 EXECUTIVE VICE PRESIDENT, INFORMATION SYSTEMS,
 SCHNEIDER ELECTRIC



EcoStruxure provides Innovation At Every Level:



Level 3: Apps, Analytics & Services

EcoStruxure leverages the cloud for computing power, aggregation of data and one data pool, machine learning models / new functionalities, and digital services. Thanks to analytics and artificial intelligence, data can take on meaning across a business (from shop floor to top floor), allowing a company to scrutinize energy use, for example, and to make more targeted decisions about how to prioritize energy projects.



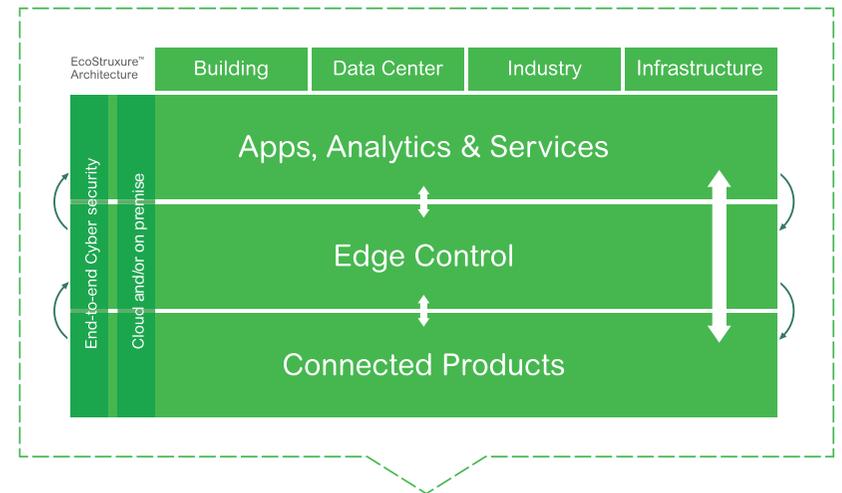
Level 2: Edge Control

Mission-critical environments need local control of devices at the edge and reliable access to data from operational technology (OT) devices. Advancements such as artificial intelligence enable analytics close to the source of data, reducing latency while protecting safety, productivity, and uptime.



Level 1: Connected Products

The “internet of things” starts with the best things. EcoStruxure is based on smart, connected products with open integration to third-party products. Embedding sensors in devices opens a vast window to what’s happening both inside that product — from its energy efficiency to its performance and within its environment, too. Through internet connectivity, IoT enables all these connected “things” to talk to each other.



- EcoStruxure™ Building
- EcoStruxure™ Power
- EcoStruxure™ IT
- EcoStruxure™ Machine
- EcoStruxure™ Plant
- EcoStruxure™ Grid

Through six domains of expertise:



EcoStruxure Power

Safe, highly available, and energy-efficient electrical distribution systems for low- and medium-voltage architectures to enhance connectivity, real-time operational reliability, and smart analytics.



EcoStruxure Building

From design, through integration, to commissioning, EcoStruxure Building brings best-in-class engineering efficiency to buildings, combined with asset and energy performance services.



EcoStruxure Grid

Seamless local production of distributed energy resources and integration at the grid edge, bridging demand and supply via energy flexibility based on analytics and increasing grid efficiency for sustainable networks.



EcoStruxure IT

Connected products and remote, digital services to ensure that data center physical infrastructure can adapt quickly to support both future demand driven by IoT and growth — in the cloud and at the edge — without ever compromising availability or operational efficiency.



EcoStruxure Machine

Innovative machine solutions and smart automation technologies for safer, connected, flexible, and more efficient machines.



EcoStruxure Plant

IoT-enabled, future-proof solutions for improved operational profitability in a measurable, safe, and sustainable way.

The benefits of EcoStruxure solutions:

- Maximize energy efficiency and sustainability through smarter systems and real-time, data-driven decisions
- Optimize asset availability and performance through predictive analytics and proactive maintenance
- Enable smart, productive, and profitable operations through the reduction of waste and downtime
- Leverage mobile insights and proactive risk-mitigation through simulation, situational awareness, and digitization
- Lower CapEx and OpEx across the digital life cycle by using “digital twin” capabilities to design, build, operate, and maintain systems and infrastructure

Discover how EcoStruxure delivers efficiency and sustainability for our customers (See Page 17).

“
A transformative platform that changes the core way that data centers are monitored and managed.
 ”

—INTERNATIONAL DATA CORPORATION, 2017

ESS AT A GLANCE

\$30 billion
managed energy spend

650,000
utility invoices collected and reviewed monthly

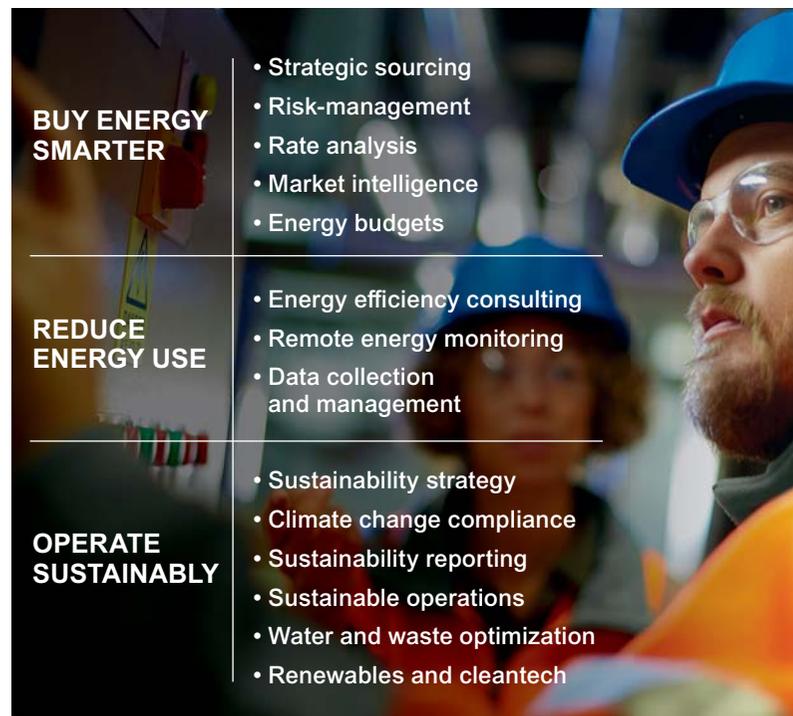
40 million
metric tons of CO₂ managed

2,000+
megawatts
in renewable energy transactions (power purchase agreements) in 2017

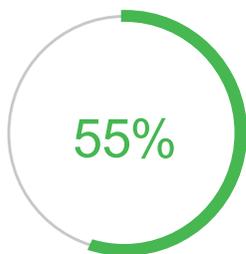
EcoStruxure Energy & Sustainability Services

Through EcoStruxure Energy & Sustainability Services (ESS), Schneider Electric helps clients design a strategy, deliver efficiency in their facilities, and sustain results over time through long-term partnerships.

As an unbiased, independent consultant, we work with clients in more than 100 countries — from regional companies to the world’s largest corporations.



BUY ENERGY SMARTER	<ul style="list-style-type: none"> • Strategic sourcing • Risk-management • Rate analysis • Market intelligence • Energy budgets
REDUCE ENERGY USE	<ul style="list-style-type: none"> • Energy efficiency consulting • Remote energy monitoring • Data collection and management
OPERATE SUSTAINABLY	<ul style="list-style-type: none"> • Sustainability strategy • Climate change compliance • Sustainability reporting • Sustainable operations • Water and waste optimization • Renewables and cleantech



of companies rank “lack of organizational alignment” as the top factor preventing them from reaching their energy and sustainability goals.¹

¹ Based on a recent internal survey of clients at the Energy & Sustainability Perspectives Summit.

ESS’s impact for our customers



AEG

The right tools and data make AEG® a more profitable and sustainable company.

Results:

- Visibility to 53 different types of data streams across 59 facilities in one central platform
- \$3 million+ savings since implementation
- 53% of worldwide waste diverted from landfill
- 14% reduction in GHG emissions from 2010 baseline



Whirlpool

Data and expert support are helping Whirlpool® achieve its sustainability strategy.

Results:

- Three plants achieved zero-waste-to-landfill
- Projected to save more than \$1 million over the next three years through corrugated cardboard recycling

Research & Development

“

Digital innovation is really about solving real customer problems. To do so, you need to have an open ecosystem of technology partners, system integrators, customers, startups, and universities to accelerate and scale innovation.

”

CYRIL PERDUCAT,
EXECUTIVE VICE PRESIDENT,
IoT & DIGITAL TRANSFORMATION,
SCHNEIDER ELECTRIC



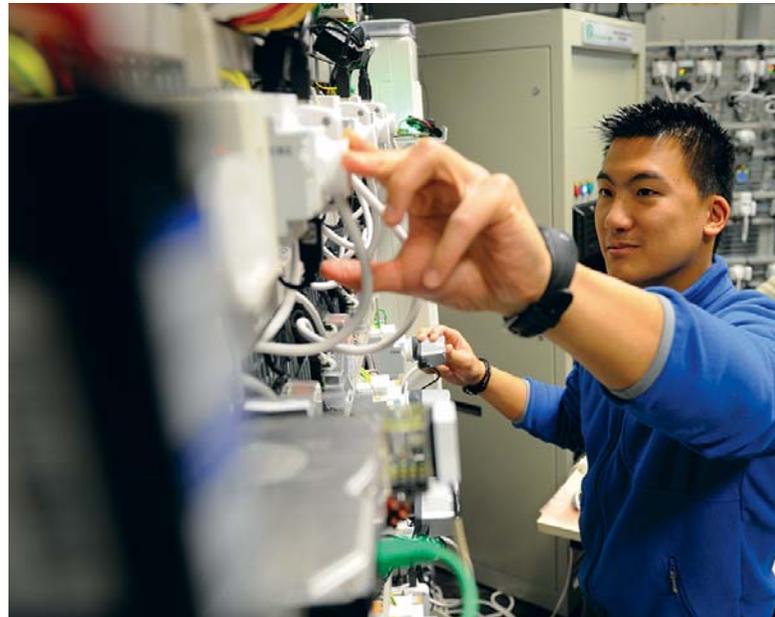
Empowered by more than 8,000 research and development engineers worldwide, we bring bold ideas to life by developing connected, efficient, and sustainable products and solutions.

Working together is the only way to fuel and advance digital innovation, so we've built an ecosystem that comprises customers, system integrators, startups, and technology partners.

The Aster Capital Fund

We invest in innovative startups through the Aster Capital Fund, a leading venture capital firm that specializes in the energy, mobility, and industry fields. This venture capital activity has supported over 55 early-stage companies since its inception.

In 2017, Aster supported the design and activation of a business incubation model to bring additional innovation and growth to Schneider Electric. This allows employees to propose new ideas, setting the foundation for growth in new and critical areas.



Six digital foundations are driving our success in the digital space:

1. One IoT-ready architecture and platform, EcoStruxure
2. Historical leadership at the edge, where operational technology and IT can converge securely to deliver fast, accurate intelligence at the edge
3. Digital life-cycle management, meaning that we apply IoT advancements to drive down cost and complexity across both CapEx and OpEx stages
4. Deep domain and segment expertise, which enables us to advance technology that solves specific customer problems
5. A robust, active digital services portfolio, which amplifies the value we offer customers through services such as Resource Advisor and Asset Advisor
6. An open partner ecosystem, which allows us to scale and accelerate each customer's digital journey quickly

HIGHLIGHTS:
SCHNEIDER ELECTRIC
R&D IN 2017

16,250 patents
or patent applications

670 new patent
assets in 2017

20+ digital services
in development for 2018

5% of sales
devoted to R&D

2015 – 2017
Planet & Society
barometer achievements

CIRCULAR ECONOMY

100% of products in
R&D designed
with Schneider
ecoDesign Way™

“

It's amazing to see the solution [WaterForce SCADAfarm] that Schneider has built and what it can do for us as a society.

”

SATYA NADELLA,
CEO, MICROSOFT,
AT THE 2017 MICROSOFT INSPIRE CONFERENCE



Co-innovating with digital alliance partners

With our network of digital technology leaders, we co-innovate solutions that:

- Respond effectively and quickly to market trends and customer needs
- Innovate in a way that benefits the bottom line for business
- Leverage technology advancements such as sensing, mobility, cloud, analytics, and cyber security

HIGHLIGHT: STRATEGIC DIGITAL ALLIANCES



Microsoft® and Schneider create commercial IoT solutions in the areas of energy management and automation, marrying Microsoft's secure, trusted cloud capabilities and Schneider's OT domain expertise.



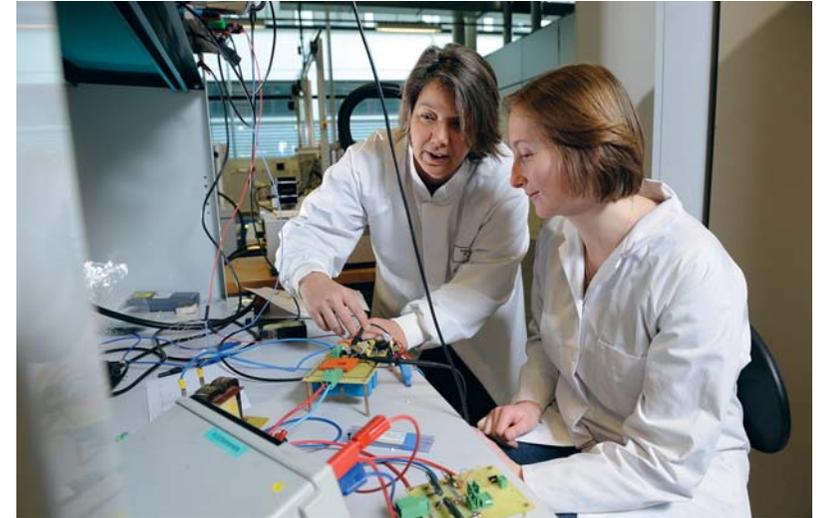
Schneider and Cisco® develop advanced automation architectures across end-markets, merging Schneider's operational technology leadership and Cisco's world-class knowledge of networking and communication solutions.



With funding from the U.S. Department of Energy, Schneider and Intel™ research, develop, and commercialize silicon-based cyber security solutions for the electrical grid.



We're working with Accenture to cut development time to market by 80%, so customers gain improved efficiency, sustainability, and productivity.



Digital Services Factory: speeding up innovation

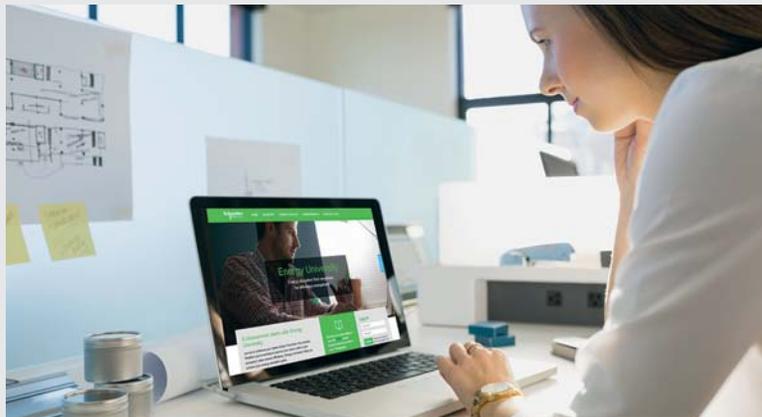
An accelerated development life cycle is essential for helping customers become more sustainable in today's digital economy. That's the goal of our Digital Services Factory. The DSF is organized to accelerate the creation of new digital services and connected products within Schneider Electric™ businesses.

DSF capitalizes on the following expertise of our IoT & Digital Offers organization:

- Pervasive sensing
- Cyber security
- Device intelligence
- Analytics
- Digital services
- Mission-critical control at the edge

Energy University

Energy University™ is an online training program that offers more than 200 free, vendor-neutral e-learning courses in 13 languages. Its purpose is to improve careers and help companies improve efficiency and sustainability.



73,077
total registrations

Top countries for registrations:

1. United States
2. Brazil
3. Egypt
4. Mexico
5. India

675,000
registered users since inception

115,242
courses taken

Top countries for completions:

1. United States
2. Egypt
3. India
4. Mexico
5. Brazil

1 million
courses completed since inception

28 Professional Energy Manager certifications awarded in 2017

Top countries for Professional Energy Manager certifications:

1. United States
2. Saudi Arabia
3. United Kingdom
4. Australia
5. Lebanon

Supply Chain

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

Our new Schneider Sustainability Impact for 2018 – 2020 includes the following goals:

- 5 pts / 100 increase in average score of ISO 26000 assessments 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

“
We hold really high standards ... not only for ourselves, but also our suppliers. We think of our suppliers as an extension of our supply chain.
”

ANNETTE CLAYTON,
EXECUTIVE VICE PRESIDENT, SUPPLY CHAIN AND NORTH AMERICA OPERATIONS, SCHNEIDER ELECTRIC



2015 – 2017
Planet & Society
barometer
achievements

CLIMATE

10.3%

CO₂ savings from transportation

ETHICS

87.9%

of our strategic suppliers embrace ISO 26000 guidelines

SUPPLY CHAIN AT A GLANCE

207 factories in
44 countries

98 distribution centers

86,000 employees

24,000 suppliers

€11 B in purchases

150,000
order lines per day

#7 of the Gartner® Top 10 Supply Chain Organizations for 2017

#17 of the Gartner® Supply Chain Top 25 of 2017

2017 SUPPLY CHAIN HIGHLIGHTS

358 on-site audits that included sustainability criteria

2,400 kilotons of goods shipped

88% of the strategic suppliers passed the third-party evaluation for sustainable development, 2015 – 2017

10% reduction of CO₂ emissions from transportation over 2015-2017 period

74% goods shipped by road (23% by ocean, 3% by air)

70% of relevant purchases confirmed as conflict-free under the Conflict Minerals rule of 2012



Tailored Supply Chain 4.0

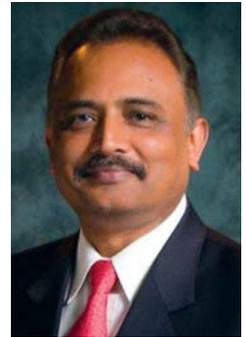
In this digital economy, Schneider Electric’s global supply chain is evolving to become even more tailored, sustainable, and connected with our Tailored Supply Chain 4.0 strategy, powered by EcoStruxure solutions.

Tailored: We are passionate about our customers’ success, always seeking to provide what they value while leveraging scale and efficiency.

Sustainable: Sustainability is a priority across our supply chain, exemplifying our concern for people and the planet. We optimize resources by developing a circular supply chain with clean and safe facilities powered by renewable energy.

Connected: Our supply chain is digital and smart, powered by EcoStruxure products and solutions. We provide visibility to customers, optimizing end-to-end efficiency and asset reliability.

“
Social, environmental, and ethical responsibility for our upstream supply has been one of our key initiatives. Over the last several years, we have led efforts such as ISO 26000 and conflict minerals tracking and contributed to Green Premium and hazardous material compliance.”



DK SINGH,
CHIEF PROCUREMENT OFFICER,
SCHNEIDER ELECTRIC



Congratulations to Le Vaudreuil plant for its new prize: “Showcase for Industry of the Future”

Industry of the future

In February 2018, our Le Vaudreuil plant received the “Showcase for Industry of the Future” award from the Alliance pour l’Industrie du Futur.

Le Vaudreuil has developed and implemented many changes in several areas leveraging our own EcoStruxure solutions such as:

- Cybers ecurity and the integration of a data bunker
- Energy management with the use of our building management system
- Addition of sensors to allow predictive maintenance
- Combination of EcoStruxure with startup solutions so employees benefit from continuous training

CHAPTER 3

OUR CUSTOMERS

70%

of the world's energy consumption comes from the building, data center, industry, and infrastructure end markets.¹

2017 Highlights

Our deep domain expertise fuels our customers' sustainable results. We partner with customers across segments and around the world to innovate, improve performance, and bring their bold ideas to life. The four key markets that we serve are:

Building

Data Center

Industry

Infrastructure

We redefine value for our customers through unprecedented connectivity, sustainability, efficiency, reliability, and safety, and help companies become more efficient in how they buy and consume energy. We are leading the digital transformation of energy management and automation with EcoStruxure — our IoT-enabled architecture with connected products; edge control; and apps, analytics, and services.

2015 – 2017 Planet & Society barometer achievements

CLIMATE & DEVELOPMENT
(SUSTAINABILITY OFFERS)

100%

of new large customer projects have a CO₂ impact quantification

2017 – 2018 RECOGNITIONS

Leader in Green Quadrant[®] Facility Optimization Software report

Comparing 14 facility optimization software applications by independent analyst Verdantix

Ranked in Gartner[®] 2017 Supply Chain Top 15 for Europe

Number 7 supply chain, ranking among the top 10 for third consecutive year

Ranked in Gartner[®]'s Supply Chain Top 25 for 2017

Number 17 supply chain, advancing one place from 2016 rankings

European regional finalist, Most Admired Knowledge Enterprises (MAKE) research program

Selected from a list of 48 nominated companies in various sectors

Engineers' Choice for best Motion Control

Altivar Process 900 honored by Control Engineering for optimizing performance across sectors

"Customer Innovation of the Year"

Supply Chain Breakthrough award in SCM World's 2018 Power of the Profession Awards

"Integrated Thinking" award

By the Institut du Capitalisme Responsable [Responsible Capitalism Institute] in the "large companies" category

Leader in Gartner[®]'s Magic Quadrant for Advanced Distribution Management Systems

Highest scores in all three use cases in the Critical Capabilities for fifth consecutive year

¹ World Energy Outlook 2012, OECD/IEA, Internal analysis

Building

HIGHLIGHTS: EcoStruxure for Building

Delivering the buildings of tomorrow, today



Pharmacia Corporation, USA

\$2M
avoided
in new
equipment
costs



University of Mississippi, USA

25 to 30%
reduction in
energy costs



Cinnamon Grand Hotel, Sri Lanka

\$1M guaranteed savings
over 3.7 years

Marriott's sustainability journey

Marriott® had a bold vision to reduce energy consumption while meeting the rising demand for hotels in China. So, they turned to EcoStruxure Building to create a sustainable, comfortable environment for their guests to offer a world-class experience while achieving 10 to 15 percent energy savings.

“
Marriott and Schneider share the same vision and ... that's why it becomes much easier for us to reach the same goal, and partner toward that sustainability and energy efficiency for all of our hotels.
”

MICHAEL WANG,
CONTINENT HEAD,
GLOBAL DESIGN ASIA PACIFIC,
MARRIOTT HOTEL & RESORTS
AND THE RITZ-CARLTON HOTELS



Marriott hotels, China

10% to 15%
energy savings

SUSTAINABLE SOLUTIONS:

- EcoStruxure Resource Advisor
- EcoStruxure Building Operation, EcoStruxure Lighting Expert, EcoStruxure Power Monitoring Expert
- Automation servers, network controllers, room controllers, LV / MV switchgear, transformers, power meters, circuit breakers, variable speed drives, UPS, and wiring devices

RECORDED BENEFITS TO DATE INCLUDE:

- 10 – 15% energy savings
- Close collaboration ensuring scalable, repeatable hotel technology solutions that meet Marriott brand standards
- Sustainability reporting that will further drive energy and carbon savings across Marriott's global portfolio of hotels

Data Center

Telefónica's sustainability journey

Telefónica had a bold vision to become a digital telecommunications company, creating a data center to meet customer demand while reducing energy costs. EcoStruxure for Data Center allows Telefónica's Alcalá data center to process 14 kW per rack — reducing energy costs by 60 percent.

“

We created a project I'm very proud of, and specifically, we reduced energy costs by 60 percent compared to a traditional data center.

”

FRAN MUÑA,
DIRECTOR OF CRITICAL
INFRASTRUCTURE,
TELEFÓNICA



Telefónica, Spain

60% reduction
in energy costs

SUSTAINABLE SOLUTIONS:	RECORDED BENEFITS TO DATE INCLUDE:
-------------------------------	---

- | | |
|---|--|
| <ul style="list-style-type: none"> • Remote Monitoring Services • LV Electric Box, Building Lighting, UPS | <ul style="list-style-type: none"> • A 60% reduction in energy costs compared to both traditional DCIM and the Gold Tier IV® certification • Ability to connect new servers in running mode, with no need to stop to reconfigure or redesign systems • A BMS that collects data from some 45,000 elements |
|---|--|

HIGHLIGHTS: EcoStruxure IT

Simplifying the data center in the cloud and at the edge



ITS Telecommunications Systems, USA

3-year
projected ROI on \$1.5M



IronGate Data Centers, USA

15 – 20 kW
per rack with
hot aisle containment
and InRow™ cooling



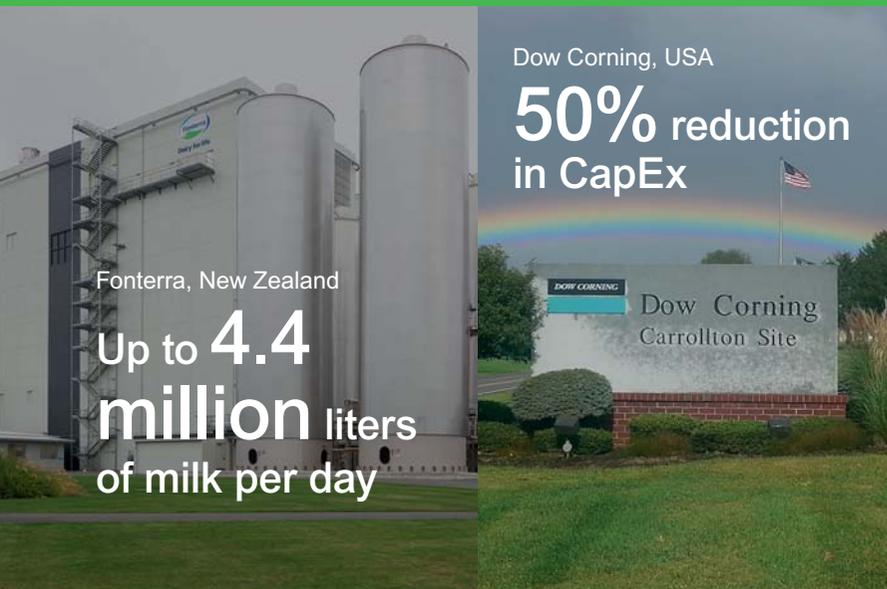
Zhiguli Valley Technopark, Russia

~\$54K
per year estimated
energy savings

Industry

HIGHLIGHTS: EcoStruxure for Industry

Pioneering IIoT — from shop floor to top floor



Fonterra, New Zealand

Up to **4.4 million** liters of milk per day

Dow Corning, USA

50% reduction in CapEx

Dow Corning
Carrollton Site



ArcelorMittal, France

24/7 nonstop steel production

WaterForce's sustainability journey

WaterForce had a bold vision for efficient agricultural irrigation using IoT technology to change the farming paradigm. Powered by the Microsoft® Azure platform and Schneider's EcoStruxure Industry IoT architecture, SCADAfarm is an integrated automation and information management solution developed for WaterForce. In the first season alone, farmers report more visibility into operations, with up to 50 percent in energy savings.

“

By leveraging our relationship with Schneider Electric, we can focus on our core business — effective water management, knowing that the information management, analytics, and automation side is covered.

”

RON MCFETRIDGE,
DIRECTOR OF WATERFORCE,
NEW ZEALAND



WaterForce, New Zealand

Up to **50%** energy savings reported by farmers

SUSTAINABLE SOLUTIONS:

- SCADAfarm, an integrated automation and information management platform
- Scalability
- Complete water management portal
- Business opportunities

RECORDED BENEFITS TO DATE INCLUDE:

- Improved operational performance and crop yields
- Enhanced safety procedures
- Significant energy savings by taking advantage of off-peak energy rates
- Better management of water, and easier compliance with regulatory requirements

Infrastructure

South Australia Power Networks' sustainability journey

South Australia Power Networks had a bold vision to keep electricity flowing for 1.5 million households through the most extreme storms. They trust EcoStruxure Grid for reliable monitoring and management of their extensive network, helping keep the people of South Australia safe — and powered — through extreme environmental conditions.

“

We have over 1.5 million customers. To be able to restore power to the majority of customers on a feeder in under a minute is something that has never been done in our history. Without Schneider Electric, we probably wouldn't have been able to progress as fast as we have.

”

TASNIM ABDEL-RAZAQ,
NETWORK CONTROL MANAGER,
SOUTH AUSTRALIA POWER NETWORKS



SUSTAINABLE SOLUTIONS:

- Advanced distribution management system (ADMS)
- Decentralized feeder automation systems
- RM6 medium-voltage switchgear

RECORDED BENEFITS TO DATE INCLUDE:

- Fault location, isolation, and service restoration
- Network monitoring
- Load-flow analysis
- Real-time control and optimization
- Operational planning
- Training and simulation

HIGHLIGHTS: EcoStruxure Grid

Enabling the new energy world

Enel, Italy

144 GWh
energy savings per year



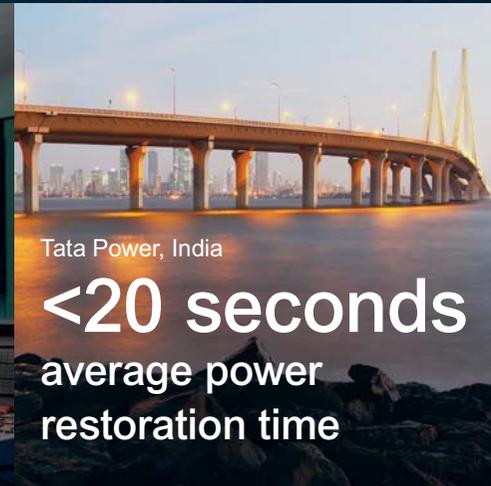
Salt River Project, USA

44%
reduction
of configured
alarms



Tata Power, India

<20 seconds
average power
restoration time



CHAPTER 4

OUR PEOPLE



Great people make
SCHNEIDER ELECTRIC
a great company

“

Everything we do in this company is meant to create a better world. But beyond the business mission, we want to be extremely progressive, very inclusive, and want to create an environment where every single employee will have the same chance of success.

”



OLIVIER BLUM,
EXECUTIVE VICE PRESIDENT,
GLOBAL HUMAN RESOURCES,
SCHNEIDER ELECTRIC

At Schneider Electric, we believe great people make us a great company. That's why when we talk about sustainability and energy management, we aren't just talking about preserving energy as a resource; we are equally focused on sustaining the energy of our workforce.

We invest in the energy of our people in numerous ways, including a company-wide focus on Health & Equity. A key measurement for progress is the Schneider Sustainability Impact. In fact, one-third of our barometer concerns health-related topics. We also prioritize diversity and inclusion on a global scale, advancing initiatives including gender pay equity and a Global Family Leave Policy.

Additionally, we keep our eye on the upcoming talent pool of tomorrow. We fostered this talent in 2017 with opportunities including Schneider Go Green in the City — an international student competition to find innovative energy solutions for smart cities, and showcasing the talent of the workforce of the future. Participants include teams of two, of which at least one team member is female, confirming our commitment to diversity and inclusion.

Our ambition is that our employees everywhere have equal opportunities, while feeling uniquely valued.

2015 – 2017 Planet & Society barometer achievements

HEALTH & EQUITY

65% was our score
in the Employee
Engagement Index



Why working here matters

Our Employer Value Proposition is our way of telling the world what it means to be part of this organization. We believe it is our responsibility to set up each employee for success. This is outlined in our cornerstone: “Great people make Schneider Electric a great company.” It includes four key attributes that evolve annually along with us.

Great people make Schneider Electric a great company

MEANINGFUL PURPOSE

Our belief is that access to energy is a basic human right.

We are committed to a sustainable future by solving the energy paradox.

Diversity & INCLUSION

We provide equal opportunities to everyone everywhere.

We ensure all employees feel uniquely valued and safe to contribute their best.

TECHNOLOGY INNOVATION

We lead the digital transformation.

We collaborate with the largest partner, integrator, and developer ecosystem on our open platform.

HIGH PERFORMANCE

We are ambitious for customers, and our business growth.

We like to win as a team, we empower and trust our people to stay agile.

Company Values

Ensuring access to energy for everyone around the world motivates and energizes every single employee. As such, we share a set of values as part of an ongoing effort to change the status quo.

- **STRAIGHTFORWARD:** We do what we say and we communicate in simple ways. We behave with integrity.
- **CHALLENGE:** We challenge ourselves and others to rethink what is expected. We are agile and move at the speed of change.
- **OPEN:** We value differences. We listen. We learn, connect, and collaborate with others.
- **PASSIONATE:** We are passionate about our customers, our people, our business, and our technology. We are positive in our approach to finding solutions that improve lives.
- **EFFECTIVE:** We deliver on promises. We are pragmatic and fast, and we compete to win.

Our voice is OneVoice

We don't assume we know what our employees are thinking, or what's best for them — we ask them, twice a year, every year. We can't expect them to thrive without their honest input, and that is where the OneVoice satisfaction survey comes in.

ONEVOICE SURVEY IN NUMBERS BY END OF 2017:

100% of employees surveyed twice a year

179,000 emails sent

78,000 people reached via “kiosks” on 271 production sites

3,300 managers received a dedicated report

80% participation rate in 2017, improved from 62% in 2011

Company Programs

Innovative strategy helps Schneider Electric sustain a workforce that is competitive and highly engaged. The past year was one of great progress in terms of company programs, which include the following customer-centric initiatives:

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

Stepping up in 2017

Step Up is known as the people transformation of the company. It's about team-building, talent management, and cultural transformation. It helps us sustain a world-class workforce. Step Up will continue to be a company-wide priority in the year ahead.

Policies and progress

The past year brought with it an emphasis on well-being and our commitment toward Diversity and Inclusion, including:

- The global launch of our inclusive Global Family Leave Policy
- Putting pay equity high on our agenda for the betterment of our employees



GLOBAL RECOGNITION

Forbes®
World's Best Employers

Fortune®'s
"World's Most Admired Companies"
for 2018

LinkedIn
Top Companies 2017,
second year in a row

2018 **"World's Most Ethical Companies®"**
by the Ethisphere® Institute

2017 European
Most Admired Knowledge Enterprises
(MAKE) Award

2018 BloombergSM
Gender-Equality Index Listing:
104 companies with strong commitments to gender diversity



Worldwide Learning Week

Marking its fourth year, Learning Week is a major contributor to our learning culture strategy. It gives employees the chance to train, and share knowledge through educational events including:

- Webinars and workshops on key subjects
- Collective e-learning
- Roundtables with leaders

Global Learning Days

In addition to Worldwide Learning Week, we also introduced the first-ever global Learning Days in 2017, with learning offered on specific business topics:

1. Schneider Electric: Our products and services
2. Customer centricity
3. Digitization and IoT

Learning initiatives will continue to be offered in 2018 to maintain the focus on lifelong learning at Schneider Electric.



Our Investment for Growth

The spirit of lifelong learning is powerful at Schneider Electric. Employees are tasked with completing seven hours of logged training annually. Through academies, Leadership Development Centers, internal learning tools, and more, employees can sharpen their skills and broaden their horizons. We emphasize proactive thinking about career development, beyond entities and across geographies.

LEARNING WEEK AT A GLANCE:

>50,000 employees participated

75% of respondents were satisfied with Learning Week

78% are likely to recommend Learning Week to a colleague

95% believe Learning Week should continue to be organized in the future

2015 – 2017 Planet & Society barometer achievements

HEALTH & EQUITY

92% one-day training for every employee, every year

Go Green in the City

We foster tomorrow's workforce through Go Green in the City — an annual international business case challenge for students around the world to find innovative solutions for energy management and automation. Participants include teams of two, of which at least one team member is female, confirming Schneider Electric's commitment to diversity and inclusion.



2017 winners: Raja Jain and Nimisha Gupta from the Indian Institute of Technology Roorkee won Go Green in the City 2017, for the idea of using the ancient Indian technology of earthen pots to develop a modern-day cooling system.

19,772
participants in 2017

60,000+
participants in total
(2011 – 2017)

180 countries
in 2017, expanded from
8 countries in 2011

58% of 2017
participants were female



We Live Our Lives Better

Well-being isn't just something we strive for; it's part of who we are. External pressures make it difficult to strike a balance between personal and professional life. We aim to counteract that by creating an environment to help employees better manage their energy by empowering our individual parts, and the company becomes a stronger whole.

Well-Being  Labs

1,000 Well-Being Labs
across 50 countries in 2017,
compared to 500 labs in
43 countries per 2016

75 well-being trainings and
learnings available to employees

Diversity means value

At Schneider, diversity means value. Through our Diversity and Inclusion Policy, we prioritize tolerance, dignity, and respect, as well as gender equality. We understand that it takes diverse teams to handle the diverse markets we serve.

Diversity and Inclusion Advisory Board

In its second year, the Diversity and Inclusion Advisory Board came together to effect positive change for the entire company. The group continued to work diligently to advance gender diversity and foster a culture of inclusion within Schneider Electric. As thought leaders and innovators in their respective areas of expertise, they help create a unified voice for a more progressive Schneider.

“

It's great to see Schneider show, in concrete ways, its commitment to Diversity and Inclusion, and anchor it in a very pragmatic and personal policy that impacts lives.

”

TINA MYLON,
SENIOR VICE PRESIDENT TALENT AND DIVERSITY,
SCHNEIDER ELECTRIC



Global family leave

We understand that each of us has a unique situation. Regardless of the details, our policies help support employees to manage their situation. That's why we took an “all in” approach to our Global Family Leave Policy that launched in September 2017.



Schneider Electric provides paid parental, care, and bereavement leave in all countries. We define “leave” and “family” in an inclusive way, recognizing that definition of family, life, and work are changing every day. The policy includes key life stages of welcoming a new baby, taking care of sick or elderly family members, and mourning the loss of a family member. It also assumes an inclusive definition of family by extending

an equal amount of parental leave to a parent by natural birth or adoption. The policy demonstrates a commitment to diversity and inclusion to generate greater engagement, performance, and innovation.

Measuring pay equity

As part of our Diversity and Inclusion ambition, gender pay equity was one of the top priorities for 2017. It touches every single employee, every single day. We're holding ourselves accountable to make sure we have equal pay for equal work. Beyond equal pay, we're making sure we have the right data and processes to avoid disparity in pay across equal roles, throughout the company.

Racing toward gender equality

As the title sponsor of the Paris Marathon for the fifth year, Schneider Electric was proud to make great strides toward a greener and more gender-diverse event in 2017. The world's second-largest marathon, the Schneider Electric Paris Marathon welcomed 57,000 runners this year, 25% of whom were women.

What HeForShe means here

As part of its public commitment to gender equality, Schneider Electric participates in the U.N.'s HeForShe solidarity movement to promote gender equality. Schneider recently became a HeForShe IMPACT 10x10x10 Champion, signifying that it is one of 10 corporate champions for the HeForShe global solidarity movement.

Initiated by U.N. Women, the campaign engages men and boys — including Schneider Chairman and CEO Jean-Pascal Tricoire — as advocates and agents of change for the achievement of gender equality.



2015 – 2017 Planet & Society barometer achievements

HEALTH & EQUITY

85%

of employees work in countries with gender pay equity plans in place

HEALTH & EQUITY

38%

reduction in the Medical Incident Rate (MIR)

CHAPTER 5

OUTREACH AND INITIATIVES

1.1
BILLION
PEOPLE

LACK ACCESS
TO ELECTRICITY

“

We want everyone on our planet to have access to safe, reliable, efficient, and sustainable energy, and we are committed to developing the innovations that will make this happen.

”

GILLES VERMOT DESROCHES,
CHIEF SUSTAINABILITY OFFICER,
SCHNEIDER ELECTRIC



2015 – 2017 Planet & Society barometer achievements

CLIMATE & DEVELOPMENT
(SUSTAINABILITY OFFERS)

x2.21

increase in turnover
of Access to Energy
program

Innovation and engagement

We believe that access to energy is a fundamental right. Today, approximately 1.1 billion people lack access to electricity¹. But, as we expand access to energy, we all must be mindful of the effects of its consumption on the environment.

At Schneider Electric, our solution to this energy paradox is twofold: innovation and engagement. Through our outreach and initiatives, we further support the U.N.'s Sustainable Development Goals by deploying innovative business models and energy solutions to the world's energy-poor communities.



¹International Energy Agency, Energy Access Outlook 2017 <https://www.iea.org/publications/freepublications/publication/weo-2017-special-report-energy-access-outlook.html>

THE BENEFITS OF ELECTRICITY

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



“
 By joining the Sustainable Energy for All partnership network, Schneider Electric is bringing their leadership to a movement that is focused on going farther, faster — together — in closing the energy access gap.
 ”

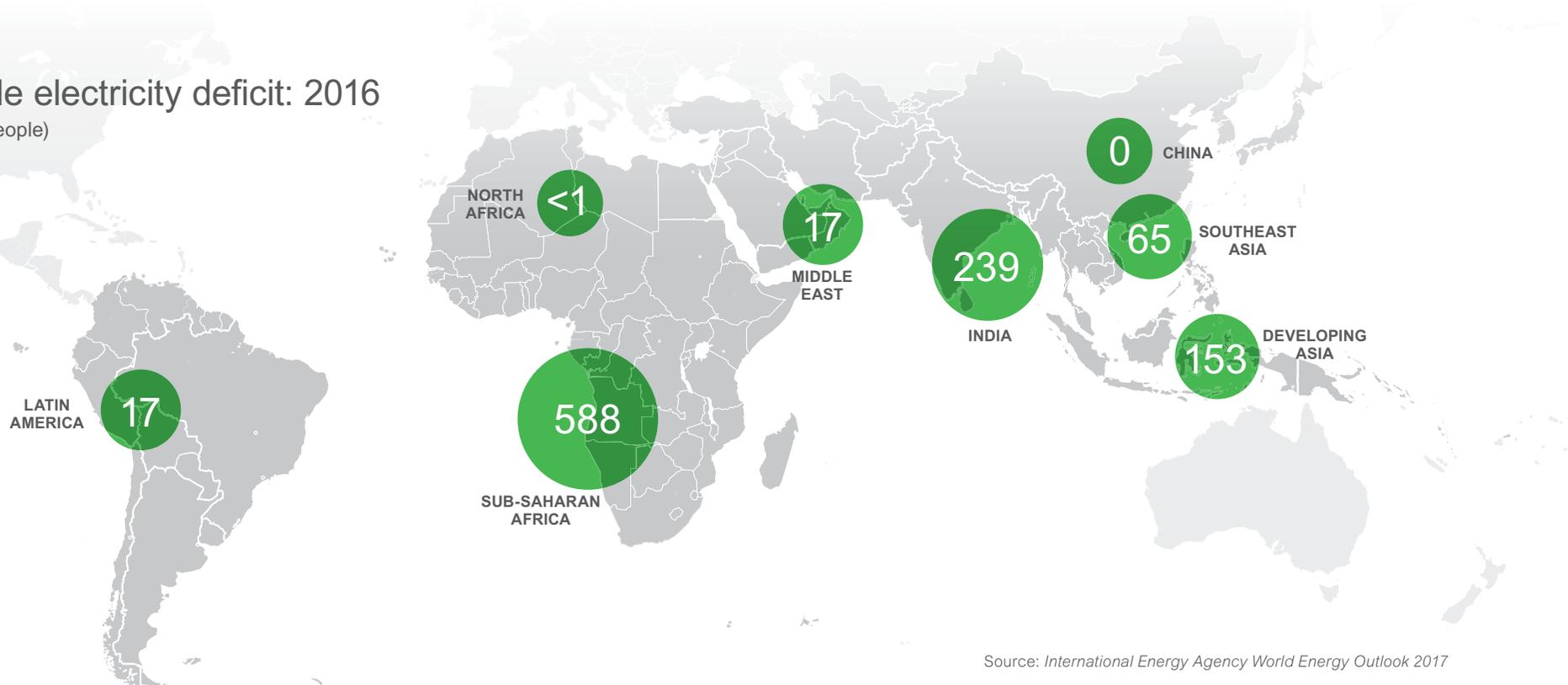


RACHEL KYTE,
 CEO,
 SUSTAINABLE ENERGY FOR ALL



Worldwide electricity deficit: 2016

(in millions of people)



Source: International Energy Agency World Energy Outlook 2017



Access to Energy

In 2017, we expanded our range of products, solutions, and services for communities that lack access to energy — from individual lighting to community services and collective electrification.

The Access to Energy program actively involves local stakeholders, including residents and customers, to bring safe, clean, sustainable electricity to communities all over the world. The Access to Energy program operates in three ways:

- **OFFERS AND BUSINESS MODELS**, to address local electricity access shortages, we design electrical distribution offers via renewable off-grid products and solutions.
- **IMPACT INVESTING**, to address local funding shortages, we invest in innovative, local access to energy ventures and subject matter experts through impact investing funds.
- **TRAINING AND ENTREPRENEURSHIP**, to address local skill shortages, we support the creation of training courses in electricity trades.

With the support of the Schneider Electric Foundation, we partner with local and global not-for-profit education organizations.

2017 Access to Energy highlights: OFFERS AND BUSINESS MODELS

Congo

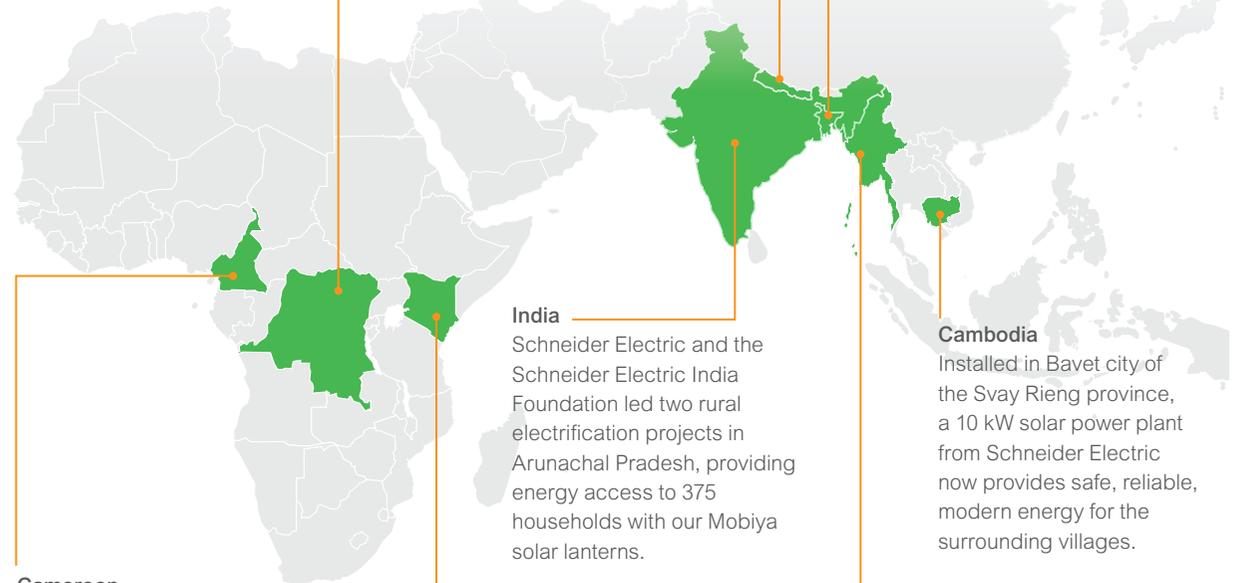
Proton and Schneider Electric provided solar solutions to remote villages in the Democratic Republic of the Congo.

Nepal

Saral Urja partnered with us to provide electricity to a remote, off-grid village using a solar-powered microgrid.

Bangladesh

We brought solar-powered portable lamps to a remote island village, where 100 households now have electricity for basic needs.



Cameroon

The microfinancing group Pamiga partnered with us to bring more than 3,200 households access to energy with our Mobiya and Homaya solar solutions.

Kenya

Our new Villaya Microgrid solution is designed, manufactured, and tested in Nairobi. It provides access to energy and socio-economic development to homes, health clinics, schools, and businesses.

India

Schneider Electric and the Schneider Electric India Foundation led two rural electrification projects in Arunachal Pradesh, providing energy access to 375 households with our Mobiya solar lanterns.

Cambodia

Installed in Bavet city of the Svay Rieng province, a 10 kW solar power plant from Schneider Electric now provides safe, reliable, modern energy for the surrounding villages.

Myanmar

We worked with our local partners, Mandalay Yoma, Talent and Technology, and Techno Hill Engineering, to build microgrids that bring energy to more than 1,000 households across five villages.



Sustainable, multi-energy solutions in Africa

Along with the West African Economic and Monetary Union and the African Biofuel and Renewable Energy Company, Schneider Electric is developing a “multi-energy” plant for irrigation, fish farming, and farming transformation.

Villaya Agri-Business is an innovative solution enabling energy to be captured through a solar power plant, and to be reused to produce electricity and heat simultaneously.

The project will be implemented over a two-year period, involving feasibility studies, equipment installation, and user training. It will progressively offer up to 100,000 people access to electricity for irrigation, lighting, fish farming, farming transformation, and the provision of drinking water without CO₂ emissions.

In Adamawa, Nigeria, we partnered with Blue Camel Energy to install six units of Conext™ XW+ 8548 inverters and 144 units of solar panels to bring power and productivity to a local farm. Now, more products are available to feed a population of about 450,000 people.

2017 Access to Energy highlights: IMPACT INVESTING

Growing funds for growing needs

Energy Access Ventures (EAV) invests in companies worldwide to support innovative electricity technologies and business models. In 2017, EAV increased its Fund 1 size to \$90 million. This was made possible through three investments: Schneider Electric and CDC Group plc both increased their commitments and the Netherlands company Financierings-Maatschappij voor Ontwikkelingslanden joined the fund.

Schneider Electric Energy Access Fund

The Schneider Electric Energy Access (SEEA) fund brings together Schneider Electric’s employees and business partners.

As of December 31, 2017 SEEA managed the following amounts:

€3,000,000

in capital invested by Schneider Electric

€2,300,000

invested by Schneider Énergie Sicav Solidaire (including €500,000 in capital), a mutual fund managing the employee savings scheme for Schneider Electric employees in France

€200,000

in capital invested by Phitrust Partenaires

“
At FMO we are excited to participate in EAV Fund I. We believe EAV represents a unique opportunity to invest in an existing operational team with a thorough understanding of the energy market in Sub-Saharan Africa combined with solid expertise in early-stage investing.

”
MARIEKE ROESTENBERG,
SENIOR INVESTMENT OFFICER, PRIVATE EQUITY,
FMO



“
At Amped Innovation, we partner with social enterprises to design radically affordable products that address basic human needs. We focus on reducing product cost to enable rapid adoption of proven technologies.

”
ANDI KLEISSNER,
CO-FOUNDER AND COO,
AMPED INNOVATION



2017 Access to Energy highlights: TRAINING AND ENTREPRENEURSHIP



PAKISTAN

With the support of Schneider Electric Foundation, two electrical labs were opened in Lahore, two labs in Gujranwala, and one was opened in Wazirabad. Ultimately, 52 labs are planned by the end of 2018.

201 students have started training, and registration is expected to climb to almost 6,000 with the completion of all labs.

The labs are being established in partnership with the Technical Education & Vocational Training Authority, the Punjab Vocational Training Council, and the Muslim Hands organization.



COLOMBIA

In partnership with the Colombian Ministry of Labor and the Colombian Ministry of National Education, Schneider Electric held seminars throughout the year, training 79 students and 71 trainers.

CHAD

In partnership with the Office National pour la Promotion de l'Emploi and the Pan African Institute for Development, 77 out-of-school youths were trained and joined the local job market.



TOGO

After eight months of training at the Energy Generation Academy in Lomé, Togo — a Schneider-supported program offering courses on entrepreneurship in energy — students presented their projects at the first Africa Energy Generation Prize contest.



SOUTH AFRICA

The Legacy Class of the French South African Schneider Electric Education Center welcomed as many girls as boys. For one year, the students will be trained in electrical engineering on domestic and industrial installations.



VIETNAM

In partnership with Green ID and local Women Unions, Schneider Electric trained and supported women from remote communities to bring energy to low-income people. These female entrepreneurs increased their income by 30 percent.

The Schneider Electric training lab in Ho Chi Minh City trained 650 underprivileged young people in residential and industrial electricity, and 100% of them got a job right after graduation.





INDIA

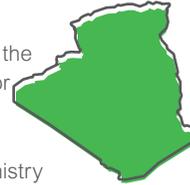
Schneider Electric opened the seventh Solar Energy Training Center in India at the Sri Sri University in Cuttack. We also set up a new Center of Excellence at the New Horizon College of Engineering.

In October 2017, we inaugurated the Pradhan Mantri Kaushal Kendra Center in Delhi. It's the first center in the country focusing exclusively on the skill requirements that are aligned to the government's smart cities initiative.

Finally, the Foundation Schneider Electric India and Sri Sri Rural Development program began a new basic electrician training center in Central Jail, Srinagar. The training will help prisoners start their new lives with valuable electrical skills.

ALGERIA

In partnership with the Algerian Ministry for Vocational Training and Education and the French Ministry for National Education and Research, Schneider Electric took part in the creation of an Algerian-French center, which is dedicated to vocational training in energy and electricity trades. Located in Rouiba, this center specializes in energy efficiency and industrial maintenance.



SENEGAL

In partnership with our local distributor, LCS Technodidac, we held an educational event to address the challenges of developing technical training programs and responding to market needs.



TANZANIA

We installed a 30 kW solar plant and laboratory at the training center and held conferences on the microgrid market model and the IoT's impact in industrial and photovoltaic applications.



CAMBODIA

Schneider Electric partnered with the Don Bosco Foundation to open the Don Bosco Training Center, which will train more than 300 underprivileged youths in technical trades every year.



IVORY COAST

Thirty students completed three years of training at the new Bonoua training center we opened in partnership with IECD. In addition, 20 informal entrepreneurs benefited from a short-term training program.

Schneider Electric Foundation

In 2018, we celebrate the 20th anniversary of the Schneider Electric Foundation, under the aegis of Fondation de France, which uses innovation and community engagement to reduce the energy gap and increase sustainability awareness.



<p>INVESTING IN EDUCATION</p>	<p>The foundation focuses on emerging countries, helping people develop skills in energy and entrepreneurship.</p>
<p>REDUCING THE ENERGY GAP</p>	<p>In more mature economies such as in Europe and North America, the foundation supports families who suffer from fuel poverty.</p>
<p>INCREASING SUSTAINABILITY AWARENESS</p>	<p>While the foundation works to bring energy to those in need, it also works to build a sustainable world for everyone.</p>

2017 Schneider Electric Foundation highlights

Investing €2 million for training underprivileged youths

True innovation extends opportunity to those less fortunate, and so we endeavor to use innovation as a way to lift up and empower the next generation, especially the underprivileged. To that end, the Schneider Foundation signed a partnership with the General Council of the Salesian Congregation, investing €2 million.



Social Innovation to Tackle Fuel Poverty

In June 2017, the Schneider Electric Foundation — under the aegis of Fondation de France — and Ashoka, launched a new call for projects in the Social Innovation to Tackle Fuel Poverty program. In partnership with Enel, the goal was to find the 15 most innovative organizations that offer creative solutions to tackle fuel poverty and promote energy sustainability in Europe. The winners were announced during the 23rd session of the Conference of the Parties (COP23) in November 2017.

2015 – 2017
Planet & Society
barometer
achievements

DEVELOPMENT

148,145

underprivileged people trained in energy management

DEVELOPMENT

1,347

missions within Schneider Electric Teachers NGO

“
We share the value of a new world for electricity where people are empowered ... the projects we are developing with Schneider and Ashoka today go in the same direction.
”

ANDREA VALCALDA,
HEAD OF SUSTAINABILITY,
ENEL



Creative Klima at COP23

Offering exhibitions, conferences, workshops, debates, award ceremonies, musical programming, and numerous festivities, Creative Klima provided inspiration for action in the fight against climate change at COP23.

Partners included the Schneider Electric Foundation, Art of Change 21, Ashoka, the Institut français Bonn, Atelier 21 with its initiatives Paléo-Energétique and Solar Sound System, and the International Weather and Climate Forum.



Launched in 2015 by Art of Change 21, Maskbook is an international art project raising awareness on the increasingly high stakes of air pollution and climate change. The Schneider Electric Foundation is Maskbook's main partner.

Schneider Electric Teachers

With the Schneider Electric Teachers NGO, employees can volunteer to train others. They become the link between the company, the Foundation, and supported organizations in more than 70 countries. Employees have carried out 1,347 missions over the past three years.

“
I just hope to have given as much as I received during this mission! We are a special company because of our people and initiatives like Schneider Electric Teachers. I am very proud to be part of it.
 ”

JOSE PEREIRA,
 OEM'S SALES,
 SCHNEIDER ELECTRIC



Natural disaster relief

In 2017, many people around the world were affected by natural disasters and we were compelled to help as much as possible. This included the deployment of teams and technology to support the people impacted by the earthquake in Mexico and by hurricanes Harvey, Maria, and Irma in the U.S., Caribbean, and Costa Rica.

Our total contribution included \$1 million, plus 150 emergency tents, and 4,000 solar lamps distributed in collaboration with La Cruz Roja Mexicana, SOS Attitude, and Electriciens sans frontières.



VolunteerIn

Our multilingual platform VoluteerIn, allows employees to apply for volunteer work with the foundation's partners. This includes missions organized by Schneider Electric Teachers. The foundation communities (team, delegates, and NGP partners) manage the platform, focusing on vocational energy training, supporting energy-poor families, and raising awareness of sustainable development and entrepreneurship.

SCHNEIDER ELECTRIC FOUNDATION BY THE NUMBERS

€13.4 million
 financial and in-kind contributions by Schneider Electric employees and entities

€4 million
 2017 intervention budget

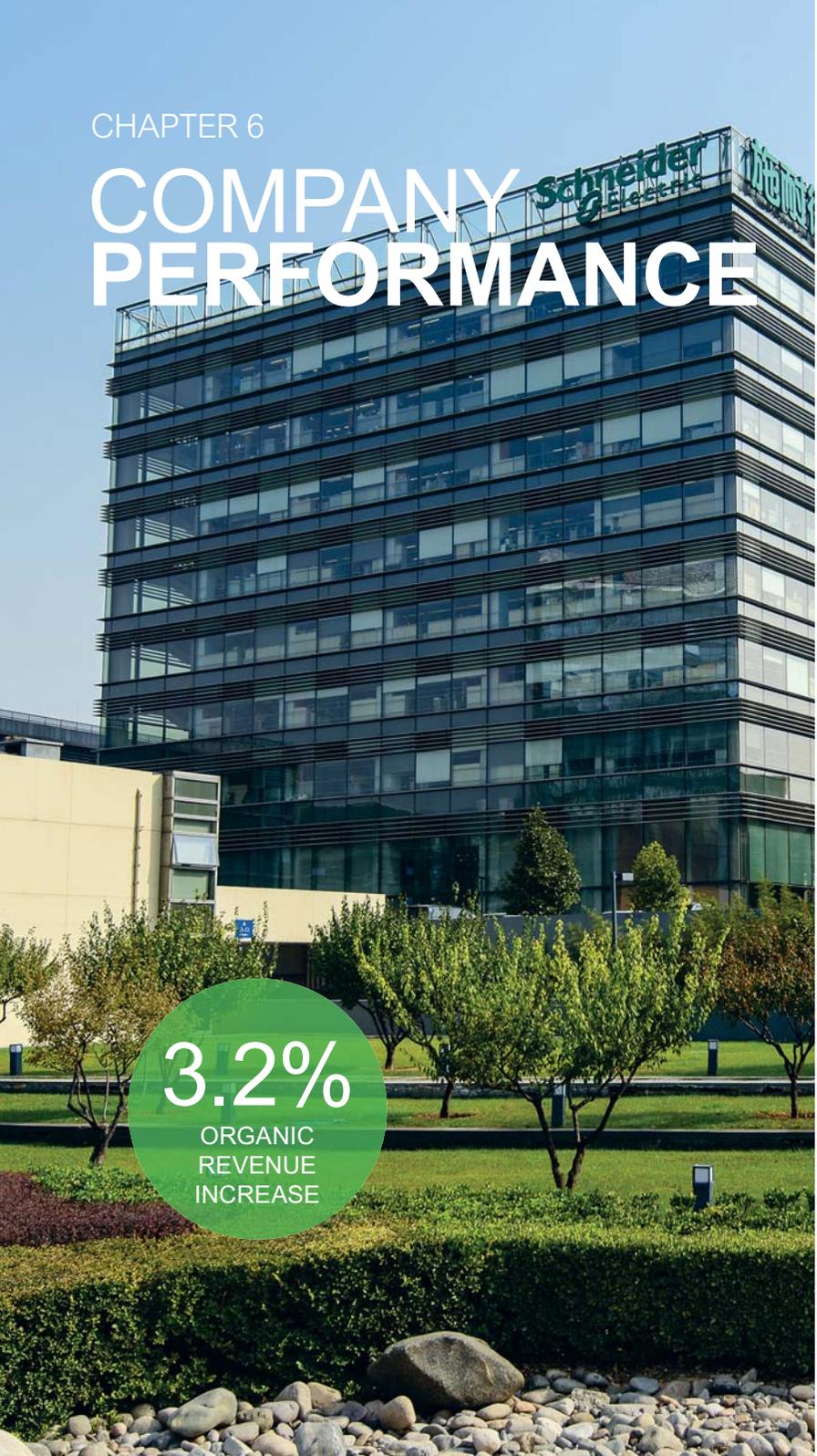
130 delegates
 in **80** countries

1,347 Schneider Electric Teachers missions carried out over the past 3 years

35,000 contributors and **1,900** volunteers

840 partners since the creation of the foundation

COMPANY PERFORMANCE



3.2%
ORGANIC REVENUE INCREASE

“

In working for a more sustainable world, we not only ensure a healthier planet for future generations, we also promote innovation and prosperity here and now. What's good for the climate is good for the economy.

”

JEAN-PASCAL TRICOIRE,
CHAIRMAN & CEO,
SCHNEIDER ELECTRIC



Sustainable growth

It was a great year for Schneider Electric, with healthy performance on our 2015 – 2017 Planet & Society barometer and strong growth for our business.

Our sales accelerated, boosted by the delivery of complete solutions of efficiency and productivity and the adoption of EcoStruxure as the platform of integration and collaboration.

We increased organic revenue 3.2 percent, launched more than 100 new products, and acquired new companies that strengthen our position as the global specialist in energy management and automation.

SCHNEIDER ELECTRIC 2017 KEY FIGURES

€24.7 billion
in revenue

€3.65 billion
adjusted EBITA

5% of revenue
devoted to R&D

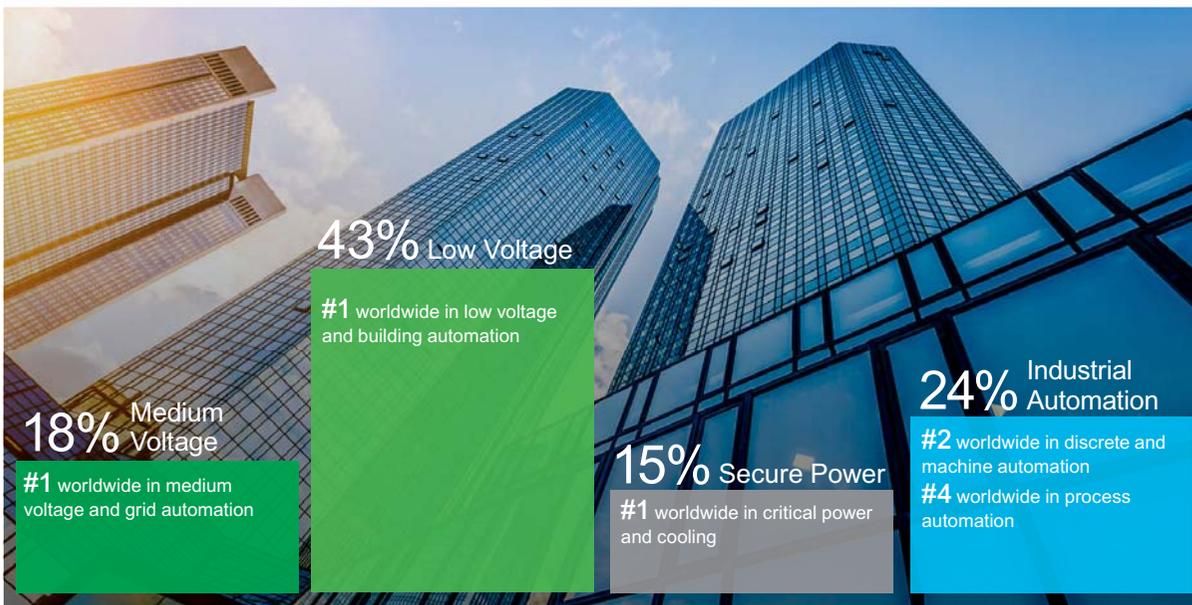
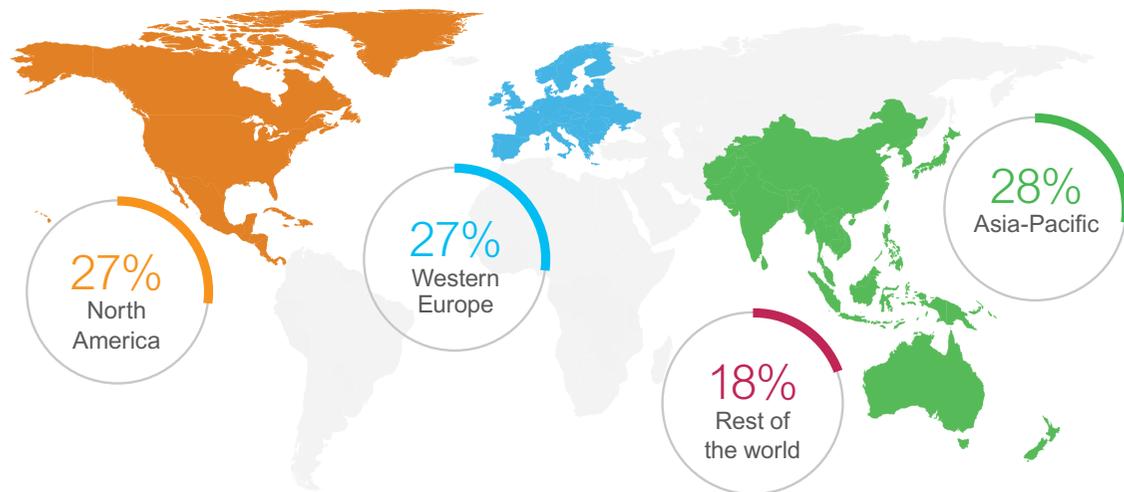
76% of revenue in
energy management

24% of revenue in
industrial automation

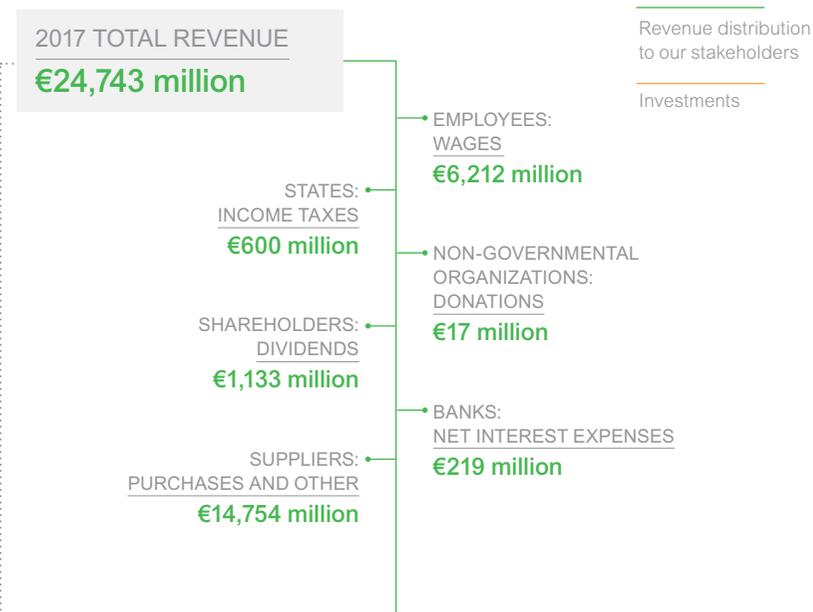
142,000 employees
in more than **100** countries

Year in Review

2017 REVENUE BY GEOGRAPHY, PRODUCTS, AND SOLUTIONS



REVENUE DISTRIBUTION TO OUR STAKEHOLDERS



INVESTMENT CAPABILITIES

NET EXTERNAL FINANCING* INCLUDING SHARE CAPITAL VARIATION
 (€389) million

OPERATING CASH FLOW AFTER DIVIDEND PAYMENT
 €1,808 million

INVESTMENTS AND DEVELOPMENT
 €688 million¹

NET FINANCIAL INVESTMENTS
 €461 million²

CASH VARIATION
 €270 million

R&D
 €1,183 million

*Borrowings, share issues, and sale of treasury stock
¹Including €314 million in R&D
²Including €160 million for long-term pension plans

<p>Voted Best Place to Work in France in the Glassdoor Employees' Choice Awards, 2018</p>	<p>Included in CDP's Climate A List of companies leading the fight against carbon emissions for the 7th year in a row, 2017</p>
<p>Received the Environmental Leader Product and Project Award for Shedd Aquarium, 2017</p>	<p>Received the Global Power Correction New Product Innovation Award from Frost & Sullivan, 2017</p>
<p>Ranked 2nd in our industry in the Dow Jones Sustainability Indices, 2017 – 2018</p>	<p>Winner in the Health and Well-being category of the HR Distinction Awards, 2017</p>
<p>Recognized as one of the world's most ethical companies, according to Ethisphere® for the 8th consecutive year, January 2018</p>	<p>Named as one of the World's Most Admired Companies by Fortune® Magazine, 2018</p>
<p>Ranked 3rd worldwide on Corporate Knights Carbon Clean 200™ list, for its revenue devoted to the energy transition</p>	<p>Recognized among LinkedIn Top Companies for the second year in a row, 2017</p>
<p>Honored with the Sustainability Award Gold Class from RobecoSAM, 2017</p>	<p>1 of 104 companies featured in the first-ever Bloomberg® Gender-Equality Index, January 2018</p>
<p>Ranked as a Market Leader in Magic Quadrant for Advanced Distribution Management Systems by Gartner® Research, 2017</p>	

Company Program: 2017 achievements

2017 was the third and final year of our most recent company program focused on one simple idea: customer centricity.

Schneider is On initiatives	2017 Progress update
Do More	<ul style="list-style-type: none"> • More Products: Product revenues up +4.3% organic in FY17, with 100+ launches in 2017 • More Software: Industrial software sales about flat with Q4 slightly up. Transaction with AVEVA announced, providing unique software portfolio across asset life cycle for continuous and hybrid processes. • More Services: High single-digit growth in FY17 orders; +6% org. growth in Q4 revenues
Simplify	<ul style="list-style-type: none"> • €650M Gross savings (Support Function Cost reduction and industrial productivity) in 2017 (c. €1.9B since 2015) • System margin improved by c.1 pts in 2017
Digitize	<ul style="list-style-type: none"> • The number of connected assets increased +25% vs. 2016 • Unique connected customers +36% vs. 2016
Innovate	<ul style="list-style-type: none"> • Numerous key launches of products, advisors, and software within EcoStruxure • Planet & Society barometer reached 9.58/10
Step Up	<ul style="list-style-type: none"> • Launch of Global Family Leave policy • Strong traction of the Gender Pay Equity program

Digital growth

CONNECTIVITY

1.6 million of assets under management — up 25% YOY

EXPERIENCE

New web experience with traffic up 15% YOY
 New digital catalog rollout with traffic up 70%
 650,000+ channel partners on our digital portal

SCALE

New EcoStruxure cloud platform scaling up:
 ~2,500 events per second

ECOSYSTEM

20,000+ system integrators and developers
 X2 in connected customers vs. end of 2016

100+ products launched

In 2017, product revenue went up 4.3 percent as we launched over 100 new innovations. This included the world's first air circuit breaker with a built-in Class 1 power meter — the Masterpact MTZ™ circuit breaker.



Masterpact MTZ



Galaxy VX



SM6



Compact NSXm

2017 MERGERS & ACQUISITIONS

IGE+XAO Group

IGE+XAO is a leader in design software for electrical installations through its CAD, PLM, and simulation software. This acquisition reinforces Schneider Electric's software offer in a field complementary to electrical distribution products and solutions.

AVEVA

AVEVA is a leading provider of engineering, design, and information management software to the process, plant, and marine industries. The Schneider Electric industrial software business and AVEVA have merged to trade as AVEVA Group plc, a U.K.- listed company.

ASCO Power Technologies

Since 1888, ASCO Power Technologies has been an innovator in automatic transfer switches, creating world-class technology for reliable power transfer. With this acquisition, Schneider enhances its position as a leader in low-voltage innovation.

2015 – 2017 Planet & Society Barometer Results

We closed the 2015 – 2017 period with a record result for the barometer. We achieved 9.58/10, above our target of 9/10 — an unrivaled performance since the launch of the barometer in 2005.



GILLES VERMOT DESROCHES,
CHIEF SUSTAINABILITY OFFICER,
SCHNEIDER ELECTRIC

Measuring our sustainable development

Since 2005, the Planet & Society barometer has guided and measured our sustainable development. Our performance is audited by a third party and progress is tracked and published quarterly at schneider-electric.com.

Now reimagined for 2018 – 2020 as the Schneider Sustainability Impact (see Page 7), it reflects our holistic view of sustainability and our promises to our partners, customers, and the world. It is the standard by which we measure ourselves and hold ourselves accountable.

Our 2015 – 2017 detailed sustainability scorecard, as of Q4 2017

Our megatrends 2015 – 2020 and our targets 2015 – 2017		Start 01/2015	Results Q3 2017	Results Q4 2017	Target 12/2017	
OBJECTIVES		Overall score (out of 10)	3.00	9.01	9.58 ↗	9/10
CLIMATE	1 10% energy savings	-	9.2%	10.3% ↗	10%	
	2 10% CO ₂ savings from transportation	-	11.6%	10.3% ↘	10%	
CIRCULAR ECONOMY	3 Towards zero waste to landfill for 100 industrial sites	34	116	130 ↗	100	
	4 100% of products in R&D designed with Schneider ecoDesign Way	-	100%	100% →	100%	
CLIMATE + DEVELOPMENT (Sustainability offers)	5 75% of product revenue with Green Premium ecoLabel	60.5%	75.9%	80.1% ↗	75%	
	6 100% of new large customer projects with CO ₂ impact quantification	-	16%	100% ↗	100%	
	7 120,000 tons of CO ₂ avoided through maintenance, retrofit, and end-of-life services	-	148,415	168,400 ↗	120,000	
	8 x5 turnover of Access to Energy program to promote development	-	x2.09	x2.21 ↗	x5	
ETHICS	9 100% of our recommended suppliers embrace ISO 26000 guidelines	48%	84.6%	87.9% ↗	100%	
	10 All our entities pass our internal Ethics & Responsibility assessment	-	88.7%	98.4% ↗	100%	
HEALTH & EQUITY	11 30% reduction in the Medical Incident Rate (MIR)	-	37%	38% ↗	30%	
	12 One day training for every employee every year	79%	85%	92% ↗	85%	
	13 64% scored in our Employee Engagement Index	61%	64%	65% ↗	64%	
	14 85% of employees work in countries with Schneider gender pay equity plan	-	75%	89% ↗	85%	
DEVELOPMENT	15 150,000 underprivileged people trained in energy management	73,339	143,756	148,145 ↗	150,000	
	16 1,300 missions within Schneider Electric Teachers NGO	460	1,289	1,347 ↗	1,300	

↗ ↘ → The arrow shows if the indicator has risen, stayed the same or fallen compared to the previous quarter. The color shows if the indicator is above or below the objective of 9/10.

Company Leadership

Executive Committee
(as of February 14, 2018)



Jean-Pascal Tricoire
Chairman &
Chief Executive Officer



Emmanuel Babeau
Deputy Chief Executive
Officer in Charge of
Finance and Legal Affairs



Olivier Blum
Executive Vice President,
Global Human Resources



Annette Clayton
Executive Vice President,
Global Supply Chain and
North America Operations



Hervé Coureil
Executive Vice President,
Information Systems



Emmanuel Lagarrigue
Executive Vice President,
Strategy



Chris Leong
Executive Vice President,
Global Marketing



Christel Heydemann
Executive Vice President,
France Operations



Leonid Mukhamedov
Executive Vice President,
Europe Operations



Luc Rémont
Executive Vice President,
International Operations



Yin Zheng
Executive Vice President,
China Operations



Frédéric Abbal
Executive Vice President,
Medium Voltage



Philippe Delorme
Executive Vice President,
Low Voltage — Secure Power



Peter Herweck
Executive Vice President,
Industrial Automation

2017 BOARD OF DIRECTORS OVERVIEW

Board of Directors

8 meetings
90% attendance

Audit and Risk

5 meetings
100% attendance

Strategy

4 meetings
85% attendance

Governance and Remuneration

6 meetings
96% attendance

Human Resources and Corporate Social Responsibility

3 meetings
93% attendance

“
As the digital and energy networks converge rapidly, exciting opportunities open up for Schneider Electric to provide new and value-adding services to empower people all over the world to optimize their energy utilization while fighting climate change.
”



LÉO APOTHEKER,
BOARD OF DIRECTORS,
SCHNEIDER ELECTRIC

Board of Directors

The Board of Directors determines the strategic orientation of our business and oversees its implementation. They also examine all matters related to the efficient operation of our business and make decisions about various issues concerning the company.

As of April 25, 2017, at the end of the Annual Shareholders' Meeting, the Board of Directors had 12 members and one non-voting member:

- Jean-Pascal Tricoire
- Léo Apotheker
- Betsy Atkins
- Cécile Cabanis
- Xavier Fontanet
- Antoine Gosset-Grainville
- Fred Kindle
- Willy Kissling
- Linda Knoll
- Cathy Kopp
- Xiaoyun Ma
- Gregory Spierkel
- Henri Lachmann (non-voting member)



Advisory committee

Our Advisory Committee is the voice of Schneider Electric's individual shareholders. The committee consists of up to eight independent volunteers appointed by Schneider Electric and meets three to four times per year to discuss various topics.

Their main focus is how the company's strategy affects individual shareholders. The committee works on enhancing communication material and defining dedicated events for shareholders and also plays a role in the Annual Shareholders Meeting.

“
Schneider Electric continues to reach new heights in its sustainability performance. The challenging objectives outlined for the 2018 – 2020 performance period further demonstrate the group-wide commitment to doing our part in making sure the planet has the tools and means to thrive in the new energy future.
”



LINDA KNOLL,
BOARD OF DIRECTORS,
SCHNEIDER ELECTRIC

Company Ethics

We believe it is our responsibility to go beyond regulatory compliance. Both on a daily basis and within our long-term strategy, we conduct business ethically, sustainably, and responsibly. These principles are at the heart of Schneider Electric's corporate governance.



Human Rights & Duty of Vigilance

To comply with the 2017 French law concerning the Corporate Duty of Vigilance, Schneider Electric has implemented a plan to identify health and safety risks and prevent violations of human rights and environmental damage.

Sustainable suppliers

Since 2004, we've been encouraging suppliers to commit to a sustainable development initiative, and since 2012, Schneider Electric has been encouraging its suppliers to make progress according to the ISO 26000 guidelines.

Responsibility & Ethics Dynamics

The Responsibility & Ethics Dynamics (R&ED) program provides a safe, welcoming way for employees to help ensure compliance, and provides a structure of accountability by fostering reporting of non-compliance.

Anti-corruption at Schneider

We encourage all of our employees to conduct business ethically by adopting a zero-tolerance policy toward corruption and other unethical practices.

This year, we've launched a new anti-corruption e-learning program which is mandatory for employees in the most exposed functions (finance, sales, and procurement) and we are tracking the results through the Schneider Sustainability Impact.

In addition, we launched an anticorruption certification process for our Middle-East zone with the consulting company Ethic Intelligence and are expected to be certified in 2018.

We are also continuing our partnership with Transparency International France, a leading NGO which aims to stop corruption and promote transparency, responsibility, and integrity at all levels and across all sectors.

Principles of Responsibility

Updated regularly, our Principles of Responsibility document details Schneider Electric's commitments to its employees, partners, shareholders, planet, and society.

2015 – 2017 Planet & Society barometer achievements

ETHICS

87.9%

of our strategic suppliers embrace ISO 26000 guidelines

ETHICS

98.4%

of our entities passed our internal Ethics & Responsibility assessment

The R&ED Line

When an employee is a victim of or witness to an event that touches on ethical issues, a professional alert system has been available since 2012 to report information on such events.

259 ethical alerts were escalated in the R&ED line system in 2016

46% of these alerts were related to potential violations of our code of conduct concerning integrity in financial matters.

35% of these alerts were related to allegations of discrimination, harassment, or unfair treatment of employees

19% of these alerts were related to potential violation of other policies

CHAPTER 7

LOOKING AHEAD

CARBON NEUTRALITY BY

2030

with measurable reductions in our CO₂ emissions

“

At Schneider, we are guided by bold ideas. We want to take full advantage of our position at the epicenter of energy transition fueled by digitization.

”

CHRIS LEONG,
CHIEF MARKETING OFFICER,
SCHNEIDER ELECTRIC



Future-driven sustainability goals

We believe that everyone has a role to play in creating a more sustainable future. The rigorous sustainability goals we set for ourselves measure our progress, but we can't do it alone. That's why we've aligned our sustainable efforts with the United Nations 17 Sustainable Development Goals. In doing so, we now join a global network of organizations and thought leaders, collectively advancing a powerful set of standards to create positive change.

In the coming year, we'll also continue to join companies and countries all over the world in taking proactive steps toward limiting climate change. We recently shared our commitments to sustainable development at COP23, and collaborated with sustainability leaders at One Planet Summit to limit global warming and its impact. We're working toward aggressive goals, including carbon neutrality by the year 2030, with measurable reductions in our CO₂ emissions along the way. This year brings with it a higher set of sustainability standards for our entire ecosystem of suppliers, vendors, and the broader Schneider Electric community.

A key measurement for progress is the 2018 – 2020 Schneider Sustainability Impact, holding us more accountable than ever.

We align with the Sustainable Development Goals — a universal call to action, existing to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030.



Schneider sustainable fields of action

		CLIMATE	CIRCULAR ECONOMY	ETHICS	HEALTH & EQUITY	DEVELOPMENT
1 NO POVERTY				●		●
2 ZERO HUNGER						●
3 GOOD HEALTH AND WELL-BEING				●	●	●
4 QUALITY EDUCATION						●
5 GENDER EQUALITY				●	●	
6 CLEAN WATER AND SANITATION			●	●		●
7 AFFORDABLE AND CLEAN ENERGY	●					●
8 DECENT WORK AND ECONOMIC GROWTH			●	●	●	●
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	●		●			
10 REDUCED INEQUALITIES				●	●	●
11 SUSTAINABLE CITIES AND COMMUNITIES	●					●
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	●	●	●	●		●
13 CLIMATE ACTION	●	●	●			●
14 LIFE BELOW WATER			●	●		
15 LIFE ON LAND			●			●
16 PEACE, JUSTICE AND STRONG INSTITUTIONS				●	●	
17 PARTNERSHIPS FOR THE GOALS	●	●	●	●	●	●

2018 Priorities

“
We recorded strong organic growth in our EBITA in 2017 at +9.2% ... we are targeting for the year to deliver organic growth in our EBITA around the high-end of the +4% to the +7% bracket ...
 ”



EMMANUEL BABEAU,
 DEPUTY CHIEF EXECUTIVE OFFICER IN CHARGE
 OF FINANCE AND LEGAL AFFAIRS,
 SCHNEIDER ELECTRIC

In a positive environment, the group targets to deliver strong organic growth of adjusted EBITA in 2018, around the high-end of the +4% to +7% bracket earlier communicated as the average yearly objective for 2017 – 2019. To deliver this strong performance, the Group will balance both levers of organic top-line growth and EBITA margin expansion. Therefore, for 2018, the Group will target:

An organic top-line growth between **+3% to +5%**

An organic EBITA margin expansion toward the upper end of the **+20 bps to +50 bps range** targeted as yearly average improvement for 2017 – 2019

An Integrated Approach to Sustainability

At Schneider Electric, sustainability is business. It's at the heart of operations, performance, decision making, and strategy.

SUSTAINABILITY MEANS COMPANY GROWTH

- **Sustainability is business**

The vision of Schneider Electric, the global specialist in energy management and automation, is to ensure that Life Is On for everyone, everywhere, and at every moment, and help our customers achieve more with less.

- **Sustainability strategy to meet the energy challenge**

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

AT THE STRATEGIC LEVEL: INTEGRATED INTO THE COMPANY PROGRAM

- **Sustainability in the initiative "Innovate to support growth"**

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

- **5 sustainability megatrends 2015 – 2020:**

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

- **21 sustainability progress indicators 2018 – 2020**

Schneider Sustainability Impact target is a level for progress and accountability.

AT THE COMMUNICATION LEVEL: INTEGRATED AND RELIABLE PROCESSES

- **The Schneider Sustainability Impact, commented on by the CFO and the CEO**

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

- **Audited non-financial results**

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

AT THE OPERATIONAL LEVEL: INTEGRATED GOVERNANCE INVOLVING EVERY LEVEL

- **Board of directors**

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

- **Executive committee**

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

- **Corporate functions and businesses, specific committees, employees**

These bodies contribute to sustainability objectives (Schneider Sustainability Impact target, CSR criteria in variable compensation) and mobilization programs.

About this report

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

The report is available in English and French and there is a digital version:
sdreport.se.com

Acknowledgements

Our customers and external stakeholders:

Ashoka, China National Building Material Group, Marriott®, Microsoft®, South Australia Power Networks, Telefónica, Vernon Turner/IDC, WaterForce, Alice Audouin at Art of Change 21, Craig Blackburn at Blackhills Farm, Scott Bosarge at AEG, Fran Muña at Telefónica, Christian Noce and Andrea Valcalda at ENEL, Satya Nadella at Microsoft®, and Michael Wang at Marriott® International.

Agencies, partners:

Schneider Electric Global Marketing, NAM and EMEA Creative Studios, and Column Five for providing the design, development, and project management of this report.

Photo credit:

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All Schneider Electric teams who contributed to the report:

Schneider Electric Board of Directors, Executive Committee Members, Schneider Electric Global Marketing, Brand Marketing Engagement, Thomas André, Patricia Benchenna, Pauline Colnot, Philippe Delorme, Gilles Vermot Desroches, Jamie Ellis, Venancio Figueroa, Delphine Gieux, Maxime Goualin, Xavier Houot, Erin Kalidindi, Morgane Lasserre, Yeonjoo Lee, Chris Leong, Emilienne Lepoutre, Lauren Mahoney-Pick, Miriana Matei, Veronique Moine, Denise Molina, Raj Munusamy, Tina Mylon, Cyril Perducat, Vincent Petit, Amandine Petitdemange, Kellie Tabor-Hann, Steve Wilhite, Leslie Zambelli, and more.

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

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

- Printing with vegetable oil-based ink on 100% FSC-certified recycled paper, manufactured using a chlorine-free process
- Printing on Oxygen Inapa Offset paper: 140 g/m² text and 250 g/m² cover
- This year, printed quantities have been reduced by 30% compared to 2017

Life Is On



The digital version of *Schneider Sustainability Report 2017 – 2018* is available at:

sdreport.se.com

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