

2010 Business and Sustainable Development Report



Making a world of difference... right now

As the global specialist in energy management, Schneider Electric helps people around the world make the most of their energy. In established economies, we enable businesses and individuals to achieve more while using fewer resources. In new economies, we help create and develop access to safe and reliable energy.

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The Planet and Society Barometer

The Planet and Society Barometer is made up of progress plans that allow us to measure responsible corporate performance from 2009 through 2011. Look for this symbol to learn about our goals.

Look for these icons highlighting recognition we've earned and additional content available on the Web.



Award



More on the Web

SDreport.schneider-electric.com

Schneider Electric is committed

UN Global Compact

The Global Compact brings companies and non-governmental organizations together under the aegis of the United Nations to 'unite the power of market with the authority of universal ideals'. Schneider Electric joined the Global Compact in December 2002 and has primarily worked to share this commitment with its partners since 2003.



Interview with Jean-Pascal Tricoire

President and CEO



UN Global Compact Principle 7

Businesses should support a precautionary approach to environmental challenges.

2009 was an intense year. A crisis of unprecedented scale confronted the global economy and reshaped the world in a way unseen before. While mature economies were challenged to their core; new economies, in particular China, emerged as the world's growth engine, showing an impressive degree of resilience. Amid the crisis, the energy challenge also topped the world's political, environmental and economic agendas, thus creating new opportunities for our generation.

With this backdrop, Schneider Electric had two options. We could hunker down and wait for the storm to pass; or we could use the crisis as an opportunity to transform our company and emerge stronger. We chose the latter, with passion and determination. We accelerated the implementation of the company strategy; rolled out our new company programme, *One*, launched in January 2009, and focused on three key transformations to make Schneider Electric the global specialist in energy management...*

In a nutshell, *One* was our compass as we navigated through the storm, implemented our strategy, and supported the resilience of our business. For Schneider Electric, 2009 was a year of real strategic acceleration.

2009 has also been the year where we've conducted one of our biggest acquisitions with Areva T&D. In January 2010, together with Alstom, Schneider Electric signed the final agreement with Areva for the acquisition of its Transmission & Distribution activity. When approved by the relevant competition authorities, the acquisition of Areva's Distribution activity will allow us to build an even more comprehensive offer in medium voltage and power automation. It will strengthen our access to worldwide utilities and electro-intensive customers and enhance our position in the middle of the Smart Grid technological revolution...*

In 2009, we also continued to develop the fundamental DNA of our company: dedication to our customers, investment in innovation, commitment to sustainable development, and engagement of our people. All of these are a source of pride and motivation for each of our associates...*

Sustainable development is at the core of our strategy. In essence, energy management is a key contributor to CO₂ emission reduction. Beyond that, we are committed to sustainable development in our ethics, environmental practices, and engagement in every society where we operate. In this domain, I'm particularly proud of what we do with BipBop, a holistic programme geared at bringing electricity to the 1.6 billion of the planet's population who are deprived of it, innovating with dedicated products for the bottom of the pyramid, inserting underprivileged youngsters in careers as electricians, and helping entrepreneurs to set up their business...*

The effort and commitment of everyone associated with Schneider Electric made our achievements possible in 2009, despite the downturn. We are very thankful for the support of all stakeholders of our group: our customers, our employees, our shareholders, our suppliers, and the communities with which we closely interact. On every major call we

had to make, we also benefited from the strong and demanding support of our supervisory board.

In 2010, we should benefit from improving market conditions in the new economies, and in several of our market segments. However, we expect the market environment in mature countries to remain uncertain. We will continue our strategic transformation with our company programme *One*. We will accelerate our move in energy management, drive quality in both products and solutions offerings, and all this with the leadership of our five businesses.

We will continue to develop Schneider Electric at the centre of the Smart Grid technologies: renewable energies, supply-demand optimization, energy efficiency, electrical vehicle, and intelligence and communication everywhere. These changes will revolutionize the way people distribute and control energy, from Power Plant to Plug.

More than ever, we are committed to helping our customers make the most of their energy. With them, all over the world, we are pioneering the era of Intelligent Energy.



Message from Henri Lachmann

Chairman of the Supervisory Board

2009 was the most difficult year for business since the 1929 stock market crash. Most economies contracted sharply, and Schneider Electric felt the effects worldwide. We saw a large revenue decline in all markets, unprecedented in its size and suddenness. The management board and our teams took swift, vigorous, realistic, and courageous action in response to this situation. Despite the excessive and damaging financialization of the real economy, our teams took a responsible, supportive, and people-oriented approach in implementing the necessary measures to cut costs and staff, while achieving excellent business results. They showed, once again, that it is possible for business interests and social responsibility to converge, while focusing on the long term. They intend to continue this approach in the years ahead.

The supervisory board would like to take this opportunity to congratulate and thank the chairman of the management board and all of Schneider Electric's managers and team members worldwide for their remarkable work and excellent results, as reflected in

our business and social responsibility performance. Energy, and electricity in particular, presents major business, environmental, and social challenges. In this very promising market, your company has the commitment and ability to lead the way in providing energy access to all and in making energy safer, greener, more reliable, more efficient, and more productive. Schneider Electric is in an industry of the future.

Your supervisory board, which is responsible for overseeing, challenging, and advising, continued to work very effectively with the management board, in a spirit of transparency, mutual trust, and respect for each other's roles and responsibilities.

Energy, environmental, social, and societal responsibility is an integral part of Schneider Electric's corporate culture and strategy, as is business performance. Together, responsibility and performance should drive a return to growth in 2010 and allow us to continue creating wealth for our shareholders, customers, employees, and host communities.



Find the interviews with Jean-Pascal Tricoire and Henri Lachmann in our Annual Report.

* Full interview text available at SDreport.schneider-electric.com.

A committed leadership team

Executive committee (as of 1 March 2010)

> Every day, all over the world, our management team leads by example, with members sharing their vision, experience, and passion for our business.



Jean-Pascal Tricoire

President & CEO*

In December 2009 at COP15, Copenhagen, Denmark

'We want intelligent energy for all. Smart Grid and access to the grid. Save energy to share it, this is our contribution'.



Emmanuel Babeau

Executive Vice President, Finance*

Presenting our financial performance in the United States, early 2010

'There is not a single road show, from the US to China, where we do not touch corporate social responsibility (CSR). Sustainability commitment is mandatory for long-term growth and confidence'.



Hervé Coureil

Chief Information Officer

Sharing with his team during the Internal Managers Forum 2010 in Paris, France

'We aim to be a green IT role model. This is something that we can all contribute to, from the user to the IT infrastructure manager. For instance, we can get rid of "energy vampires" such as our laptop dock-stations'!



Michel Crochon

Executive Vice President, Industry Business

At an OEM fair in Germany

'Motors consume about 30% of world's electricity and they are everywhere. Industry has a huge responsibility towards environment that we are supporting unconditionally'.



Chris Curtis

Executive Vice President, Power North America and Buildings Business

Talking about green buildings best practices at an Energy Star forum in the United States

'We have developed specific energy efficiency trainings for our employees worldwide to educate them not only on the business benefits of sustainability, but also on what it needs to mean to them and what they can do about it'.



Aaron Davis

Chief Marketing Officer

Introducing our new EcoStruxure solution offer to the European press



Philippe Delorme

Executive Vice President, Strategy & Innovation

At a roundtable on the Smart Grid in London, UK

'We do want to move to a digital world where all our marketing actions are not only ROI-driven, but also always sustainable, from brand management to packaging, brochures, and more'.

'Today we hear a lot about the Smart Grid, quickly forgetting those who don't have a grid at all. Sustainability at Schneider Electric is about both'.



Karen Ferguson

Executive Vice President, Global Human Resources

Presenting our gender-balance best practices to the French Minister of Labour



Hal Grant

Executive Vice President, Global Supply Chain

Presenting our green supply chain initiatives in China

'Our sustainability engagement is a driver of pride and motivation for our employees, because they know that their commitment is helping the company and the environment'.

'Global supply chain is a huge contributor to the company's carbon footprint. What we intend to achieve is using only what we need in the most efficient and environment-friendly ways'.



Eric Pilaud

Executive Vice President, Custom Sensors & Technologies†

Explaining business objectives to his team in the United States



Julio Rodriguez

Executive Vice President, Power Global and EMEAS‡

With his leadership team in Barcelona, Spain

'Sustainable development is simply about growing today without jeopardizing tomorrow. Fortunately for us, we did not wait for climate change to walk the talk'!

'One of our key focuses is definitely to reduce our carbon footprint. To do so, we have a systematic programme to reduce energy consumption in all plants and an initiative to substitute some company cars with hybrid ones'.



Eric Rondolat

Executive Vice President, Power Asia-Pacific

Sharing with his team in Beijing, China



Laurent Vernerey

Executive Vice President, IT Business

Sharing his best practices on sustainability at an industry analyst debate

'In everything that we do, we have to make sure that we contribute to the well-being of the planet. We have done a lot, and I'll make sure we will keep on doing more'.

'The debate about whether sustainability is good or not is an old one. It is the right thing to do. Reducing the carbon footprint in data centres and business networks environment of our customers is in the DNA of our IT Business'.



Learn about the expertise our leaders bring to their roles by reading their biographies and watching their interviews.

* Management Board

† President & CEO, Custom Sensors & Technologies Inc.

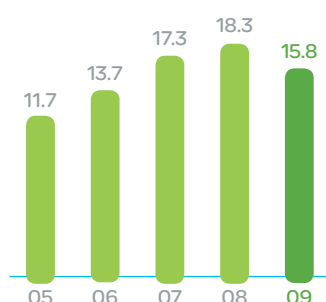
‡ Europe, Middle East, Africa, South America

2009 key figures

- > Business resilience proven in tough conditions
- > EBITAR margin at 12.9% before one-off gain*
- > Record Free Cash Flow of €2.0 billion
- > Productivity and structural adaptation drove cost down by €646 million
- > Target a return to growth and improving profitability in 2010

*Before one-off gain of €92 million related to pensions. Including this one-off gain, EBITA margin before restructuring cost stands at 13.5%.

Consolidated revenue (€ billion)

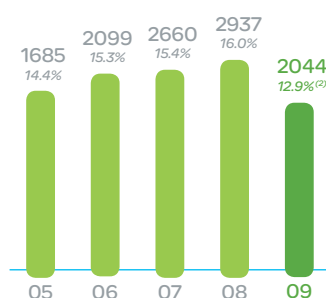


In 2009, Schneider Electric demonstrated its resilience in a difficult environment shaped by an unprecedented decline in sales. During the year, revenue decreased by 15.7% like-for-like and 13.7% on a reported basis.

After reaching a low in the second quarter, revenue improved steadily in the third and fourth quarters. Operations in the new economies outperformed those in mature economies by ten points, reflecting the growing momentum in emerging markets like China. The revenue performance of Solutions and Services, another growth driver, was six points higher than the Group average.

15.8 billion in consolidated revenue

EBITAR⁽¹⁾ (€ million and as a % of revenue)



EBITAR margin stood at 12.9% as of December 31, 2009, better than the 12.0% target set at the beginning of the year⁽³⁾. Quick deployment of the One company program's priority action plans helped provide margin support. Measures to simplify the organization delivered substantial savings in support function costs. Significant efforts were also made in purchasing, re-balancing, and streamlining production. This fed through to sizeable productivity gains over the year, despite the marked decline in sales. R&D spending remained stable at €764 million, or €4.8% of revenue.

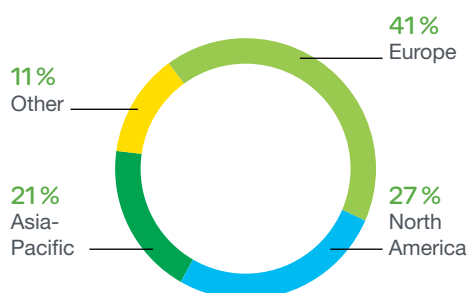
(1) EBITAR corresponds to operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, and before restructuring costs.

(2) Excluding a one-off gain of €92 million stemming from the conversion of a pension plan in the United States.

(3) Revised upward to 12.5% in October 2009.

2044 million in EBITAR

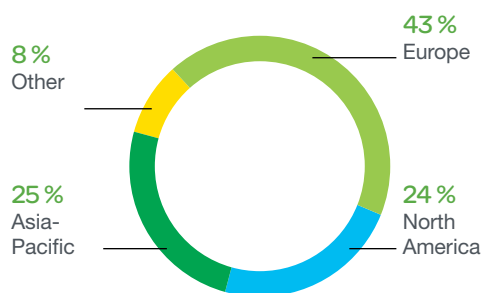
2009 consolidated revenue by region



2009 Workforce by region

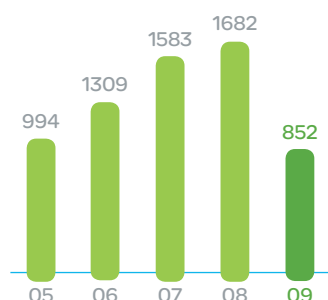
Total workforce: 104 853

(fixed-term & open ended contracts)



Download the complete 2009 Annual Report at SDreport.schneider-electric.com.

Profit attributable to equity holders of the parent (€ million)

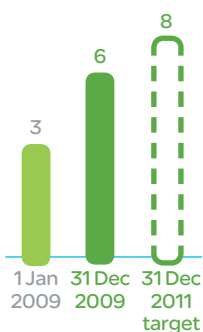


Adjusted net profit ⁽¹⁾ came to €1060 million, down 41% from 2008. Net profit attributable to equity holders of the parent totaled €852 million and included €313 million in restructuring expenses and €120 million in impairment of goodwill and intangible assets. Earnings per share came to €3.43.

(1) Net profit attributable to equity holders of the parent adjusted for exceptional restructuring costs (more than €100 million), exceptional pension-related gains and losses, and impairment of goodwill and intangible assets, taxed at the underlying rate for the period.

852 million in net profit attributable to equity holders of the parent

Planet & Society Barometer (2009 performance on a 10 scale)



Schneider Electric has used the Planet & Society Barometer as its sustainable development scorecard since 2005. In 2009, we redefined our ambitions with 13 environmental, economic, and social improvement plans followed on a quarterly basis (see the full table on Page 41). Check our Web site: barometer.schneider-electric.com



< 6/10

Overall performance as of 31 December 2009

Understanding the energy challenge





Finding a new balance

Gilles Vermot Desroches,
SVP of Sustainable Development,
Schneider Electric

Demographics, urbanization, a rapidly growing middle class, climate change.... A new balance must be found among these often contradictory trends. At Schneider Electric, we help the world achieve the balance that is so vital to our collective future.

With operations in more than 100 countries, the world is our concern. Schneider Electric was one of the first companies in our industry to sign the Global Compact back in 2002. We now have more than 1200 of our suppliers involved. In addition, we have launched our innovative BipBop Programme: Business, Innovation, and People to provide and develop access to energy to the Base of the Pyramid. It reflects Schneider Electric's

commitment to creating a virtuous circle combining business, innovation, and social responsibility.

In this framework, we provide solutions for the two billion people in mature countries who need to achieve more while using fewer resources, and people who aspire to a reliable access to energy.

Last year, the Copenhagen conference on climate change did not achieve all that was hoped for. However, the conference did raise awareness of the urgency for action among political and business leaders worldwide, and that was a significant milestone.

To further the dialogue on the state of sustainability, we provided several stakeholders with the opportunity to share their thoughts with us.



Energy solutions with 100% inclusion

Joe Madiath, Founder and Executive
Director, Gram Vikas

Gram Vikas is a non-governmental organization (NGO) that has been working since 1979 to bring about sustainable improvement in the quality of life of poor and marginalized rural communities, mostly in Orissa, India. Joe Madiath speaks about the organization's work and its importance to the communities it serves.

Can you describe Gram Vikas?

Gram Vikas is a rural development organization that works only in the villages, only in rural areas. We have several fields of work, including renewable energy and micro-hydro. We are experimenting with one small biomass gasifier to see whether that will work for

small villages. We are in the field of biodiesel. And we are also in solar. We have already started a project to provide three lights and one lantern — all solar-powered — to indigenous people in 100 000 homes located in off-the-grid villages.

(continuation of the Joe Madiath interview)

What are your thoughts on energy for rural populations?

If you want to join mainstream society, energy is important. And the best form of energy is electrical. But the indigenous people that we work with are living in remote villages, unclaimed by the government and unwanted by society. They have not had very much access to energy, and even if somehow the grid does reach them, it doesn't stay because either a transformer fails, there is a theft of conductors, or some defect happens. There is no one to take up repairs, so things fall into disuse.

In the state of Orissa, nearly a quarter of the population are indigenous people. It is the poorest state in terms of economic wealth, but I think it is the richest state as far as natural resources are concerned.

How do you try to involve the population you work with?

One thing that sets us apart is that we speak about inclusion. We feel that 100% of the population of a village or a community has to be included. Many of these people have been historically excluded and we do not want to continue the injustice. In whatever Gram Vikas does — whether it is watershed, housing, or renewable energy — it is our principle to provide 100% coverage of all families of a habitation.

We feel that if these things can be done in Orissa, where only 20% of the people have a protected water supply, then they can be done almost anywhere. It is time that we take this model to other parts of India and the world. In fact, we have already started working in Gambia and Tanzania in Africa.



Battling for the future

Jean-Louis Borloo, French Minister of State for Energy, Ecology, and Sustainable Development

Jean-Louis Borloo has initiated the Grenelle Environment conference. This innovative task force has gathered, for the first time, French social, political, and business stakeholders to develop concrete measures for tackling environmental issues. Here he shares his thoughts on the state of sustainability.

What is your assessment of the Copenhagen summit?

Copenhagen was an important first step. For the first time, all of the world's major nations, including China, the United States, India, Brazil, and the European Union, participated in a common process to combat climate change. For the first time, all heads of state and government agreed to limit the temperature increases to 2° C, in line with the recommendations formulated by the IPCC* scientists. For the first time, the developed countries have made clear, long-term financial commitments in favour of the most vulnerable countries. In short, the battle for future generations has only just begun.

Why should businesses get involved?

All economists will tell you: tomorrow, the most competitive companies will be the most carbon- and energy-efficient businesses. Behaviours are changing. Over the past two years we have implemented several major incentive programmes to orient consumers toward the most energy efficient products: extension of the sustainable development tax credit, introduction of the interest-free 'eco-loan' to finance private individuals' energy efficiency renovations, and a 'green bonus' on cars and more, etc. Finally, as part of the multi-party 'Grenelle' environmental conference, France has invested heavily in a new growth model, i.e., green growth, based on carbon and energy efficiency. Tomorrow's economic battle will play out over the next two to three years.

*Intergovernmental Panel on Climate Change

What do you expect from this International Year of Biodiversity?

The aim is to engage all players – businesses, government services, local authorities, NGOs, and community organizations – on another major front that attracts less attention but is critical for our future: the protection of plant and animal species. According to scientists, the rate of extinction of species is currently 100 to 1000 times higher than the normal rate. One-third of the known species are threatened and 60% of the ecosystems have been seriously damaged over

the past 50 years. It is high time, as the famous astrophysicist Hubert Reeves said, to ‘do something about the planet’s sufferings’, which are the source of profound disappointment. Throughout 2010, we are going to increase our efforts nationally and internationally. We have plans to develop a new maritime strategy, create a High Agency for Nature, launch a major programme to restore contiguous habitats, and much more.



Read the complete interviews from our stakeholders.



Focusing on long-term value creation

Georg Kell, Executive Director,
UN Global Compact

Created 10 years ago, the UN Global Compact is the world's largest corporate citizenship initiative. It has grown from 40 to over 5000 signatories and includes 2000 other non-business participants. Georg Kell explains how it has become so successful and why it is now mandatory for companies to commit to sustainability at the global level.

What does the UN Global Compact cover?

The Global Compact principles address human rights, labour standards, the environment, and anti-corruption. Traditionally, these issues were not really high on the radar screen of the corporate community, but now the whole landscape has changed in a fundamental way. As business has gone global, and as many of the issues in these areas have not been solved and continue to pose serious challenges, there are opportunities as well as threats and risks for business.

to manage natural resources more efficiently and change lifestyles. So, business, as an actor in the community, through its conduct as well as through its core business activities, can deliver tangible benefits for humanity.

What do you expect from companies within the Global Compact?

With their power, they also have responsibility.

Whether a company completes transactions in a clean manner or not, for example, affects communities and the lives of thousands of people. Companies make important contributions to social challenges through their actual business, as well. When an IT company innovates and spreads solutions around the world, it can have a huge positive impact on productivity and thereby help people to escape poverty. It enables us

How have companies' commitments evolved recently?

An important point in the history of these issues has actually been the financial crisis. We have companies that have been convinced by our arguments for a long time, but those joining us now are doing so in a very serious way. Why? Because the core messages we have long been propagating are now much better understood. First, companies need to focus on long-term value creation, as opposed to only chasing quarterly profits. Second, they need to integrate non-financial issues in their risk and opportunity assessments in a systematic manner. And third, ethics is back. In fact, the financial crisis has validated the value proposition of the Global Compact.

A sustainable tomorrow starts with a clear vision today

By 2030, our world will look like this:

- > Of the 8 billion inhabitants, 60% will live in cities and 2 billion will join the middle class.*
- > Demand for electricity will be 76% higher than in 2007.†
- > China and India alone will represent over 50% of incremental energy demand.‡
- > 1.3 billion people will not have access to electricity, mostly in Africa and India.‡
- > Electric vehicles‡ will represent 60% of world share in passenger vehicle sales.‡
- > Renewable energies§ will have a 22% share in the global energy mix.‡

UN Global Compact Principle 7

Businesses should support a precautionary approach to environmental challenges.

The world is changing, with energy becoming more critical to our way of life every day. The earth's energy is finite, but our capacity to create innovative solutions for managing energy intelligently is not. Schneider Electric embraces this challenge, and is committed to helping people around the world make the most of their energy right now.

What is the energy dilemma?

Consider the coexistence of these issues facing our planet:

- > The world has a limited amount of energy generation capacity.
- > The world's appetite for energy is insatiable.
- > While the demand for electricity will double by 2030, there is an urgent need to cut our CO₂ emissions – a by-product of energy generation – by a much more dramatic factor to avoid climate changes in the next 40 years.
- > One-third of the world suffers from energy poverty; people are 'off the grid' and unable to derive the health, safety, and educational benefits that come from having access to energy.

The bottom line is this: we need to achieve more while using less. The challenges we face are unprecedented – but so are the opportunities.

The time to act is now

As individuals, as companies, and as nations, we have to make a choice. Do we drive to a new Age of Efficiency or do we risk entering an era of energy anxiety, marked by political turmoil, lack of education,

and more money spent on mitigating the impacts of climate change rather than preventing them?

Schneider Electric has made the choice to be energy optimists. We see a future where we can achieve our potential while reducing our excess.

Consider critical trends in Internet usage alone. Data centres fuel the Internet. With every online interaction creating demand for energy, data centres are significant generators of CO₂ emissions:

- > Studies estimate the Internet will produce 20% of the world's greenhouse gases in a decade. (Source: *Canarie*)
- > Vendors shipped a record 54.5 million smartphones in the fourth quarter of 2009, 39% more than were shipped in the same quarter in 2008. (Source: *IDC*)
- > Based on the explosive proliferation of chips, robots, global positioning systems (GPS), and radio-frequency identification, some experts expect the demand for the emerging machine-to-machine Internet will be one hundred times greater than the current human-to-human network.

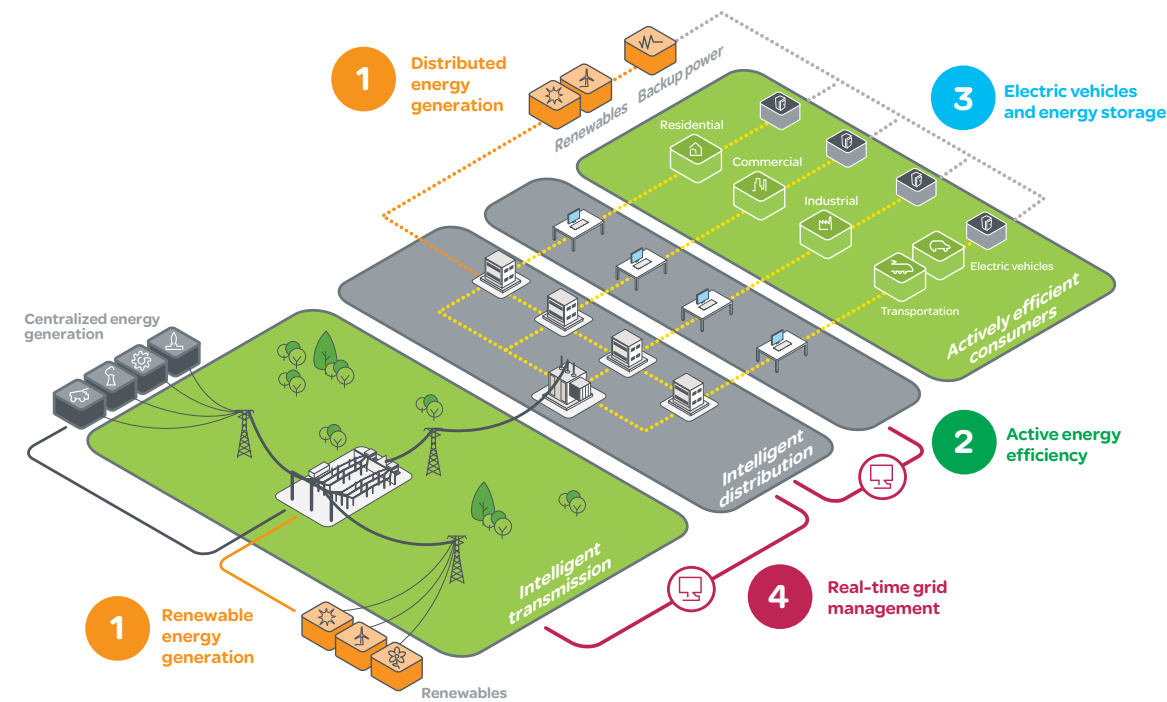
As energy demands escalate from all aspects of our global society, the most acute pain point is that for every three units of energy created at the power plant, only one makes it to the point of use at the plug. It follows that the war on waste – a focus on 'negawatts', or megawatts not used – will most likely deliver the best returns for businesses and residences.

*Source: Robert Garner - Trends compendium - 2008

†Source: World Energy Outlook 2009 - IEA / OECD

‡hybrid, plug-in hybrid, and 100% electric
§including hydro, wind, solar, biomass

The challenges of the Smart Grid



- 1 Renewable energies:**
 - > Solar, wind, biomass, etc.
 - > Decentralized (generated by the end-users themselves)
 - > Mid-term positive impacts on CO₂ emissions decrease
- 2 Active energy efficiency:**
 - > Making energy visible
 - > Providing means to optimize energy consumption
 - > Offering new technologies that are available now
 - > Achieving up to 30% energy savings and with fast payback
- 3 Electric vehicles:**
 - > Positive impact; decreased CO₂ emissions
 - > Main challenges for adoption are costs, batteries, and safe, accessible, and intelligent electrical infrastructure
- 4 Real-time grid management:**
 - > Demand-response: Anticipating energy consumption in real time to adapt production accordingly and thus avoiding use and/or construction of fossil-based generation capacities

The energy value chain in revolution

The Smart Grid is transforming the way we all use energy today. By turning the classic linear energy grid into an intelligent and interactive network, it is changing our behaviours, influenced by four main triggers:

- > Renewable energies, allowing consumers to be their own utilities and creating the need to connect these distributed sources to the central grid
- > Active energy efficiency and energy management, making energy visible and giving consumers the means to act on their energy consumption
- > Electric vehicles, reshaping the way everyone thinks about private and public transportation

- > Real-time grid management, to anticipate consumption and adapt energy supply accordingly

Only companies who have the right understanding of behavioural and technological implications behind these triggers will be able to make the most of the Smart Grid innovation opportunities. Schneider Electric has the vision, the portfolio, and the commitment to be one of them.



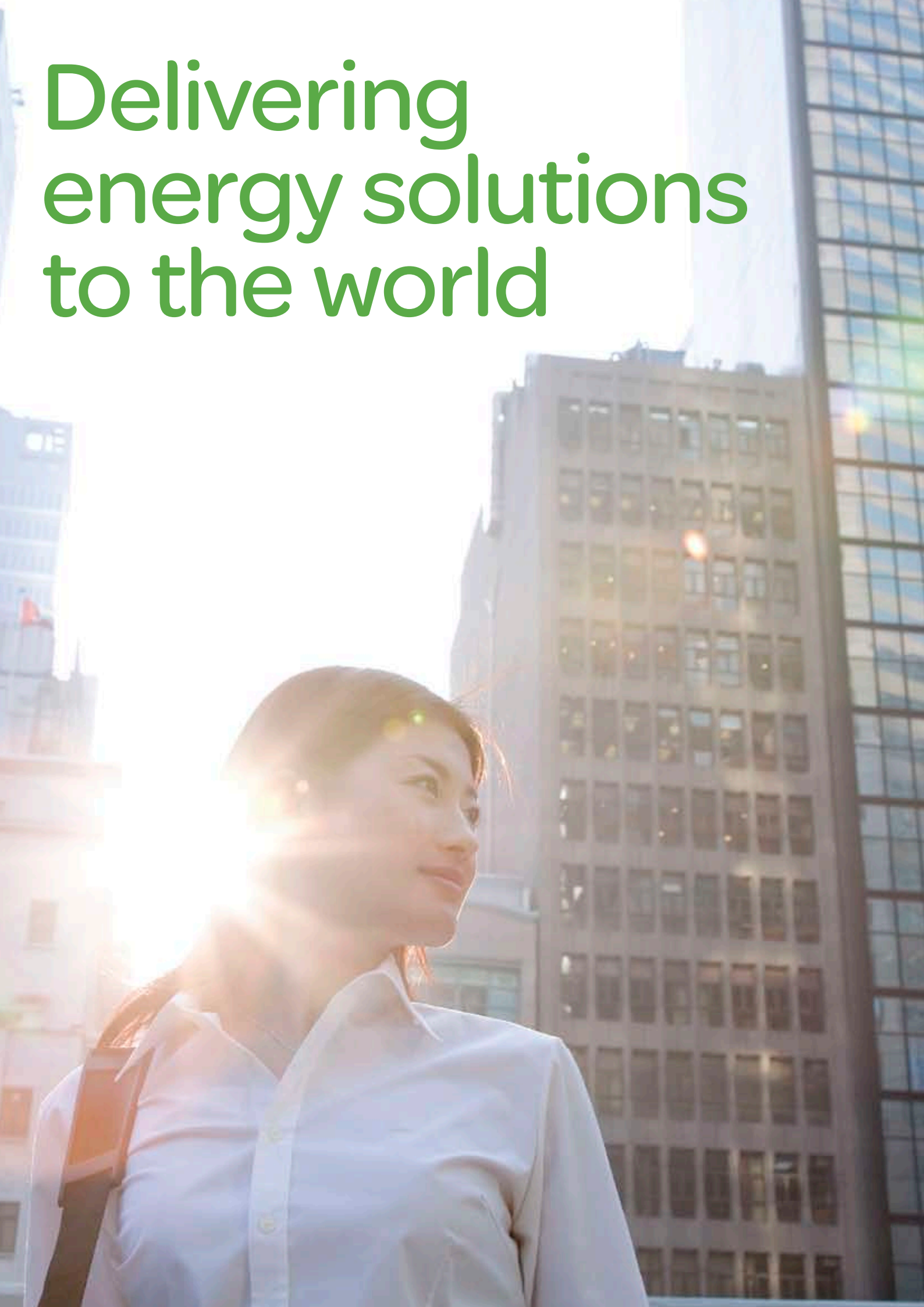
Explore our full suite of business solutions.

57%

of world's CO₂ emissions reduction will come from end-use efficiency by 2030

Source: World Energy Outlook 2009 - IEA / OECD

Delivering
energy solutions
to the world



The global specialist in energy management

Between energy generation and points of use, Schneider Electric makes sure the right amount of energy gets to the right user at the right time.

Making our vision a reality every day

Schneider Electric has a vision of a world where we can all achieve more while using less of our common planet. Every day, we leverage our world-class competencies in information technology, energy management, automation, and more to deliver simplified solutions to our residential and industrial customers at all levels of energy consumption and conservation.

The fact is, we have to cut the world's CO₂ emissions in half by 2050. However, energy demand – a major source of CO₂ emissions – will double by that date. Renewable energy sources are mandatory but not enough to change the energy mix today. Energy management is the key – the fastest and most effective solution to curb greenhouse gas emissions while improving business performance.

By implementing integrated energy management solutions in industrial, commercial, or residential buildings today, we can save up to 30% of three-quarters of the world's final energy consumption. This is Schneider Electric's focus.

Schneider Electric makes energy:

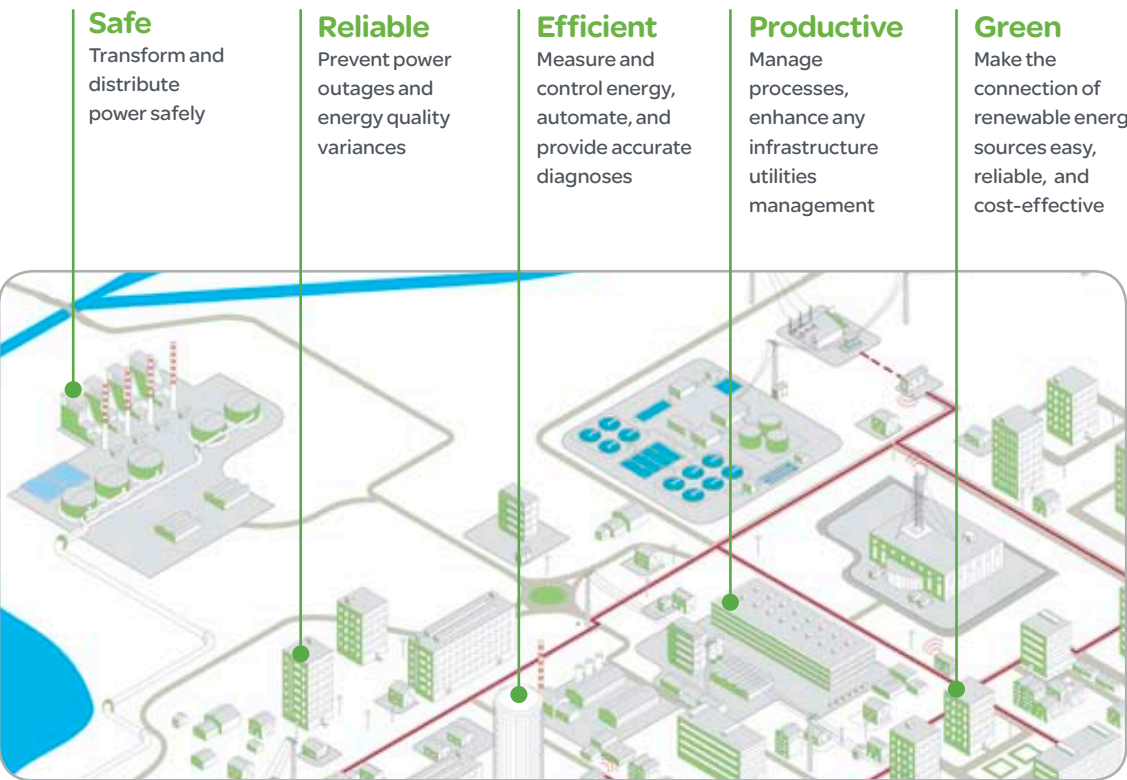
- > **Safe**, by transforming and distributing power safely
- > **Reliable**, by preventing power outages and energy quality variances
- > **Efficient**, by measuring and controlling energy, automating, and providing accurate diagnoses
- > **Productive**, by managing processes and enhancing any infrastructure utilities management
- > **Green**, by making the connection of renewable energy sources easy, reliable, and cost-effective

UN Global Compact Principle 7

Businesses are asked to support a precautionary approach to environmental challenges.



Explore our full suite of energy solutions.



Improving your bottom line, reducing your carbon footprint

EcoStruxure solutions



Check our latest
EcoStruxure
achievements.

Active Energy Management architecture from Power Plant to Plug

While the global community is uniting to fix in the next 10 years the CO₂ mistakes of the last 50, one thing is clear: we need new solutions, new thinking, and new companies to take us into a world where we can truly do much more while consuming less. Schneider Electric is the only global specialist in energy management providing an integrated approach designed for the challenges of the digital economy.

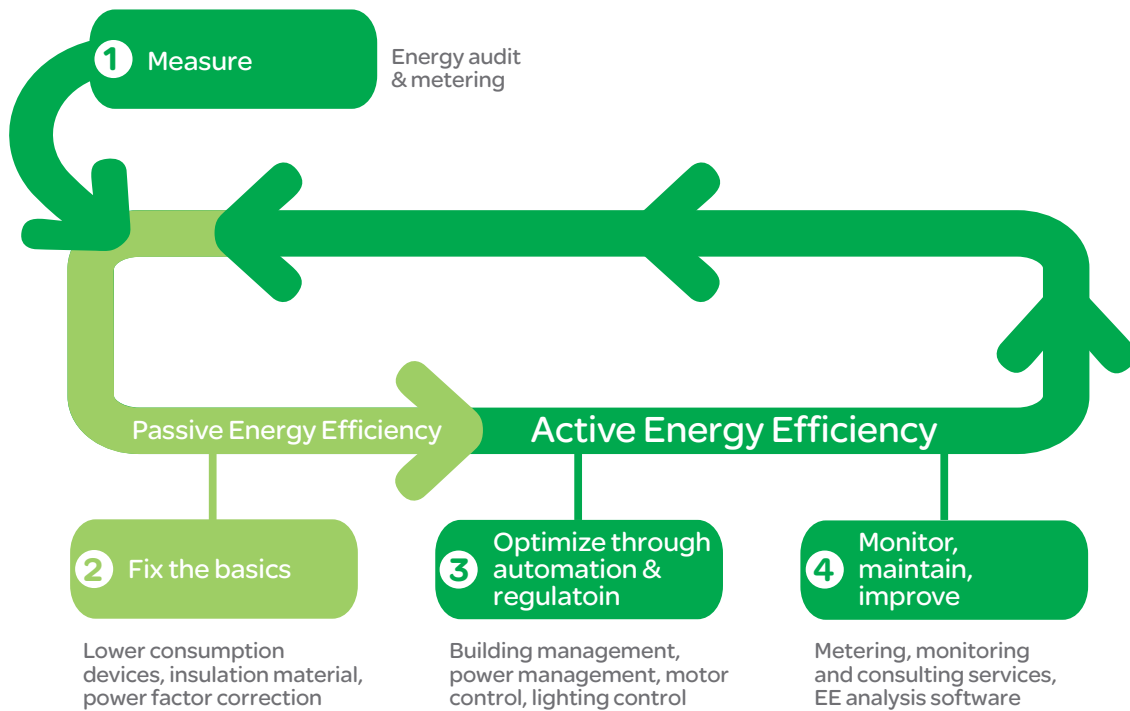
The solutions to the energy challenge are multiple and complex. There needs to be a stronger and more efficient collaboration between the key stakeholders – facility and building managers, IT managers, factory supervisors, and plant engineers. There also needs to be a coordination of system dynamics across segments, platforms, and providers like never before.

Schneider Electric's EcoStruxure approach makes this possible. For many professionals, managing energy is like driving a car with no dashboard: they do not know how much it costs and where consumption comes from. EcoStruxure architecture is the best and simplest solution to make energy visible and optimize it for any type of building. The EcoStruxure approach guarantees compatibility between the management of Power, White Space, Process & Machines, Building, and Security. It creates intelligent energy management systems that are simplified, save money, and reduce waste. With its agile architecture, compatible product designs, and open-platform software, EcoStruxure brings optimized systems within reach of a wider audience. It provides end-users with the critical tools needed to reduce their design time, CapEx, and OpEx.

The EcoStruxure approach guarantees compatibility between the management of Power, White Space, Process & Machines, Building, and Security.



Active Energy Efficiency



UN Global Compact Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Passive + Active EE solutions = Sustained Energy Savings

Good for the wallet and the planet

At the heart of our strategy is the simple and powerful idea that using natural resources more productively and efficiently is both profitable and better for the environment. Schneider Electric has made the commitment to be our customers' energy manager, energy expert, and green partner. Our approach to active energy efficiency employs a four-step life cycle process:

- > **Measure** – Installing energy and power quality meters, along with performing an in-depth energy audit, are the first crucial steps in implementing energy efficiency.
- > **Fix the basics** – Incorporating low-consumption devices, insulation material, and power factor

correction are just a few ways your company can see immediate energy savings. However, without proper control, these measures often mitigate energy losses rather than make a real reduction in energy consumption.

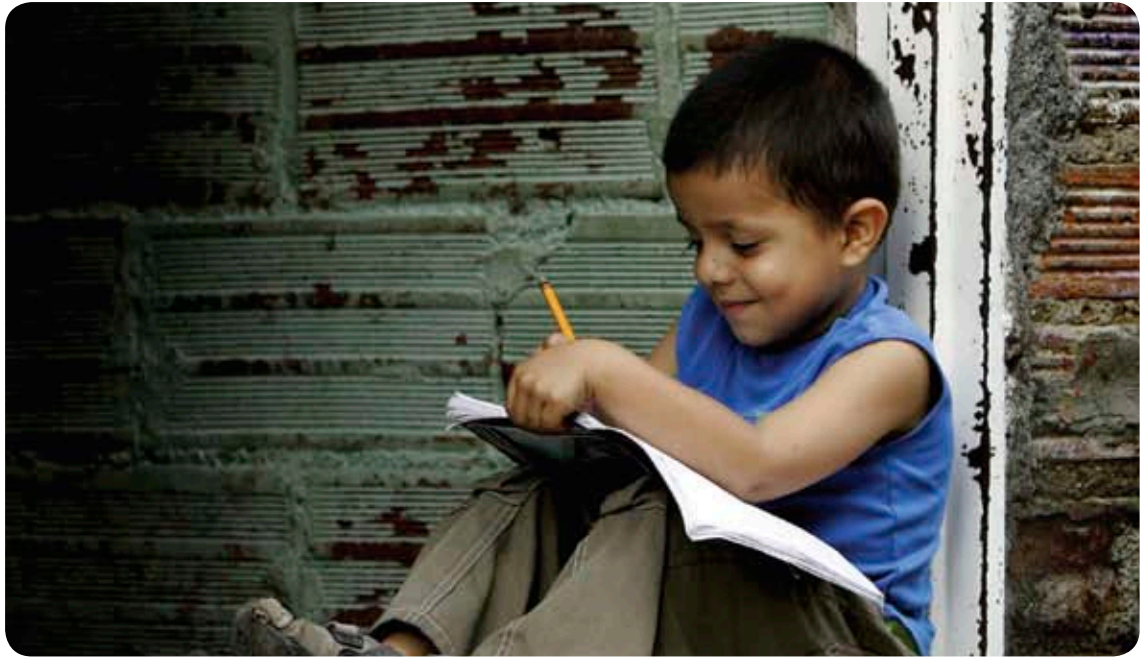
- > **Automate** – Optimizing systems such as light and HVAC through automation is a key element of what is called active energy efficiency – the process of effecting permanent change through the measurement, monitoring, and control of energy usage.
- > **Monitor** – Energy management software and remote monitoring systems can help businesses see continued results and improvements over time.



7 points above Schneider Electric's annual growth gained by its energy efficiency business

'When it comes to saving money and growing economy, energy efficiency isn't just low-hanging fruit; it's fruit laying on the ground'.

– US Energy Secretary Steven Chu, June 2009



Providing access to energy

A virtuous circle of business growth, innovation, and development

UN Global Compact Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

For Schneider Electric, the so-called 'Base of the Pyramid' is a major market, in terms of both its potential size and opportunity for innovation. *Base of the Pyramid (Bop)* is the term commonly used to describe those with the lowest income in a country. In addition to Schneider Electric, major groups in other fields are taking a close look at this segment. Car manufacturers are launching low-cost vehicles, mobile phone carriers are setting up in developing countries, and companies are offering consumer goods in new economies. Schneider Electric has

already begun to establish its position as the leading energy specialist in this important market. The cornerstone of our programme is BipBop – an acronym that stands for Business, Innovation, and People at the Base of the Pyramid. The BipBop Programme is fully in line with our strategy and our commitment to the planet and its inhabitants. Schneider Electric wants to be a key partner to provide clean energy for people and the planet by building partnerships with governments as well as international and non-governmental organizations (NGOs).

2009 BipBop achievements

- > **260 000** households connected
- > **2150** young people trained
- > **150** new entrepreneurs supported

Meeting our global village's key challenge

Throughout the world, 1.6 billion people do not have access to energy.* That means they do not have access to better health care, development, and education. Schneider Electric is committed to bringing safe, clean electricity – and the opportunities that come with it – to the people who need it most worldwide.

As the global specialist in energy management, we embrace our responsibility to promote access to energy for all, without endangering the climate. By investing in

communities and stakeholders at the Base of the Pyramid, Schneider Electric addresses three key issues in providing sustainable access to electricity:

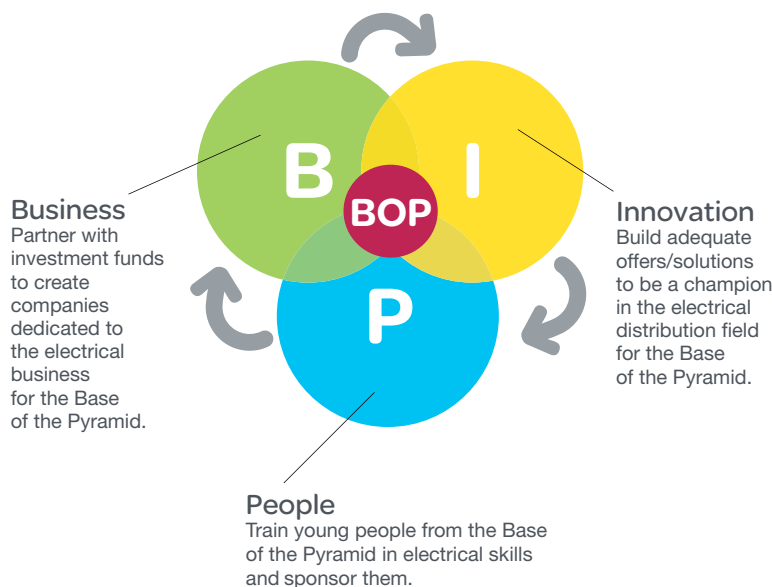
- > the lack of appropriate equipment through the development of an adequate and cost-effective offer;
- > the lack of financial resources available for innovative energy entrepreneurs through funding;
- > the skills and expertise shortage through technical and business training



- > 10 000 young people from the Base of the Pyramid trained in electricity
- > 1 000 000 households from the Base of the Pyramid have access to energy with Schneider Electric solutions
- > 500 new entrepreneurs from the Base of the Pyramid start their own business in the electricity market



Watch Gilles Vermot Desroches, Senior Vice President Sustainable Development, interviewed on the BipBop Programme.



The Base of the Pyramid: a growth reservoir

The Base of the Pyramid represents the four billion people on our planet who live on less than two dollars a day. In his book *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profit*, C.K. Prahalad, a university professor and influential international consultant, proposes that this population should not be considered as a burden but as an immense potential reservoir of consumers and entrepreneurs. And to meet the requirements of this target, he suggests that major companies should work hand-in-hand with non-governmental

organizations and local government authorities. Our BipBop Programme is fully in line with Schneider Electric's strategy and our commitment to the planet and its inhabitants. Through BipBop, we are contributing to the development of emerging markets and preparing our common future at the same time. And because young people are the architects of the future, we emphasize education as a key element in the sustainable development of our business and world community.

UN Global Compact Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.



Eggs of innovation gallery at our corporate showroom in France

Cultivating new ideas

Innovating for a simpler and greener future

Our innovation ecosystem

Have you ever dreamt of clean, energy-efficient, open, connected, and 24/7 availability solutions? That's the objective of our innovation eco-system, which is built on four pillars:

- > **partnering** with more than 50 best-in-class public and private organizations
- > **leading** global projects for intelligent buildings, renewables, nanotechnologies, and more
- > **exploring** breakthrough technologies by taking shares in leading start-ups through Aster Capital venture capital fund
- > **simplifying** the industry by boosting standardization and normalization to have common languages and protocols, whatever and wherever the business or application

Our best-in-class partners include:

- > Microsoft > Philips > CEA
- > Renault > SAP

Among our prestigious university affiliations are:

- > Georgia Tech, USA
- > Massachusetts Institute of Technology (MIT), USA
- > Grenoble Institute of Technology (INPG), France
- > Mines ParisTech, France
- > Technologico of Monterrey, Mexico
- > Shanghai Jiaotong University, China

330

patents registered
in 2009 by
Schneider Electric

7500

R&D engineers
in 50 centres
from 25 countries

Switch for the better

Wireless, battery-free breakthrough

Schneider Electric has unveiled the prototype of the world's first ZigBee-compatible self-powered switch. With this wireless, battery-free switch based on ZigBee technology, Schneider Electric is responding to market expectations for a product that is:

- > **easy to install**, because it is wireless
- > **reliable**, as the switch operates continuously and requires no maintenance
- > **green**, as there are no batteries to recycle



- > Learn more about ZigBee technology.
- > Hear more about our HOMES Programme.

The HOMES Programme

Designing efficiency into every building

Schneider Electric leads the Homes and buildings Optimized for Mastery of Energy and Services (HOMES) Programme, a collaborative of 13 industrial and research partners committed to equipping buildings with energy-efficient systems to reduce energy demand and maximize energy performance.

The programme is built on a simple premise: When users become aware of consumption, behaviours can

change for the better. Toward that end, HOMES has identified areas on which partners and customers can focus their efforts.

The vision of HOMES is to develop the ability of a building to adapt and adjust the use of equipment and energies. Our partners in HOMES: CEA, CIAT, CSTB, Delta Dore, EDF, Idea, Philips Lighting, Radiall, Somfy, STMicroelectronics, Watteco, and Wieland Electric.

Driving the change for a greener future

If you have an electric vehicle, where do you refuel? We are leading the way in the development and deployment of the charging infrastructure for domestic and public usage that is essential to the wide adoption of electric vehicles. We are helping to facilitate the emergence of safe, green, and intelligent transportation into everyday life.



Prototype of charging infrastructure for domestic use

UN Global Compact Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

€88million forecasted investment in the HOMES Programme



Solar Decathlon exhibition 2009 in Washington, DC, USA

Spreading the energy optimist message

We consider it our duty to raise awareness on the energy challenge and the urgency of acting now.

UN Global Compact Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Solar Decathlon

Schneider Electric is a sustaining sponsor of the Solar Decathlon, an international competition at which university teams race to design and build the most attractive, energy-efficient, solar-powered house. We donate the design assistance, engineering services, and equipment required to set up the 'micro-grid' at the final phase of the competition, which was held in Washington, DC in 2009.

For Schneider Electric, the event serves to promote our leadership as the global specialist in energy management and a good corporate citizen. We are proud to be a sustainable sponsor of the first Solar Decathlon Europe Competition in Madrid, Spain, to be held in June 2010. We will also provide solutions for two projects in Madrid and Grenoble, France.

Meet us at the World Expo Shanghai 2010

At the 'Better City, Better Life' Expo in Shanghai, China, Schneider Electric will showcase its contributions to activities at the heart of today's energy challenge — smart grids, electric vehicles, energy efficiency, and renewables. We will also provide energy management solutions, for example, the green and efficient buildings at the Expo and

the Rhône-Alpes French region pavilion.

Schneider Electric will partner with Cisco, the Ile-de-France French region, and the Shanghai pavilion at the Shanghai Expo, which will run from 1 May 2010 through 31 October 2010 and attract an anticipated 70 million visitors.

‘Being strategic partners in projects like Masdar City is a fantastic business and innovation opportunity. It is shaping the future and we definitely prefer to write the story rather than read it’.

– Christian Wiest, EVP, Global Customers and Strategic Alliances, Schneider Electric

Masdar City: the first carbon-neutral municipality

Masdar City in Abu Dhabi is the world's first clean-technology cluster in a carbon-neutral, zero-waste city powered entirely by renewable energy. Masdar naturally turned to Schneider Electric for its energy management expertise. The mutual agreement outlines the delivery of a ‘living laboratory’ Innovation Centre that will incorporate both a Research and Development Facility and a Technical Centre of Excellence. The R&D facility will focus on long-term sustainable technology research in green buildings (energy efficiency initiatives), smart grids (city-wide management system), water (district cooling, treatment plants), and ICT (data centres, smart buildings).



Dr. Sultan Ahmed Al Jaber, CEO of Masdar, and Jean-Pascal Tricoire signing the strategic agreement, 12 January 2010



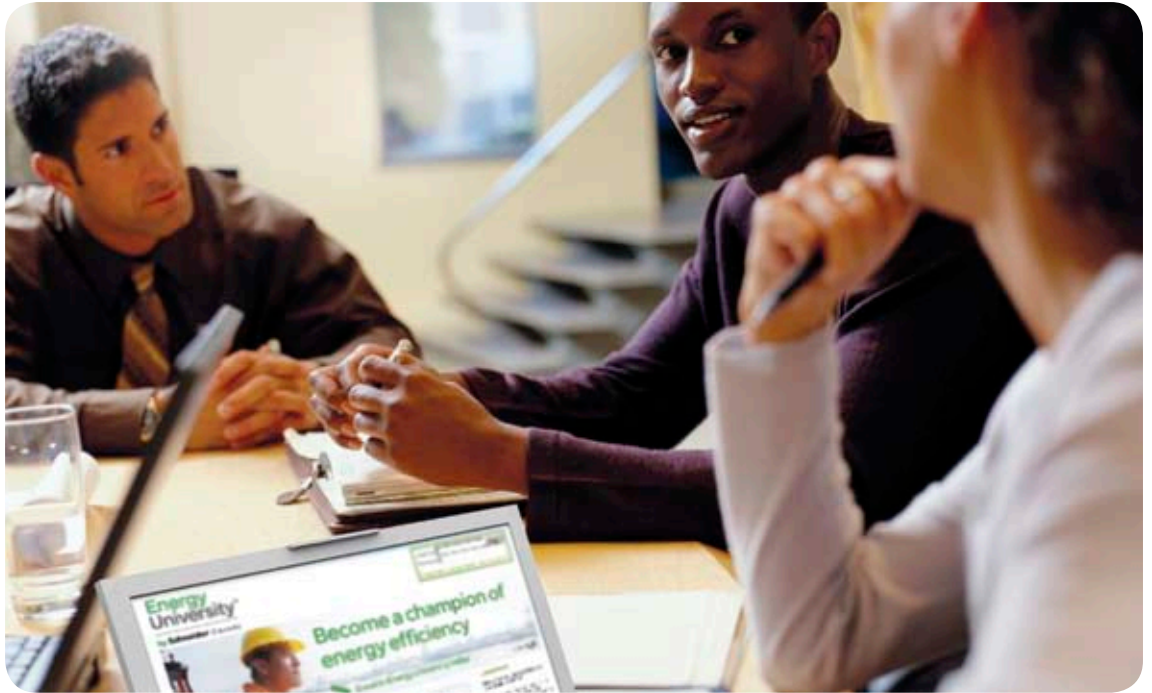
Learn more about the Masdar City project.

Accelerating the debate at COP15

The UN Climate Change Conference brought representatives from 192 nations to Copenhagen, Denmark in a global effort to save our planet. It also enabled Schneider Electric to accelerate the climate change debate with its unique perspective and competencies. Not only were we the partner chosen to transform the conference venue, the Bella Centre, into a shining example of what is possible in innovative energy management solutions (see Page 30); we were a visible and vocal presence in the daily discussions as well. Top executives from our company played a leading role at conferences, debates, and roundtables.



Schneider Electric provided the charging poles for the Move About electric cars service that drove the leaders through Copenhagen during the COP15 conference.



- > Learn more about Energy University.
- > Discover our complete commitments to sustainable development.

Energy University

Through Energy University, Schneider Electric offers industry-leading education for professionals from all organizational levels and backgrounds. The Web-based, on-demand course content provides information to help professionals best manage the energy needs of their environments. Incorporating solutions that enable and sustain energy efficiency and conservation, Energy University provides a basis

of understanding energy consumption, applications, ROI calculations, and solutions that support change. As activity and enrolments since June 2009 indicate, not only is there a growing demand for energy, there is also a growing demand for energy education:

- > over 26 800 hits from more than 115 countries
- > 5000 registrations, from students to C-level
- > 7000 course completions in 19 course offerings

Walking the talk: putting our commitment in action

Among our commitments are the following:

- > Alliance to Save Energy
- > Clinton Climate Initiative
- > Nicolas Hulot's Pact for the Environment
- > Observatoire Social International (OSI)
- > The Green Grid

Platinum sponsor at the World Future Energy Summit

Schneider Electric was front and centre at the World Future Energy Summit (WFES) 2010 in Abu Dhabi, UAE, which attracted world leaders, investors, policy makers, researchers, financial institutions, and experts dedicated to renewable energy.

WFES is a must-attend event for the energy and environment communities, attracting more than 50 countries, 3000 delegates, and 100 high-level speakers, including senior executives from Schneider Electric.

7000

completions in 19 course offerings
from Energy University in 2009

The Schneider Electric Foundation

Created in 1998 under the aegis of *Fondation de France*, the Schneider Electric Foundation participates in the company's commitment to sustainable development. Since 2008, its efforts have focused more broadly on the BipBop energy access programme. The Schneider Electric Foundation backs real-world, lasting projects that promote training and job opportunities for young people – primarily in the energy industry – and encourages Schneider Electric employees to participate. As of 2009, the Foundation's 150 delegates were working on 100 projects in 50 countries worldwide.

Channelling energy to help young people

The Foundation's objective is to support collective- and association-supported projects to help the most disadvantaged groups, who can find themselves cut off from the rest of society. It promotes projects

located near Schneider Electric sites around the world that offer an opportunity for long-term employee involvement. These include providing electrical training and classroom equipment, and supporting business creation in Schneider Electric's skill sets.

Acting for emergency aid

Although emergency assistance was not part of its mission when the Foundation was set up in 1998, it had regularly participated in relief efforts, often at the request of employees. In 2010, it launched a programme following the earthquake in Haiti.

Increasing sustainability awareness

Finally, the Foundation contributes to innovative projects aimed at developing knowledge on sustainable development.



Learn more about our Foundation.



150 Foundation delegates worldwide implementing locally driven activities

Acting now
to make our vision
a reality



Customer satisfaction is our top priority

When we say that customer satisfaction is our number one priority, it's more than a promise. Customer satisfaction is the cornerstone of our strategy and corporate culture.

A distinctive business model

Schneider Electric serves customers through diversified channels. We make a large portion of sales through intermediaries, such as distributors, systems integrators, contractors, and specifiers. These partners provide strategically related value and expertise that extend and amplify our company's commercial and technical resources.

A unique portfolio

Schneider Electric is the only player in its industry with expertise in both IT and energy management, enabling us to serve new evolving customer expectations in the digital economy. We have leading positions in each field, ensuring the best experience for our customers worldwide.



- > Best After-Sales and Best Customer Service Management, China Information Association
- > Schneider Electric's new Customer Satisfaction & Loyalty surveys (with Harris Interactive) awarded first place trophy at SEMO, a leading marketing and opinion research exhibition
- > World's Most Admired Companies ranking: 8 out of 15 (Electronics Industry, Fortune Magazine, March 2010). 2009 ranking: 13.

Forefront positions worldwide

Schneider Electric is a key player in the intelligent energy category, and is the worldwide leader in energy efficiency.

Proud to be #1 in:

- > Low-voltage distribution
- > Video and security systems
- > Power monitoring
- > Critical power and cooling

A top 5 leader in:

- > Installation systems and control
- > Medium-voltage distribution
- > Building automation
- > Industrial automation and control

Ranking based on Schneider Electric estimates

32% of our revenue achieved through solutions in 2009

Source: Schneider Electric Annual Report 2009

Customer solutions around the world



Supply Chain
Partner-of-the-Year
Award, Tech Data
Corporation, United
States

From Power Plant to Plug, our EcoStruxure architecture approach helps customers all over the world focus on their core business and get the efficiency energy management solutions they deserve. As consumers, businesses, and entire economies become increasingly reliant on technology, they insist that devices become more intuitive, more efficient, and more intelligent. With EcoStruxure architecture, Schneider Electric encourages them to expect the same of their energy.



Check out our latest
EcoStruxure
achievements.

Provisioning the Bella Centre at COP15

To host the COP15 conference on climate change in December 2009, the biggest conference centre in Scandinavia needed to be a shining example of energy savings and optimization. Schneider Electric helped transform the centre from an inefficient and wasteful circa-1970 facility into a role model of energy efficiency.

Customer needs

- > €2.4 million investment for a long-term environmental strategy
- > Reduction of energy consumption
- > Improved indoor climate for visitors and staff
- > Reduction of CO₂ emissions

One integrated solution

- > Permanent lighting system
- > Efficient energy monitoring
- > Lifestyle maintenance services

Results achieved

- > **14%** CO₂ emissions reduction
- > **20%** energy savings
- > Expected cost-recovery period of less than **eight years**



100% uptime at the data centre of the future

Switch Communications' SuperNAP data centre in the Nevada, US desert is the highest-density data centre ever built and among the ten largest single-standing data centre facilities in the world. Schneider Electric provided single-source convenience and efficiency in providing the facility with a fully integrated infrastructure and best-of-breed/best-of-product solutions.

- > 97% UPS efficiency at full load, 94% at half load
- > providing power and cooling to 7000 high-density racks



- > Discover our innovative installation systems.
- > Watch our videos on delivering customer solutions.

Tomorrow: a better place to live

As a leader in the residential market, Schneider Electric provides innovative installation systems that dramatically improve the quality of life of people worldwide, while giving them the tools to reduce their energy usage. We give special attention to making these systems simple to install and use. Our latest innovations include Wiser Home Control in Asia-Pacific and North America, and KNX and Unica Top in Europe.

- > 24/7 connectivity, comfort, and convenience
- > interlink electrical, multimedia, and telecommunications



**The Planet
and Society
Barometer**

7 points above the Group's average growth gained by our energy efficiency activities

End-to-end renewable energy solutions

The Vinon-sur-Verdon Solar Park in southeastern France showcases Schneider Electric's unique expertise as an end-to-end solutions provider for renewable energies. The photovoltaic solar farm produces enough energy to meet the needs of 4000 people, without the 2800 metric tons of carbon emissions an equivalent fossil-fuel fired power plant would produce.

- > meeting energy needs of 4000 people
- > eliminating 2800 metric tons of carbon emissions



We proudly work with best-in-class companies in their categories, including:

- > Cisco > GDF SUEZ > EDF > Ford > GM/Opel > GSK > Hewlett-Packard
- > Intel > Kimberly-Clark > Marriott > Nestlé > Rexel > Rio Tinto > Saint-Gobain
- > Sanofi-aventis > Sonepar > Total > Veolia Environnement > Walmart



A family using In-Diya during their dinner at Sagar Island, India.

Achievements for the Base of the Pyramid

UN Global Compact Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Off-grid solutions in Marovato in Madagascar

In May, Schneider Electric presented an off-grid solar facility to local officials in Marovato, on Madagascar's east coast. We deployed our full range of skills and competencies to offer Marovato's 120 residents access to energy that is safe, reliable, efficient, productive, and green. To carry out this project, Schneider Electric forged an innovative partnership with the Jirano association, whose mission is to set up a sustainable electricity supply system for isolated villages in Madagascar.

The photovoltaic facility generates peak power of 1400 watts; the village currently uses 490 watts. In conjunction with the Jirano association, we also developed a programme to teach residents how to

maintain the facility. In all, 12 jobs in electricity-related fields were created. In 2009, projects supported by Schneider Electric in Madagascar are expected to electrify 1000 households, train 100 people, and create 50 additional jobs.

In a country with a limited power grid where only 20% of the population has access to electricity, off-grid clean energy solutions are a simple and efficient way to meet the development needs of disadvantaged communities. By helping villages such as Marovato tap into renewable energies, Schneider Electric is reaffirming its socially responsible commitment to helping improve quality of life for people at the Base of the Pyramid and facilitating access to health care and education.

In-Diya LED-based lighting system in India

As part of its commitment towards the BipBop initiative, Schneider Electric unveiled its In-Diya LED-based lighting system in New Delhi in February 2010. In-Diya aims to provide lighting to people living with no or unreliable electricity in India. It is a specially designed LED-based lighting system that can operate on main supply and/or solar, and provides backup ranging from 8 to 15 hours for indoor applications. The innovative offer will play a key role in providing access to reliable lighting to more than 500 million rural people, thereby enabling them to take part in the exclusive growth story in India.

In-Diya is a high-quality, affordable product offering the following benefits:

- > consumes 50% less power than an 11-watt compact fluorescent lamp (CFL) and 90% less power than two 60-watt incandescent lamps for the same light output
- > illuminates a 3.65m x 3.65m (12' x 12') room for all normal activities and is wall-mounted
- > in its high-end version, costs less than any CFL-based solar home lighting system
- > provides 50 000 hours of lighting

Half of the net profit earned from the sales of In-Diya in India will be put back into the Schneider Electric India Foundation to further the cause of BipBop.

Also in India, the Schneider Electric Foundation contributed to project iLead (Institute for Livelihood, Educations, and Development). The project consists of skill development, training, and employment for disadvantaged young people, as well as entrepreneurship training for poor youth. A pilot class of electricians started training in 2009. The goal is to train 4000 professionals in six different locations by 2012, after which they will be encouraged to launch their own small business and deploy lighting solutions in poor villages throughout the country.



LED lamp with battery backup



The Planet and Society Barometer

- > 10 000 young people from the Base of the Pyramid trained in electricity
- > 1 000 000 households from the Base of the Pyramid have access to energy with Schneider Electric solutions
- > 500 new entrepreneurs from the Base of the Pyramid start their own business in the electricity market



Learn more about our BipBop solutions.

‘The innovative offer will play a key role in providing access to reliable lighting to more than 500 million people’.

– Abhimanyu Sahu, Programme Manager, BipBop India, Schneider Electric

50 000 hours of lighting provided by In-Diya LED-based lighting system

Investing to promote energy access

UN Global Compact Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Schneider Electric Energy Access fund

The establishment of the Schneider Electric Energy Access fund marked an innovative first for a major industrial company in the area of corporate social responsibility. Created with the backing of Crédit Coopératif and PhiTrust, the fund supports the development of entrepreneurial initiatives worldwide that will help the poorest among us obtain access to energy. With an initial capitalization of €3 million, Schneider Electric Energy Access provides financing for projects that are designed to:

- > help jobless individuals create businesses in electricity
- > promote the development of businesses that provide energy access in rural or suburban areas
- > support the deployment of innovative energy access solutions that use renewable energies for the Base of the Pyramid

Schneider Electric Energy Access fund works within the company's BipBop Programme to provide safe, green energy to disadvantaged individuals.

The structure of the fund, which is designed to promote responsible development, represents an original and innovative response to the latest French legislation on employee savings. It is a new societal commitment for Schneider Electric, shared with our entire corporate community. By supporting the development of businesses involved in electricity and renewable energies, Schneider Electric Energy Access reflects our commitment to creating a virtuous circle combining business, innovation, and social responsibility.



SENAI institute training class in Brazil

€3 million

initial capitalization of Schneider Electric Energy Access fund



People installing electricity in Siberut Island, Indonesia

UN Global Compact Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Preserving biodiversity and an ancient culture in Indonesia

The Siberut Conservation Programme

Siberut is among the four islands forming the Mentawai Archipelago in Indonesia. The island is a treasure of biodiversities and untouched rainforests, and home to the local Mentawai population. For generations, the Mentawai lived in harmony with Siberut's exceptional biological richness. But the island has lost more than 50% of its forests due to logging and agricultural conversion. Without intervention, the remaining forests and their unique wildlife are at risk. The Siberut Conservation Programme (SCP), supported by Schneider Electric, aims to preserve the remaining forest ecosystem

in North Siberut and to contribute to the long-term conservation of the Mentawai region as a whole. The SCP works with the local population of a village called Politcioman to convince them to keep the forest, to develop a micro-economy, to make them sensitive to health problems, and to improve the education of their children. By providing clean, sustainable energy, Schneider Electric is helping to change the living conditions of the village's 700 inhabitants both by reducing energy costs and by saving time for economical and educational activities.



Learn more about the Siberut Conservation Programme.

Training future electricians in Brazil

SENAI

In Brazil, the national industrial training service (SENAI) is deploying an 80-hour training programme in close cooperation with Schneider Electric Brazil. Taught on nights and weekends, this initiation to the basics of residential electrical work gives low-income youths an

opportunity to learn the electrical trade. Because the courses are offered free of charge and outside working hours, both attendance and the completion rate are high. In 2009, 1200 young people participated in the programme at 26 centres across the country.

Respecting our people and the environment



At the heart of our strategy: our people

Global principles for responsible behaviours

In 2002, Schneider Electric published a set of guidelines entitled *Our Principles of Responsibility* to give all team members a common reference point. The document outlines the company's commitment to each of its stakeholder groups, including employees, business partners, shareholders, the community, and the planet. In 2009, Schneider Electric launched the

Ethical Dynamics project to provide team members with effective support in their daily actions and decisions. Compliance officers lead the deployment of this support at all levels, ensuring that actions throughout the organization are aligned with our principles.



France: Schneider Electric receives equality label trophy for its actions towards gender balance and equal opportunity

Developing talents

Diversity as key driver

- > 1700 talents from 72 countries participated in our leadership development programmes
- > 34% of women in total headcount
- > 95 nationalities
- > Favoring work insertion of the disabled and people in professional difficulties

Source: Schneider Electric Annual Report 2009

Partnerships with top international universities

- > Moscow Power Engineering University, Russia
- > Cairo University, Egypt
- > INSEAD, HEC, ParisTech, Supélec, France
- > College of Engineering of Bangalore, India
- > South China University of Technology, China
- > University of Toronto, Canada
- > Virginia Tech, USA
- > Unicamp of Sao Paulo, Brazil

Our people drive our success

People make the difference at Schneider Electric every day. As diverse as our more than 100 000 employees are, they share values that define who we are as a company and what we look for in our people and partners.

- > **Passionate** – We are passionate and positive about our business, customers, and people. We strive to create a true sense of partnership with customers, making it easy for them to do business with us. We develop talent pools, coaching people to reach their potential.
- > **Open** – We think 'outside the box' and encourage others to do the same. We leverage the rich diversity of our company, promoting the

sharing of expertise and learning. We show our willingness to collaborate to get things done.

- > **Straightforward** – We believe people value directness and simplicity. We behave in line with expressed commitments and show consistency between words and actions. We treat people with respect and fairness and give clear, motivating, and constructive feedback.
- > **Effective** – We want to perform and get things done, not just talk about getting things done. We are pragmatic, not pretentious. We manage and reach ambitious goals, taking appropriate risks. We respond with flexibility to shifting priorities and rapid change.

UN Global Compact Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

UN Global Compact Principle 6

Businesses should uphold the elimination of discrimination in respect to employment and occupation.

'We strongly believe that diversity – and gender diversity in particular – is a key driver of innovation, performance, and profitability'.

– Karen Ferguson, Executive Vice President, Global Human Resources



- > Schneider Electric wins the 2009 Robert W. Campbell Award for exemplary safety and health efforts from National Safety Council, United States.
- > 2009 Grand Prix de l'Actionariat Salarié by the French Federation of Employee Share Owners



Health and safety



**The Planet
and Society
Barometer**

10% annual reduction
in the frequency rate of
occupational accidents

Schneider Electric believes that the implementation of a culture of health and safety is a process of continuous improvement, supported by a management system. We are committed to the health and well-being of our people, and the effects of our commitment are evident worldwide. By the end of 2008, half of Schneider Electric entities had

established a health and safety management system in line with world standards. As of the end of 2009, 84% of our industrial sites have put in place a safety management system based on ILO-OSH guidelines or OHSAS 18001. By upholding these standards, we ensure compliance with legislation and contribute to overall improvements in health performance.

Shared success

For many years, Schneider Electric has enjoyed a close relationship with its employee shareholders. Today, more than 30 000 Schneider Electric employees are shareholders in the company, contributing to value creation and helping to drive our success. In 2010, 77 000 eligible employees in 17 participating countries will be given the opportunity

to become shareholders of our company through our World Employee Share Ownership Plan. In addition, the company has created a solidarity-driven investment vehicle that enables employees to support our BipBop Programme. Called Schneider Energie FCPE, it was first launched in France in early 2010.

84% of our industrial sites have put in place a safety management system based on ILO-OSH guidelines or OHSAS 18001

Source: Schneider Electric Annual Report 2009

A great place to work

Fernando

Area Sales Manager, Project & Engineering Centre, Spain

'I was looking for a job where I could have an impact, where I could have fun, and where I would feel that all I do makes sense. I was looking for a team that I would enjoy working with. At Schneider Electric, I've found that my ideas are valued and implemented. I've found people who are enjoyable to work with and who help me learn and develop as a person and a professional. I am proud of what I do and the company I work for'.



- > Among the best and largest companies by *Exame*, Brazil
- > Schneider Electric China is in the top 20 companies for CSR

Isabelle

VIP Customer Welcome Manager, China

'I'm very proud to be part of the big Schneider Electric family. I have been working with Schneider Electric since 1994. The most important aspect of the culture for me is the diversity – not only in words, but also in fact. If you travel around the world, in any Schneider Electric location, you can find people of different colours, different nationalities, working together as one team. We share the same language and the same values'.



Hear more from our employees.

Anton

Business Optimization Director, Power Business, Russia

'When I finished my MBA studies, I was looking at different opportunities, and what attracted me to Schneider Electric was the openness with which they looked at my profile. This allowed them to create a position for me that made the most of my experience. Working for Schneider Electric is very rewarding. When you look at other companies – big companies in our world – you realize that they are part of the problem our planet is facing. What's great about working at Schneider Electric is that we are part of the solution'.



86%

of our employees are willing to make extra effort to help the company in the execution of its strategy

Source: One Voice internal survey Half Year 2009

Measuring up to our responsibilities

Setting goals, tracking progress

UN Global Compact Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

The Planet and Society Barometer

Schneider Electric has used the Planet and Society Barometer as its sustainable development scorecard since 2005. The Barometer outlines the Group's objectives for a three-year period and tracks progress made in achieving targets on a quarterly basis. Schneider Electric developed the Planet and Society Barometer in the absence of a recognized standard for measuring an organization's sustainable development performance. All of the targets are voluntary, and none of them respond to legal constraints.

The Planet and Society Barometer is designed to:

- > bring the corporate community together around sustainable development objectives,
- > communicate on the Group's improvement plans with stakeholders.

With the introduction of the new One company programme in 2009, Schneider Electric defined new ambitions for its sustainable development approach, following up on its ten targets for 2005 – 2008 with 13 environmental, economic, and social improvement plans (see opposite page).

High marks for sustainability

Investors value our policies

Sustainability is a key best practice at leading companies around the world, including Schneider Electric. It is also an important factor for the worldwide investment community. The widely accepted definition of sustainability dates back to the late 1980s and the United Nations Brundtland Commission: *To meet the needs of the present without compromising the ability of future generations to meet their own needs.*

The Socially Responsible Investment indexes track the financial performance of the leading sustainability-driven companies worldwide. Asset managers look to these indexes for reliable and objective benchmarks as they manage sustainability portfolios. Four prominent, socially responsible investment indexes select Schneider Electric: the Dow Jones Sustainability World and Stoxx Indexes, the ASPI Eurozone, and the Ethibel Sustainability Index.



'We are seeing real maturity in companies' understanding of sustainable development. While it initially involved seeing how it could be an add-on to an organization's core activities, today businesses like Schneider Electric are living and breathing sustainable development. Policies and programmes at all levels in the organization are being shaped by sustainability. Recently, the company updated its guidelines on ethics, *Our Principles of Responsibility*. Schneider Electric has set up an organization to roll out the guidelines across countries and to support ownership and implementation by employees. The aim is ambitious: certainly to protect today's assets, but particularly in my opinion, to enhance its reputation into the future.'

– James Ross, Corporate Director, member of the Supervisory Board of Schneider Electric



Planet and Society Barometer: 13 indicators (2009-2011)

2009 performance
(out of 10)

Planet

- > 30 000 tons annual reduction of our CO₂ equivalent emissions **6.4**
- > 2/3 of our products' revenues achieved with Green Premium products **4.0**
- > 2/3 of our employees work in ISO 14001-certified sites **7.4**

Profit

- > 7 points above the Group's average growth gained by our energy efficiency activities **8.5**
- > 10 countries set up a recovery process for SF₆ gas **4.4**
- > 1 000 000 households at the Base of the Pyramid have access to energy thanks to Schneider Electric's solutions **4.1**
- > 60% of our purchases from suppliers who support the Global Compact **4.6**
- > 4 major sustainability indexes select Schneider Electric **8.5**

People

- > 10% annual reduction in the frequency rate of occupational accidents **10.0**
- > 14 points increase in the company's employee recommendation score **2.0**
- > 2000 employees trained on energy management solutions **10.0**
- > 10 000 young people at the Base of the Pyramid trained in the electricity professions **3.7**
- > 500 entrepreneurs at the Base of the Pyramid set up their activities in the electricity sector **4.0**

Overall performance
as of December 31, 2009

6.0



Get more details
on our Planet and
Society Barometer.



Schneider Electric Headquarters, The Hive, Rueil-Malmaison, France

Environment: practising what we preach

Sustainability starts at home

A recent US study from the University of San Diego highlighted the fact that people are more productive in green buildings. If green buildings are good for CapEx and OpEx, good for the carbon footprint, and good for people, what are we waiting for? We should green them all! At Schneider Electric, we started a long time ago. We know that 25% of our sites consume 72% of our energy.* Based on that, we have aggressive plans in place to make our facilities more energy efficient and environmentally friendly. Here are two examples:

The Hive

We walk the talk at our headquarters, which is entirely equipped with our solutions. The Hive (as our main office is known) integrates the most advanced products and technologies in a single and simple architecture managed via one global software system. Here's how we did it:

- > **Building Management System (BMS)** – a unique software system able to manage all energy-consuming equipment and allowing individual control and monitoring
- > **Building automation and security** – HVAC control, access control, surveillance camera, lighting, shutters, VDI applications, wiring
- > **Critical power** – UPS systems
- > **Power and energy management** – transformers, electrical panels, circuit breakers, power meters

In the building's first year, we achieved a 110 kwh/sqm/year performance, cutting energy consumption by three compared to our former headquarters. In 2010, our goal is 80 kwh/sqm/year with the implementation of our active energy efficiency methodology.

*Source: Schneider Electric measures on 240 industrial and tertiary sites in our main operations

St. Louis data centre

Hosted in the Schneider Electric Technology Centre, the St. Louis global data centre is a high-efficiency, state-of-the-art facility. In addition to being a live production environment for Schneider Electric’s most critical business applications, the St. Louis data centre is a showcase for our solutions and commitment to energy efficiency. It was designed from the ground up to be a model of efficiency, reliability, and cost-effectiveness. In its first year, using Schneider Electric products and solutions, the facility delivered energy savings of 30% compared to existing data centres.

UN Global Compact Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Our commitment to the environment

Schneider Electric fully assumes its environmental responsibility in its operations by participating in the definition of new regulations and applying them early; by making sites more energy efficient; by facilitating eco-design; and by raising employee and partner awareness to environmental concerns. The Group structures its environmental priorities around three main objectives:



Learn more about the RoHS and REACH directives.

- > to reduce carbon footprint
- > to preserve health and biodiversity
- > to use fewer natural resources



The Planet and Society Barometer

2/3 of our employees work in ISO 14001 certified sites

63% of employees work in ISO 14001 certified sites

Source: Planet and Society Barometer as of 31/12/2009



Green Premium initiative



- > 30 000 tons annual reduction of our CO₂ equivalent emissions
- > 2/3 of our products revenue achieved with Green Premium products

As a pioneer in the new environmental economy, Schneider Electric has launched a Green Premium products programme. We define a Green Premium product by four criteria:

- > includes a product environmental profile
- > offers an end-of-life instruction guide

- > provides a list of the substances of concern specified in the European Registration, Evaluation, and Authorization of CHemicals (REACH) directive
- > does not contain levels of lead, chromium, cadmium, mercury, polybrominated biphenyl (PBB), and polybrominated diphenyl ether (PBDE) above the threshold specified by the European Restriction of Hazardous Substances (RoHS) directive.

Adhering to standards, and beyond

Managing and monitoring hazardous substances is a priority for the European Commission, which has been a key driver in this area at the global level. These substances can be a potential health risk or source of pollution at the production and usage stages. Schneider Electric has addressed this issue in its environmental policy for many years, with the goal of meeting four core objectives:

- > ensure compliance with current legislation
- > anticipate future regulations or restrictions
- > help customers comply with current or future legislation
- > promote this approach among electrical equipment industry customers and stakeholders

Schneider Electric takes the RoHS and REACH projects into account in its internal action programmes. We have decided to apply these two European projects on a global basis, in line with our environmental policy worldwide. In addition, Schneider Electric provides REACH substance contents and RoHS compliance information for each of its products online at its Web site for customer and partner review.

25% of our sites* account for 72% of the company's energy consumption

*240 industrial and tertiary sites in our main operations

Reducing our carbon footprint

Schneider Electric is committed to reducing greenhouse gas emissions from its own businesses and from its clients' operations, notably with its products and services to enhance energy efficiency. Because Schneider Electric is not involved in heavy manufacturing, it is not subject to European CO₂ quotas. However, the Group reports publicly on its approach by providing measurements each year to the Carbon Disclosure Project (CDP), a global initiative launched by investors and asset managers. The CDP is designed to help members make informed investment decisions by explaining the consequences of the carbon constraint and climate change for companies.

Schneider Electric has put in place a specific programme to decrease its carbon footprint, identifying priority areas and objectives for 2011. In 2009, for example, Schneider Electric's units focused on continuing to streamline the supply chain, a clear source of carbon emissions. Measures included:

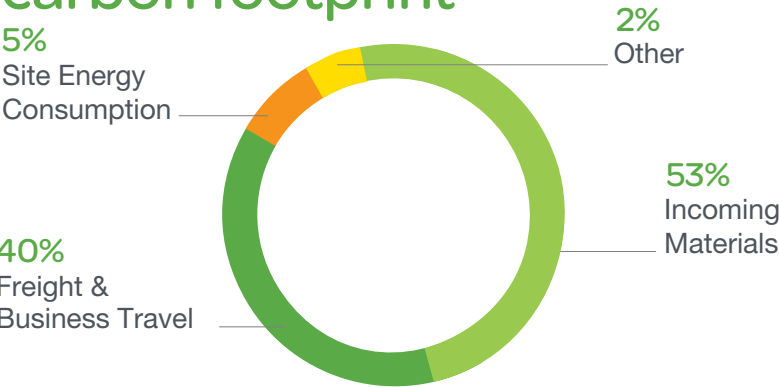
- > closing 29 distribution centres
- > concentrating 70% of shipping costs with 60 main suppliers
- > significantly improving the fill rate of trucks used in Europe
- > setting up a system to measure CO₂ emissions from downstream shipping (after production) and distribution centre shipping.



The Planet and Society Barometer

10 countries set up a recovery process for SF₆ gas

The major sources of Schneider Electric's carbon footprint



Source: Carbon assessment achieved in 2007 by a specialized consulting organisation

Schneider Electric carbon reduction plan

| Priority areas | Objectives by end of 2011 | Reduction in CO ₂ equivalent emissions from 2008 |
|-----------------------------------|---------------------------|---|
| On-site SF ₆ emissions | 1.2% of losses | 14 007 tons |
| Energy consumption | 13.5 MWh per employee | 19 484 tons |
| Long-distance freight | Long-distance freight | 10 598 tons |

44 000

metric tons of CO₂ equivalent emissions reduced in 2009

Source: Schneider Electric Annual Report 2009 - Environmental indicators



Measuring our
financial, social,
and environmental
indicators

Shareholders' information



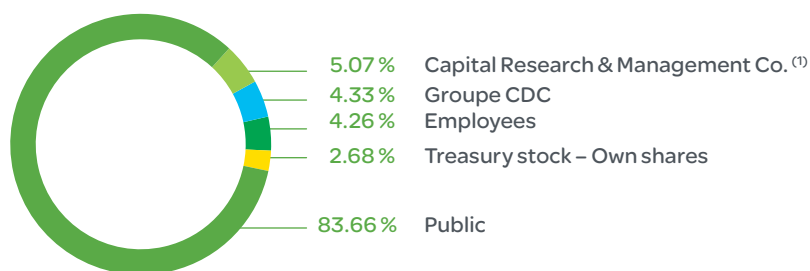
'In 2009, against an unprecedented sales decline, we delivered record cash generation and defended our margin. Our business model has clearly demonstrated its resilience, with excellent free cash flow, strong execution on cost reduction, and key positioning in new economies and other long-term growth drivers'.

– Emmanuel Babeau, Executive Vice President, Finance & member of the Management Board



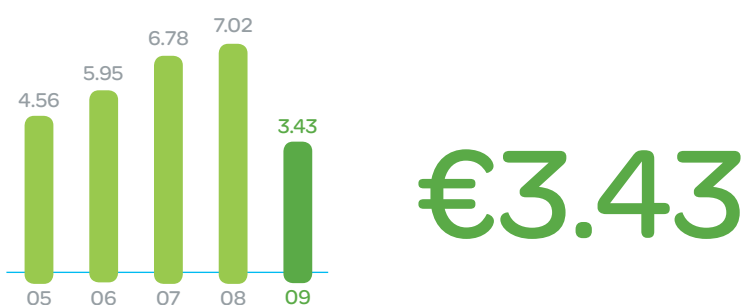
Learn more about our performance.

Ownership structure at 31 December 2009

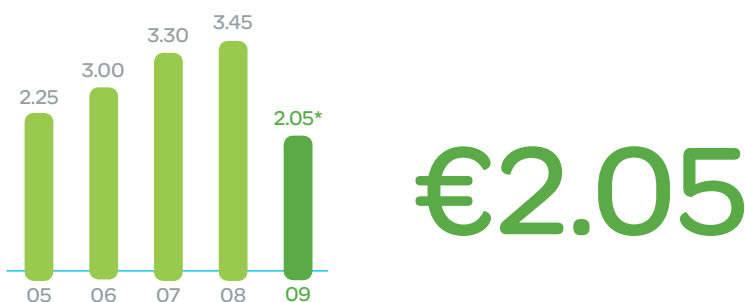


⁽¹⁾ As of 1 January 2010, Capital Research & Management Co. held 21 055 211 shares, or 8.02% of the issued capital and 7.55% of the voting rights.

Earnings per share (€)



Dividend per share (€)

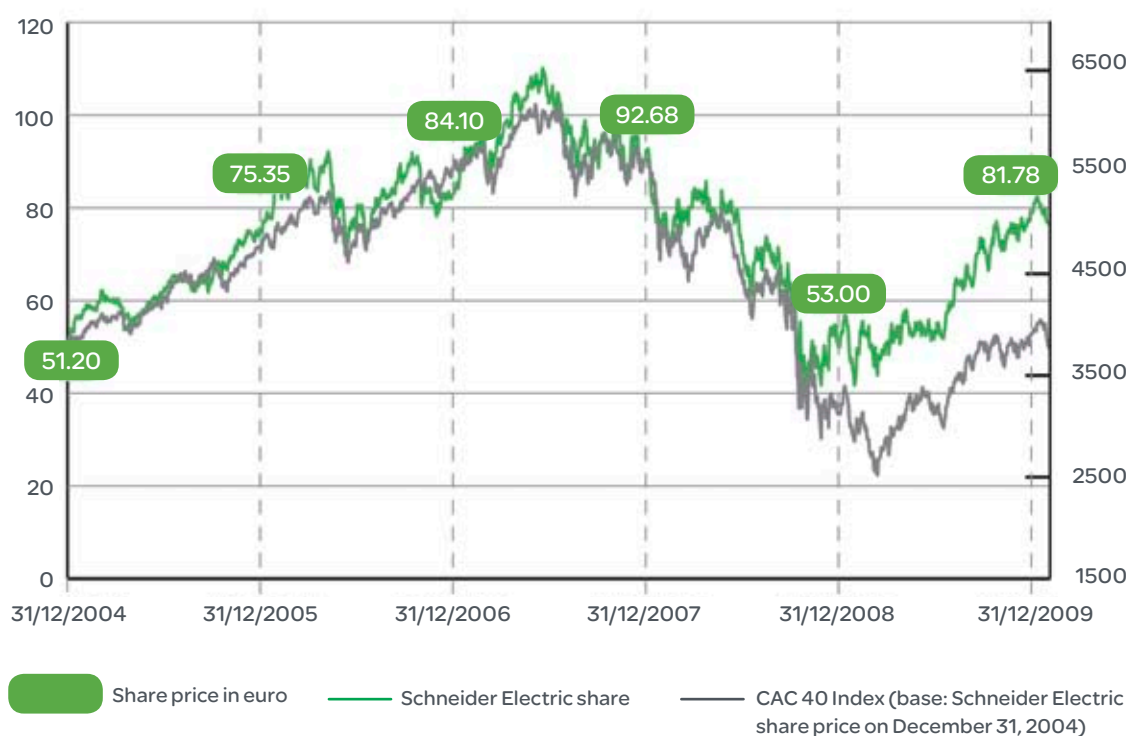


* Recommended for shareholder approval at the Annual Meeting of 22 April 2010. The dividend will be paid on June 1, 2010. Dividend ex-date on 4 May 2010.

Shareholders' information

(continued)

The Schneider Electric SA share vs. the CAC 40 index over 5 years



Source: Reuters

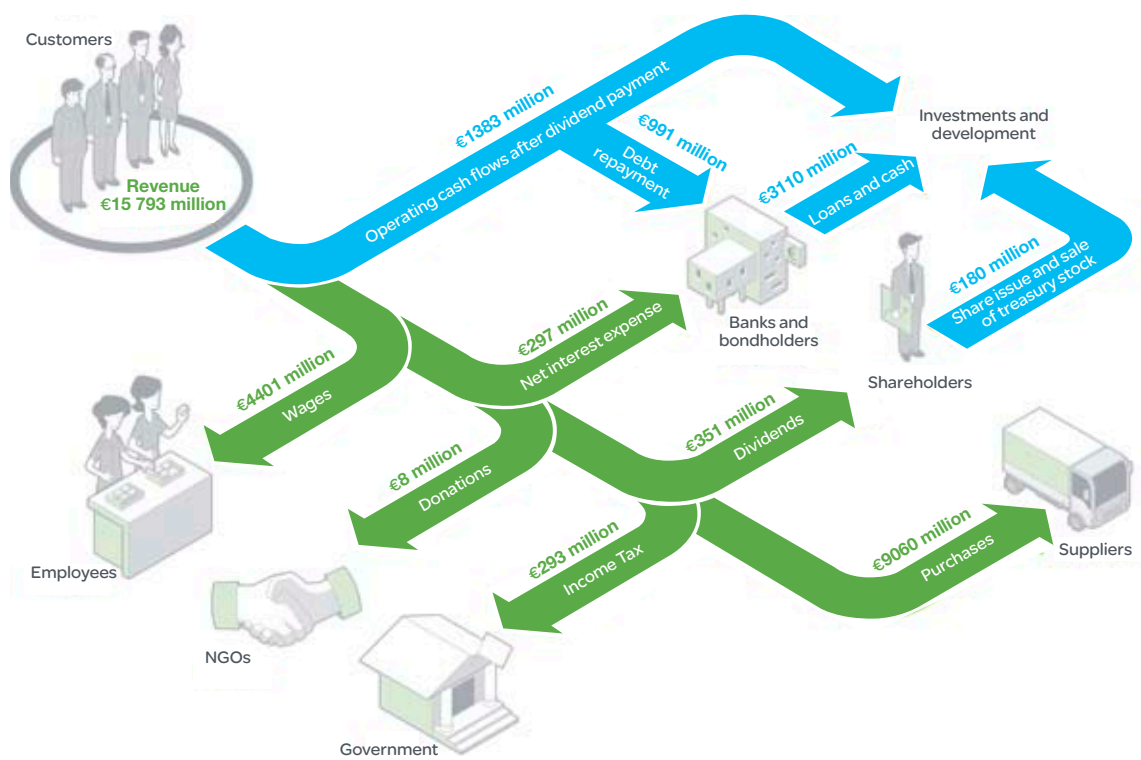
Five-year trading summary

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|---------|---------|---------|---------|--------|
| Average daily trading volume Euronext Paris ⁽¹⁾ | | | | | |
| • Thousands of shares | 1323.58 | 1691.19 | 1587.79 | 1058.43 | 947.34 |
| • Millions of euros | 77.12 | 115.18 | 152.00 | 88.86 | 59.31 |
| High and low share prices (in euros) | | | | | |
| • High | 81.85 | 94.29 | 110.26 | 93.40 | 77.15 |
| • Low | 41.30 | 38.84 | 83.51 | 70.85 | 51.15 |
| Year-end closing price (in euros) | | | | | |
| Yield including tax credit (%) | 2.51 | 6.50 | 3.56 | 3.57 | 2.99 |

(1) Corresponds to trading volume on NYSE Euronext.

Revenue breakdown

Through acquisitions, organic growth, and thoughtful, progressive leadership, Schneider Electric has created one of the most powerful portfolios in the energy management industry. The company utilizes its success and influence to develop opportunities for its stakeholders and the world they live in.



Revenue breakdown by country corruption risk

as defined by the Transparency International Corruption Perceptions Index

| | |
|--|------|
| 1 - Moderate risk regions (7.5 to 10) | 24% |
| 2 - Average risk regions (5 to 7.5) | 42% |
| 3 - High risk regions (2.5 to 5) | 28% |
| 4 - Very high risk regions (less than 2.5) | 6% |
| Total | 100% |

Countries ranked from 0 to 10 according to the perception index

U.N. Global Compact Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Consolidated statement of income

(in millions of euros except for earnings per share)

| | 2009 | 2008* |
|---|---------------|---------------|
| Revenue | 15 793 | 18 311 |
| Cost of sales | (9572) | (10 879) |
| Gross profit | 6221 | 7432 |
| Research and development expenses | (403) | (402) |
| Selling, general, and administrative expenses | (3770) | (4120) |
| Other operating income and expenses | 88 | 27 |
| EBITAR† | 2136 | 2937 |
| Restructuring costs | (313) | (164) |
| EBITA‡ | 1823 | 2773 |
| Amortization and impairment of purchase accounting intangibles | (231) | (174) |
| Operating profit | 1592 | 2599 |
| Interest income | 26 | 48 |
| Interest expenses | (323) | (294) |
| Finance costs, net | (297) | (246) |
| Other financial income and expenses | (87) | (87) |
| Finance costs and other financial income and expenses, net | (384) | (333) |
| Profit before tax | 1208 | 2266 |
| Income tax expenses | (293) | (555) |
| Share of profit/(losses) of associates | (21) | 12 |
| Profit for the period | 894 | 1723 |
| –Attributable to equity holders of the parent | 852 | 1682 |
| –Attributable to minority interests | 42 | 41 |
| Basic earnings per share (in euros) | 3.43 | 7.02 |
| Diluted earnings per share (in euros) | 3.43 | 7.00 |

* 2008 column restated to reflect the change in presentation of the interest component of defined benefit plan costs, as described in note 1.2.
†EBITAR: Earnings Before Interests, Taxes, Amortization of purchase accounting intangibles, and Restructuring costs.
‡EBITA: Earnings Before Interests, Taxes, and Amortization of purchase accounting intangibles.

Consolidated statement of cash flows

(in millions of euros)



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| | 2009 | 2008 |
|---|--------------|---------------|
| I - Cash flows from operating activities: | | |
| Profit for the period | 894 | 1723 |
| Share of (profit)/ losses of associates, net of dividends received | 21 | (12) |
| <i>Adjustments to reconcile net profit to net cash provided by operating activities:</i> | | |
| Depreciation of property, plant, and equipment | 339 | 328 |
| Amortization of intangible assets other than goodwill | 257 | 220 |
| Losses on non-current assets | 132 | 72 |
| Increase/(decrease) in provisions | 131 | 93 |
| Change in deferred taxes | (116) | (23) |
| Losses/(gains) on disposals of assets | 391 | 8 |
| Other | 37 | 81 |
| Net cash provided by operating activities before changes in operating assets and liabilities | 1734 | 2500 |
| (Increase)/decrease in accounts receivable | 543 | (31) |
| (Increase)/decrease in inventories and work in process | 450 | (50) |
| Increase/(decrease) in accounts payable | (176) | (5) |
| Change in other current assets and liabilities | (4) | 14 |
| Change in working capital requirement | 813 | (72) |
| Total I | 2547 | 2428 |
| II - Cash flows from investing activities: | | |
| Purchases of property, plant, and equipment | (337) | (416) |
| Proceeds from disposals of property, plant, and equipment | 27 | 14 |
| Purchases of intangible assets | (268) | (298) |
| Proceeds from disposals of intangible assets | 2 | 7 |
| Net cash used by investment in operating assets | (576) | (693) |
| Purchases of financial investments, net | (63) | (598) |
| Purchases of other long-term investments | (40) | (17) |
| Increase in long-term pension assets | - | 28 |
| Sub-total | (103) | (587) |
| Total II | (679) | (1280) |
| III - Cash flows from financing activities: | | |
| Issuance of long-term debt | 1141 | 435 |
| Repayment of long-term debt | (110) | (749) |
| Sale/(purchase) of treasury shares | 22 | (70) |
| Increase/(reduction) in other financial debt | (881) | 366 |
| Issuance of shares | 158 | 144 |
| Dividends paid: Schneider Electric SA* | (317) | (796) |
| Minority interests | (34) | (36) |
| Total III | (21) | (706) |
| IV - Net effect of exchange rate: | 61 | (83) |
| Net increase/(decrease) in cash and cash equivalents: I + II + III + IV | 1908 | 359 |
| Cash and cash equivalents at beginning of period | 1517 | 1158 |
| Increase/(decrease) in cash and cash equivalents | 1908 | 359 |
| Cash and cash equivalents at end of period | 3425 | 1517 |

* Dividends paid in 2009 totaled euro 837 million, of which euro 520 million were returned by shareholders who decided to reinvest their dividend.

Consolidated balance sheet

(in millions of euros)

| Assets | 31 Dec 2009 | 31 Dec 2008 |
|--|----------------|----------------|
| Non-current assets | | |
| Goodwill, net | 8611 | 8542 |
| Intangible assets, net | 3919 | 3991 |
| Property, plant, and equipment, net | 1965 | 1970 |
| Total tangible and intangible assets | 5884 | 5961 |
| Investments in associates | 75 | 281 |
| Available-for-sale financial assets | 245 | 200 |
| Other financial assets | 102 | 113 |
| Total non-current financial assets | 347 | 313 |
| Deferred tax assets | 1001 | 932 |
| Total non-current assets | 15 918 | 16 029 |
| Current assets | | |
| Inventories and work in process | 2174 | 2584 |
| Trade accounts receivable | 3071 | 3537 |
| Other receivables and prepaid expenses | 897 | 925 |
| Assets held for sale | - | 2 |
| Current financial assets | 77 | 78 |
| Cash and cash equivalents | 3512 | 1652 |
| Total current assets | 9731 | 8778 |
| Total assets | 25 649 | 24 807 |

Consolidated balance sheet

(in millions of euros)



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| Liabilities | 31 Dec 2009 | 31 Dec 2008 |
|--|----------------|----------------|
| Equity | | |
| Share capital | 2102 | 1979 |
| Share premium account | 5934 | 5378 |
| Retained earnings | 4673 | 4503 |
| Translation reserve | (952) | (954) |
| Equity attributable to equity holders of the parent | 11 757 | 10 906 |
| Minority interests | 131 | 145 |
| Total equity | 11 888 | 11 051 |
| Long-term provisions | | |
| Provisions for pensions and other post-employment benefits | 1378 | 1463 |
| Provisions for contingencies | 375 | 302 |
| Total long-term provisions | 1753 | 1765 |
| Non-current liabilities | | |
| Ordinary and convertible bonds | 3608 | 3367 |
| Other long-term debt | 1305 | 1272 |
| Total non-current financial liabilities | 4913 | 4639 |
| Deferred tax liabilities | 916 | 888 |
| Other non-current liabilities | 17 | 20 |
| Total non-current liabilities | 7599 | 7312 |
| Current liabilities | | |
| Trade accounts payable | 2203 | 2312 |
| Accrued taxes and payroll costs | 1266 | 1320 |
| Short-term provisions | 773 | 538 |
| Other current liabilities | 509 | 708 |
| Short-term debt | 1411 | 1566 |
| Total current liabilities | 6162 | 6444 |
| Total equity and liabilities | 25 649 | 24 807 |

Environmental indicators

Scope of environmental data

Schneider Electric neither generates nor distributes electricity. Its business primarily relies on assembly and monitoring techniques and includes very few processes with a more significant environmental impact, such as metal processing and treatment.

The Group is committed to including all units in the scope of reporting. The number of units covered grew to 240 in 2009 from 234 in 2008. The Group's environmental reporting principles have been officially audited since 2006.

| Indicators | 2009 | 2008 | 2007 |
|---|-------------|-----------|-----------|
| Number of responding sites | 240 ▲ | 234 | 201 |
| Number of employees | 78 078 ▲ | 80 846 | 65 931 |
| Amount of waste produced (in metric tons) | 101 535 ▲ | 144 888 | 119 239 |
| Waste produced per employee (in metric tons) | 1.3 ▲ | 1.8 | 1.8 |
| Recovered waste (in metric tons) | 80 255 ▲ | 113 182 | 95 663 |
| Percentage of waste recovered | 79% ▲ | 78.1% | 80.2% |
| Energy consumption (MWh equivalent) | 1 066 173 ▲ | 1 124 638 | 968 491 |
| Energy consumption per employee (in MWh) | 13.7 ▲ | 13.9 | 14.7 |
| Water consumption (in cubic meters) | 2 493 351 ▲ | 2 374 035 | 2 123 415 |
| Water consumption per employee (in cubic meters) | 31.9 ▲ | 29.4 | 32.2 |
| Estimates | | | |
| CO ₂ emissions (in metric tons) | 357 513 ▲ | 388 125 | 321 823 |
| CO ₂ emissions per employee (in metric tons) | 4.6 ▲ | 4.8 | 4.9 |
| VOC emissions (in kg) | 409 219 ▲ | 479 172 | 413 731 |
| VOC emissions per employee (in kg) | 5.2 ▲ | 5.9 | 6.3 |

▲ Audited data

Social indicators

Scope of social data

All data published in the following section cover the Group's global scope (including APC). Workforce data does not include temporary employees, except for the average workforce figure.

> Consolidated units:

- Corporate Functions, Operating Divisions, Business Units (all data)

> Non-consolidated units:

- Companies in which Schneider Electric's interest is less than 51%
- Senior executives for remuneration data



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Total workforce

| | 2009 | 2008 | 2007 |
|-------------------------------------|-----------|---------|------------|
| Average workforce (incl. temps) | 116 065 | 126 481 | 119 340 |
| Fixed-term and open-ended contracts | 104 853 ▲ | 113 904 | 111 858*** |
| Average production staff | 55 125 | 59 964 | 52 360*** |
| Average non-production staff | 60 940 | 66 518 | 66 980 |
| New hires***** | 8977 | 20 995 | 26 972 |
| Departures***** | 17 663 | 21 504 | 21 117 |
| Breakdown by region (percent) | | | |
| Asia-Pacific | 25% | 25% | 25%*** |
| Europe | 43% | 42% | 42%*** |
| North America | 24% | 25% | 26%*** |
| Rest of the World | 8% | 8% | 7%*** |
| Men/women (percent) | | | |
| Men | 66%* | 65%* | 66% |
| Women | 34%* | 35%* | 34% |
| Age (percent) | | | |
| 14-24 years | 7.9%* | 10.7%* | 12.3% |
| 25-34 years | 30.7%* | 32.1%* | 31.3% |
| 35-44 years | 27.9%* | 27.2%* | 26.5% |
| 45-54 years | 23.3%* | 21.1%* | 20.8% |
| 55-64 years | 9.8%* | 8.5%* | 8.6% |
| > 64 years | 0.5%* | 0.4%* | 0.5% |
| Seniority (percent) | | | |
| < 5 years | 44.7%* | 50%* | 49.5% |
| 5-14 years | 29.2%* | 27.2%* | 26.6% |
| 15-24 years | 13.9%* | 12.1%* | 12.8% |
| 25-34 years | 9%* | 8%* | 8.7% |
| > 34 years | 3.2%* | 2.7%* | 2.4% |
| Gender and category (percent) | | | |
| White collar | 54.6% | 55.60% | 56.3%**** |
| Men | 72%* | 72.6%* | 72.6% |
| Women | 28%* | 27.4%* | 27.4% |
| Blue collar | 45.4%*(3) | 44.4% | 43.7%**** |
| Men | 60%* | 57.4% | 57% |
| Women | 40% | 42.6%* | 43 |

▲ Audited data

(continued, see notes on Page 57)

Social indicators

(continued)

| | 2009 | 2008 | 2007 |
|--|-------|--------|-----------|
| Function (percent) | | | |
| Marketing | 3.9% | 4.1% | 4.3%**** |
| Sales | 17.2% | 16.9% | 17.4%**** |
| Services & Project | 9.5% | 7.7% | 4.9%**** |
| Support | 16.3% | 16.4% | 16.1%**** |
| Technical | 7.2% | 7.1% | 7.1%**** |
| Production | 7.6% | 8.4% | 9.2%**** |
| Direct variable costs – employees linked directly to production of range core and adapted products | 45.4% | 44.4% | 43.7%**** |
| Type of contract (percent) | | | |
| Flexibility rate (temporary staff/total average workforce) | 18.9% | 18.7% | 22%*** |
| New hires | | | |
| Type of contract (percent) | | | |
| Open-ended | 56.6% | 65% | 63% |
| Fixed-term | 43.4% | 35% | 37% |
| Category (percent) | | | |
| White collar | 40% | 47% | 52% |
| Blue collar | 60% | 53% | 48% |
| Breakdown by region (percent) | | | |
| Asia-Pacific | 43% | 34% | 36% |
| Europe | 20% | 31% | 28% |
| North America | 13% | 25% | 27% |
| Rest of the World | 24% | 10% | 9% |
| Dismissals | | | |
| Number | 6331 | 5053 | 4543 |
| o/w layoffs for economic reasons | NA | NA | 944 |
| Type of contract (percent) | | | |
| Open-ended | 91% | 84.3% | 83.5% |
| Fixed-term | 9% | 15.7% | 16.5% |
| Category (percent) | | | |
| White collar | 44% | 46.7% | 45.1% |
| Blue collar | 56% | 53.3% | 54.9% |
| Breakdown by region (percent) | | | |
| Asia-Pacific | 12% | 8% | 19% |
| Europe | 37% | 32% | 30% |
| North America | 40% | 51% | 44% |
| Rest of the World | 11% | 9% | 7% |
| Temporary workforce | | | |
| Average temporary workforce** | 8463 | 12 365 | 9610 |
| Category (percent) | | | |
| White collar | 19.5% | 23.5% | 24.7% |
| Blue collar | 80.5% | 76.5% | 75.3% |
| Breakdown by region (percent) | | | |
| Asia-Pacific | 61% | 49.5% | 48% |
| Europe | 24.2% | 38.1% | 39% |
| North America | 6% | 5.3% | 6% |
| Rest of the World | 8.8% | 7.1% | 7% |

Social indicators



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| | 2009 | 2008 | 2007 |
|--|---------------|---------|------|
| Workweek organization and management | | | |
| Average annual hours worked | 119 050 694 ▲ | NA | NA |
| Schneider Electric employees | 182 034 089 | NA | NA |
| Temporary workforce | 17 016 605 | NA | NA |
| Number of days lost | 15 678 ▲ | NA | NA |
| Schneider Electric employees | 14 574 | NA | NA |
| Temporary workforce | 1104 | NA | NA |
| Training | | | |
| Training costs by type of training (percent) | | | |
| Health, safety, environment | 9.9%* | 8.2%* | 6% |
| Technical | 33.5%* | 27.5%* | 26% |
| Foreign languages and IT | 14.9%* | 17.8%* | 17% |
| Management and leadership | 26.2%* | 25.6%* | 30% |
| Other | 15.5%* | 20.9% | 21% |
| Training costs by category (percent) | | | |
| White collar | 75%* | 77%* | 79% |
| Blue collar | 25%* | 23%* | 21% |
| Training hours by category (percent) | | | |
| White collar | 62%* | 68%* | 72% |
| Blue collar | 38%*(2) | 32%*(1) | 28% |
| Average number of hours of training by category | | | |
| White collar | 29* | 36* | 34 |
| Blue collar | 19* | 19* | 11 |
| Average number of hours of training per employee | 24.3 ▲ | 28.6 | 27 |
| Health & safety | | | |
| Accident frequency rate | | | |
| Schneider Electric employees | 3.06 ▲ | 4.48 | 9.5 |
| Temporary workforce | 2.99 | 3.38 | NA |
| | 3.11 | 11.24 | NA |
| Severity rate | | | |
| Schneider Electric employees | 0.08 ▲ | 0.09 | 0.08 |
| Temporary workforce | 0.08 | 0.08 | NA |
| | 0.08 | 0.12 | NA |
| Accidents by category | | | |
| Total accidents | 609 | 929 | 2335 |
| Schneider Electric employees | 544 | 740 | NA |
| Temporary workforce | 65 | 189 | NA |
| Fatal accidents | 2 | 0 | 4 |

(1) Data includes service DVC headcounts, 11% of all DVC

(2) Data includes service DVC headcounts, 14% of all DVC

(3) Including services headcount, 7.1%

* Data covering 80% of the workforce

** Including temporary workforce

*** 2007 temporary headcounts have been restated

**** 2007 data restated at the function level

***** Acquisitions / sales and temporary staff were not included in the calculation of the number of new hires and departures

▲ Audited data

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Contact

Alban Jacquin
Sustainable Development
alban2.jacquin@schneider-electric.com

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 To find out more:
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Schneider Electric SA

35, rue Joseph Monier
CS 30323 F-92506 Rueil-Malmaison Cedex (France)
Phone: + 33 (0) 1 41 29 70 00
Fax: + 33 (0) 1 41 29 71 00
www.schneider-electric.com

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