

A photograph of three diverse individuals—two men and one woman—wearing bright green t-shirts and participating in a recycling activity outdoors. They are holding clear plastic bags filled with waste. The background shows a grassy area with trees and a clear sky. The overall mood is positive and community-oriented.

Strategy and Sustainability Highlights–2014–2015

# CREATING SHARED VALUE

**Schneider**  
Electric

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€24.9 billion revenue in 2014

~€3.463 billion adjusted EBITA

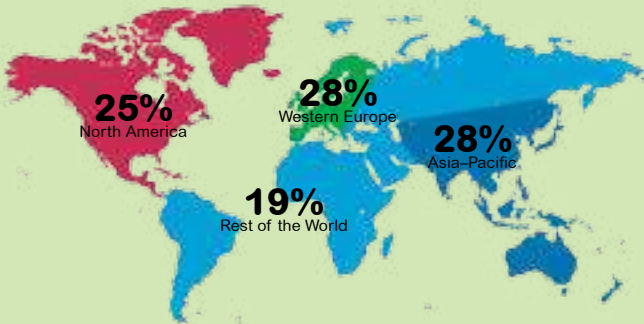
~170,000 employees in 100+ COUNTRIES

30% of our employees are WOMEN

~5% of revenue devoted to R&D

44% of revenue in NEW ECONOMIES

Balanced geographies 2014 revenue



Schneider Electric was recognized as



9<sup>th</sup> in the Corporate Knights Global 100 MOST SUSTAINABLE Corporations in the world

Climate Disclosure Leadership Index (CDLI): rating of 99/100

The CDLI chooses companies their understanding of climate change challenges.

“The A list” member Climate Disclosure Leadership Index (CPLI)

Fourth consecutive year on list for commitment and action plans to fight climate change.

Industry Leader: Dow Jones Sustainability (DJSI) World and Europe indices

For the second year in a row, Schneider Electric ranks first of its sector.

1<sup>st</sup> position for communication efforts

Abroad Watch40, a study on the e-reputation of groups in the CAC 40



25<sup>th</sup> greenest company in the world

Newsweek Green Ranking 2015

Best Customer Service Centre for the 6<sup>th</sup> time

Schneider Electric China



2015 CEO Leadership Award United Nations WOMEN

and Global Compact as Champion for Gender Equality

1<sup>st</sup> and 2<sup>nd</sup> place at Solar Decathlon Europe 2014

“RhOME for DenCity” and “Philéas” projects sponsored by Schneider Electric.

Opening of Schneider Electric Boston One Campus North America headquarters certified LEED®



Refuge du Goûter opening

A model of sustainability on the road to Mont Blanc thanks to Schneider Electric





**Jean-Pascal Tricoire**  
Chairman and CEO,  
Schneider Electric

## WORDS OF THE CEO

# Life is On: Our promise

“ The change in our world is more profound than ever, driven by a new scale and speed of urbanization, digitization, and industrialization. New technologies, enabling for the first time distributed and connected energy, challenge us to redefine the way we live.

We believe access to energy is a basic human right. We want everyone on our planet to have access to reliable, safe, efficient, and sustainable energy. At Schneider Electric, we are committed to innovate solutions that address this energy paradox, balancing our planet's carbon footprint and supporting the undisputable right of everyone to quality energy.

We invent technologies that will transform the places where we live, work, and play. With our ingenious design philosophy, we deliver solutions that integrate seamlessly to our environment, supporting the rhythm of our lives, empowering people to do more with less.

As the global leader in energy management and automation, we provide connected technologies that will reshape industries, transform cities, and enrich lives.

At Schneider Electric, we call this Life Is On. ”

## #01 COMPANY OVERVIEW

### Leadership team

Executive committee  
(as of March 2015)



**01**

**Jean-Pascal Tricoire**  
Chairman and CEO

## GLOBAL FUNCTIONS

**02**

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

**03**

**Olivier Blum**  
Executive Vice-President, Global Human Resources

**04**

**Annette Clayton**  
Executive Vice-President, Global Supply Chain

**05**

**Hervé Coureil**  
Executive Vice-President, Information Systems

**06**

**Michel Crochon**  
Executive Vice-President, Strategy & Technology

**07**

**Daniel Doimo**  
Executive Vice-President, *Global Solutions*

**08**

**Chris Leong**  
Executive Vice-President, Global Marketing

## OPERATIONS

**09**

**Julio Rodriguez**  
Executive Vice-President, Global Operations

**10**

**Laurent Vernerey**  
Executive Vice-President, North America Operations

**11**

**ZHU Hai**  
Executive Vice-President, China Operations

## BUSINESSES

**12**

**Frédéric Abbal**  
Executive Vice-President, *Infrastructure*

**13**

**Clemens Blum**  
Executive Vice-President, *Industry*

**14**

**Philippe Delorme**  
Executive Vice-President, *Buildings & Partner*

**15**

**Hal Grant**  
Executive Vice-President, *IT*



Sustainability  
is in our DNA

“ We believe that our decisive actions today indeed can lead to a better tomorrow for our communities.

The challenges of the energy demand and sustainable development have never been as significant to Schneider Electric’s customers and stakeholders as they are today: social and environmental commitments, CO<sub>2</sub> emissions, search for efficiency, energy poverty, responsible governance and corporate citizenship, 1.3 billion people with no access to electricity, circular economy. The list goes on.

However, we see opportunities here, and a better future. These challenges compel us to take decisive actions that are clearly and closely driven to sustainable development commitments.”

**Michel Crochon**

Executive Vice-President  
Strategy & Technology,  
Schneider Electric



Welcome to our more efficient, sustainable, and connected world. Our **six strategic pillars:**

- We strive to answer the world’s energy challenges by boosting **energy efficiency everywhere:** in our homes, buildings and cities, industry, in the cloud, and throughout remote communities.
- We are **expanding our presence in new economies** to leverage opportunities to respond to every-growing energy, infrastructure, and industrialization needs through mid-market offers.
- We serve the **increasing need for automation** as a proven way to help customers thrive. Customers have asked for improved productivity, precision, and efficiency. We’re answering those needs.
- We continue to advance both **product and solution** business models to create new opportunities for customers, distributors, and direct partners as we work together to improve efficiency everywhere.
- We pledge **to support the digital transformation** of customers and partners through continuous innovations in converged technologies to increase productivity, facilitate new business models, and make life easier all around.
- We care about profit but only within the hand-in-hand context of **responsible, sustainable growth** that nurtures concrete efficiency improvements based on our trusted research and development.

Our vision is to help customers achieve **more with less resources in a more connected, distributed, and smart world** where the need for energy will continue to increase.

We all see and feel the impact of three megatrends every day: urbanization, industrialization and digitization. These widespread global changes continue to shape our lives, both as new economies are built and developed and as established economies are rebuilt and transformed.

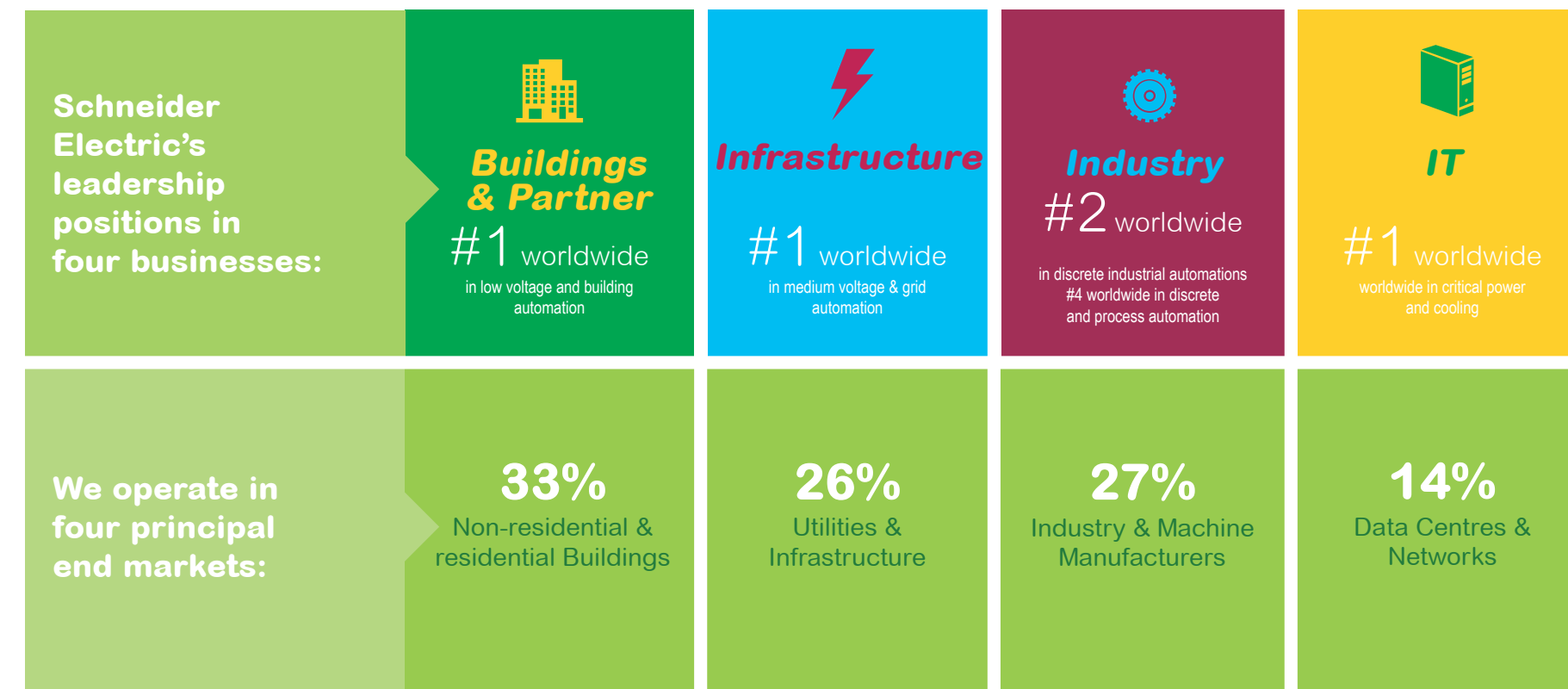
At the same time, we know that the quest for economic growth and development is straining our world’s resources.

It’s imperative that Schneider Electric help customers achieve the most efficient and sustainable use of their resources, assets, processes, and infrastructures with innovative

technologies, solutions and services. As a global technology specialist in sustainable energy management and automation, we can lead this change for the sake of our customers and partners, our company and our planet. How? By developing and providing safe, reliable, efficient, and sustainable products, solutions and services, while supporting the digital transformation of our customers.

## Strategy & Sustainable Development

## #01 COMPANY OVERVIEW







“ We have reached our full-year targets despite a difficult environment in 2014. Our revenues grew 7%, mainly thanks to the consolidation of Invensys, and were up 1.4% organically. Short-cycle businesses and services were the key growth drivers. Adjusted EBITA margin improved by 0.4 point at constant scope and FX, particularly thanks to a sustained high level of industrial productivity. ”

**Emmanuel Babeau**

Deputy Chief Executive Officer  
in charge of Finance and  
Legal Affairs,  
Schneider Electric

● **Key Performance Indicators & targets, 2012–2014**

The Connect company program drove four transformations that supported the corporate strategy: Connect to Customers, Connect Everywhere, Connect for Efficiency, and Connect People. The company aligned key performance indicators (KPIs) to these efforts. In 2014, Connect reached its conclusion. This program is another step in building a cohesive, resilient and efficient Schneider Electric. Strong service growth throughout the program was achieved and high supply chain efficiency delivered. Additionally, the technology portfolio was strengthened and capabilities in software, targeted segments and key geographies enhanced.

● **Long-term financial targets**

We target to grow 3 to 6% organically per year on average through the cycle. We maintain our operational margin target range of 13 to 17% and our Return on Capital Employed (ROCE) target range of 11 to 15%. We intend to maintain our focus on cost control. Our company has grown significantly in the past 10 years, with revenues almost tripling, and has become more complex. Our focus will therefore be on simplification and cost savings. Our goal over the next 3 years is to generate approximately €1 billion of supply chain productivity gains and €400 to 500 million of savings in support function costs, which we will partly reinvest in growth.

● **Update on external growth**

We did a major acquisition in 2014, Invensys, which reinforced our industrial automation and software capabilities and strengthened our positions in key electro-intensive segments. The integration of Invensys is well on track and creates significant opportunities for synergies with our Industry and Infrastructure businesses. We could consider bolt-on and value creating acquisitions in our core businesses, in areas of growth. We are also contemplating the potential disposal of non-core businesses, as we have done in the past with CST and the Appliance division of Invensys.

● **Shareholder commitments**

We continue to target a solid balance sheet in the long term, corresponding to an A- rating, with the flexibility to move to BBB+ on a temporary basis. We also intend to benefit from the historically low financing conditions to increase our debt maturity and lower our average cost of debt. Moreover, we commit to buy back shares for a total amount ranging from €1.0 to 1.5 billion in the next 2 years. We intend to give greater visibility to our shareholders by introducing a progressive dividend policy, with no year on year decline.

CONNECT COMPANY PROGRAM TARGETS (2012–2014)	END OF 2014 ACHIEVEMENTS
Service growth rate <b>+5pts</b> per year versus rest of Group	Outgrew rest of Group by average <b>+7pts</b> (on organic basis)
Solutions Adj. EBITA <b>+2pts</b> vs 2011	<b>+1pt</b> vs 2011
COGS Productivity <b>€1bn to €1.1bn</b>	<b>€1bn</b> of cumulated productivity
Support function costs Continued focus on optimizing R&D, maximizing commercial and back office efficiency	Savings from optimizing R&D, maximizing commercial and back office efficiency partially fund investments
Inventory efficiency <b>~2pts</b> reduction vs 2011 (Excluding Invensys)	Reduction <b>~2pts</b> of inventory to revenues ratio

#01  
COMPANY  
OVERVIEW

Results &  
Perspectives



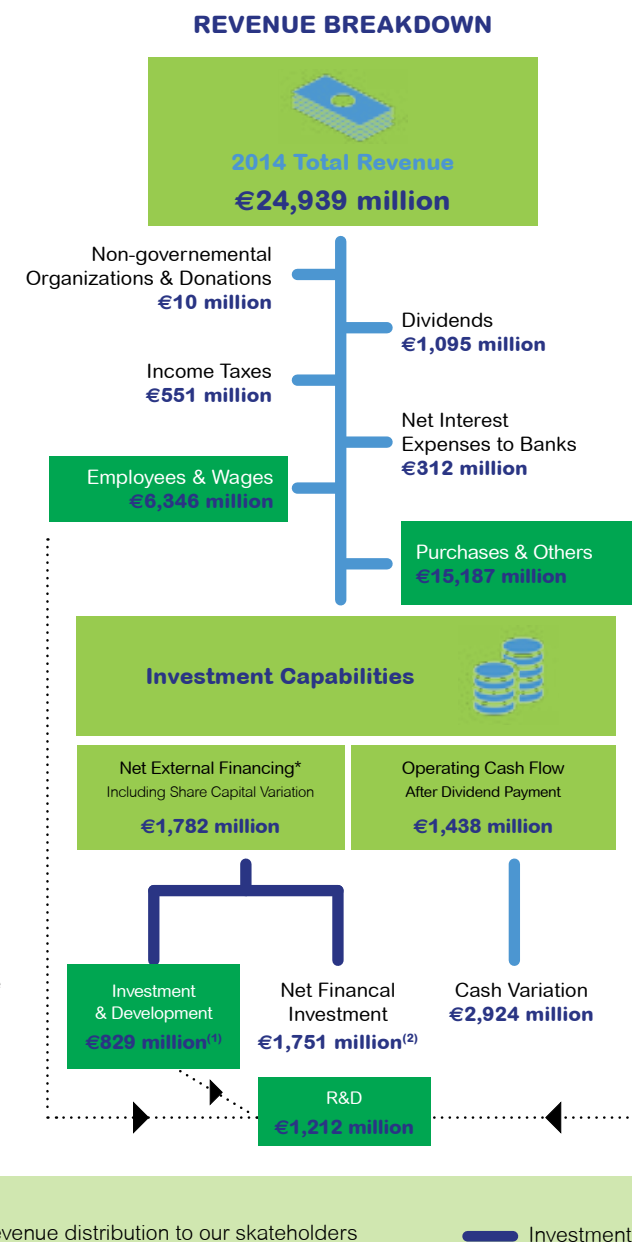


Creating shared value for all stakeholders

“ Sharing the value we create between all stakeholders is both logical and normal. Shareholders, customers, employees, suppliers, non-governmental organizations, public authorities play an active role in our business all over the world. For the last nine years, we have been publishing a diagram showing our revenue distribution for our various stakeholders. It highlights the importance of each of them from a financial flow perspective and shows their respective share in this flow. ”

**Gilles Vermot Desroches**

Senior Vice-President Sustainability,  
Schneider Electric



## PLANET & SOCIETY BAROMETER 2015–2017

### A Measure to improve our performance continuously

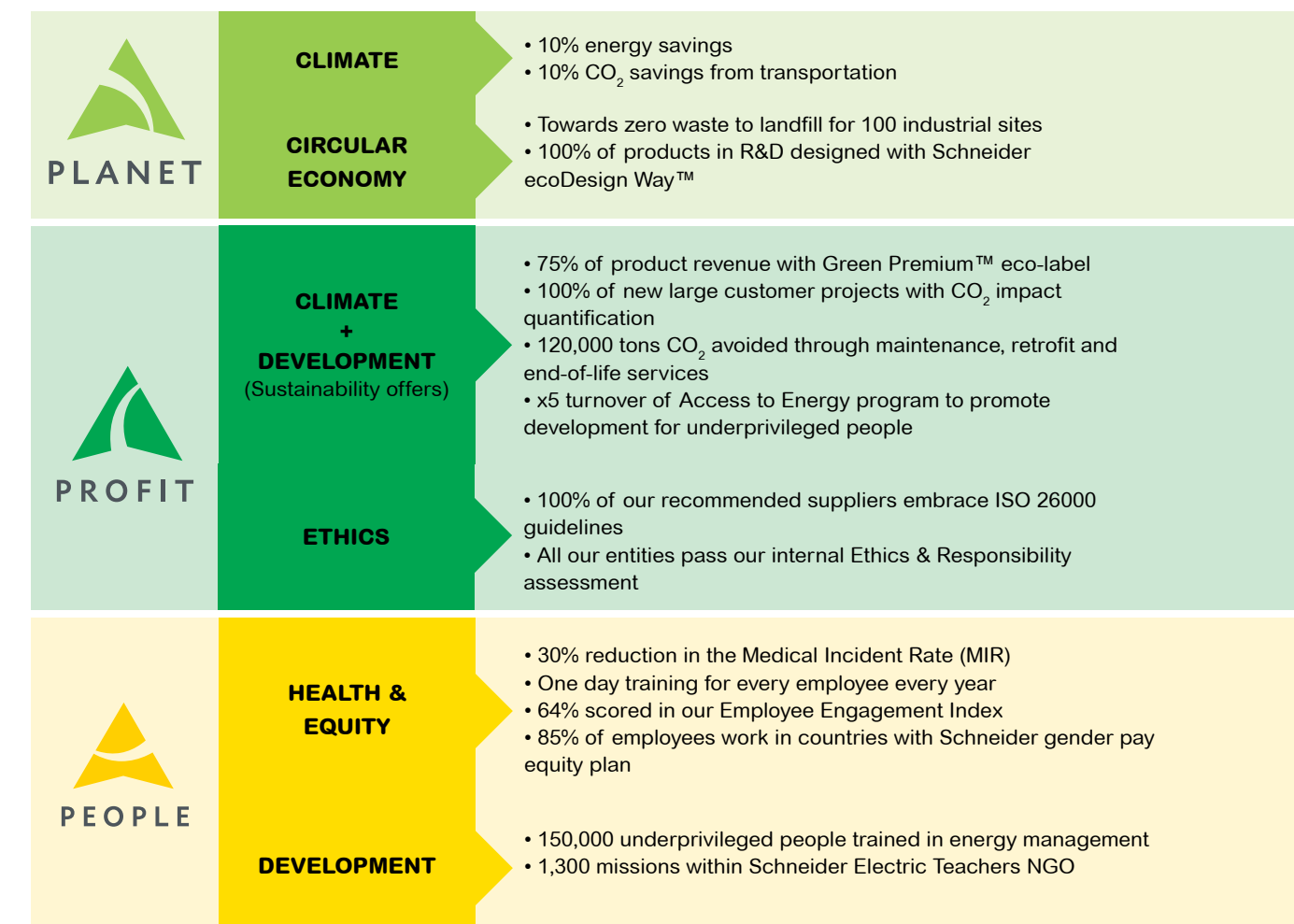
Since 2005, we have used our Planet & Society Barometer as the company's sustainable development scorecard. It highlights our three-year commitments to specific objectives that advance three pillars: planet, profit, and people.

We believe in transparency and accountability. So we measure and report results each quarter. A simple scoring scale of 10 provides an overall measure of our sustainable development improvements. It keeps you, our stakeholders, informed at all times. The Barometer's 16 indicators show how we're doing to meet five sustainability megatrends impacting us over the 2015–2020 period: climate, circular economy, development, ethics, and health & equity.

We launched the 2015–2017 Planet & Society Barometer in January 2015. It's an invaluable guide as we aim to remain a world leader in sustainability; to be chosen as such by our customers; and to be recognized as a responsible, major player in social and environmental innovation.

## #01 COMPANY OVERVIEW

Creating shared value  
for stakeholders





Encouraging change by leading the change

“ Our Board of Directors is simultaneously a key actor and a guide for the good governance of the company. We are committed with the Schneider Electric leadership team and bring our expertise to share and validate the strategic orientations of the company. Our key values are transparency, dialogue, responsibility, and openness.

2014 was a pivotal year in the implementation of the new governance, and 2015 will be a year of consolidation.

The Board self-assessment was conducted at the end of 2014. The results highlighted the great capacity of the Board for change, adaptation, and learning, and our intention is to move forward along this dynamic path. ”

**Léo Apotheker**  
Vice-Chairman and Independent  
Lead Director,  
Schneider Electric Board of Directors

## The year in review

Based on the recommendation of the Governance Committee, the Board proposed to the Annual Shareholders' Meeting of 6 May 2014 to appoint Linda Knoll and Lone Fønss Schrøder to the Board of Directors. It reviewed the composition of the committees, as well as their names and areas of competence. As a result, the Governance Committee became the Governance and Compensation Committee, recognizing its competence in matters concerning corporate officer compensation, which was previously the purview of the Compensation, Human

Resources & CSR Committee. The latter is now the Human Resources & CSR Committee.

The Board of Directors determines the strategic orientation of the company's business and oversees implementation thereof. It examines any and all matters related to the efficient operation of the business and makes decisions about any and all issues concerning the company, within the limits of the corporate purpose, except for those matters which, by law, can be decided on only by the shareholders in the Annual Shareholders' Meetings.

## New company status

Schneider Electric registered as a European Company with the French Trade & Companies Register, becoming Schneider Electric SE. Schneider Electric has faced major changes in recent years, expanding its business and geographic

reach. Indeed, Schneider Electric is a truly global company with a European frame of reference. This new company status best reflects the company's European and international nature.

### The Board of Directors

15 directors and 2 non-voting members

46%

of the Board members are of non-French origin or nationality

61

average age of directors

31%

share of women on the Board of Directors



Responsible & dialogue

“ Responsible, ongoing dialogue is integral to Schneider Electric's governance. Sustainable development is not an afterthought. Instead, it helps drive our oversight and decision-making. It is reflected throughout business strategy, company principles, and ethical codes. By creating shared value, sustainable development plays a decisive role in attracting and retaining talents and also for engaging our nearly 170,000 employees. It is a transformation engine and a competitive advantage. As the President of the Human Resources and Social Responsibility Committee, I strongly believe that sustainable development is at the heart of our business and the Access to Energy Program brings the proof that as the global specialist of energy management, we also equipped 2.4 million households without access to electricity. We have to be innovative and concrete. ”

**Henri Lachmann**

Administrator and Chairman of Human Resources and CSR Committee,  
Schneider Electric Board of Directors

## 2014 Activity Overview, Board of Directors and its Committees

Board of Directors

8 meetings long on average 4 h20  
94%

Human Resources & Social Responsibility

4 meetings 100% attendance

### Rewarding efforts

Across the value chain, Schneider Electric is committed to sustainable development. We've integrated sustainability components in personal performance incentives of executives to reflect the importance of this commitment to our employees, our company, and our planet. When possible,

## #01 COMPANY OVERVIEW

Governance & Ethics

Governance & Compensation

2 meetings 100% attendance

Audit & Risk

5 meetings 89% average attendance

long on average

2 h50

Strategy

4 meetings

95% average attendance

long on average

2 h

these components are linked directly to the Planet & Society Barometer targets. They are personalized according to the areas of involvement for each member. Up to **20% of executives' personal performance incentives are based on sustainability criteria.**



## Ethics & Responsibility

As a global company, Schneider Electric believes that its responsibility goes beyond regulatory compliance. Both on a daily basis and within our bigger picture, we conduct business ethically, sustainably, and responsibly. Indeed, responsibility is at the heart of Schneider Electric's corporate governance. From there, it cascades to all employees worldwide. We model and nurture this shared sense of responsibility.

### Responsibility & Ethics Dynamics (R&ED) Program

The Responsibility & Ethics Dynamics program includes organization, processes, and tools to foster employee compliance with Our Principles of Responsibility. The program provides a safe, welcoming way for employees to ensure that we're all committed to upholding our core values. Regular communication lets employees and management teams know of priority actions to drive forward.



**SPEAK ETHICS** [sdreport.schneider-electric.com/1](http://sdreport.schneider-electric.com/1)

### Planet & Society Barometer 2015–2017

We will strive to reach the following objective for 2017:



## How do we engage our stakeholders.

**Schneider Electric engages in an open and continuous dialogue with each of its stakeholders. In particular, the Sustainable Development Department takes into account the comments, ratings and evaluations form stakeholders on the Group's sustainable development policy and programs. This feedback is integrated into the drawing up of the Registration Document and the Group corporate brochure (Strategy and Sustainable development report), new progress plans throughout the Company Program as well as during the design of the Planet & Society Barometer every three years.**

**Who are our stakeholders?  
How we communicate with them?  
What are they saying?**



**FIND THE ANSWERS ON** [sdreport.schneider-electric.com/1](http://sdreport.schneider-electric.com/1)

## Where are we spreading the word?

Schneider Electric works with different local and international organizations and associations on economic, social and environmental issues to foster sustainable development in cooperation with various players from society. Schneider Electric confirms its commitment and participation in discussions on challenges related to climate change.



**OUR DIFFERENT COMMITMENTS** [sdreport.schneider-electric.com/1](http://sdreport.schneider-electric.com/1)

## On the road to COP 21 in Paris

Between the 20<sup>th</sup> United Nations Conference on climate changes (COP 20) at Lima and COP 21 in Paris, Schneider Electric remains fully committed in fighting climate change. This international conference in December 2015 will be one of the most significant as the engaged actions for the next 15 years will be crucial. The target of the negotiation is to reach a global equitable agreement able to initiate governmental policies globally limiting worldwide warming up to 2°C. During the previous conference (COP 20) that took place in November 2014, Schneider Electric Latin America teams illustrated the commitment of the company to fight climate change through an active representation in working groups and strong messages about contribution of energy efficiency and access to clean energy in emerging countries to fight against climate change. In 2015 Schneider Electric stays committed to share actively these messages. As coorganizer of the Business and Climate Summit, last May (21<sup>st</sup> and 22<sup>nd</sup>) in Paris with Global Compact France and gathering more than 1,500 participants, Schneider Electric is in favor of a carbon price. Schneider Electric will also play an active role in Caring for Climate, World Business Council for Sustainable Development, MEDEF or Entreprises for Environment (EPE) and Solutions COP 21.

### 2015: the year of active energy management

A major step for the active energy management! The French law framework is on the way to recognize active energy management. The project related to the energy transition establishes the main guidelines on evolutions of energy mix, production, management and consumption. After a strong focus on mix issues and a long way of discussion and negotiation, energy management issues were finally developed in the law project. It mentions active energy management as a way to limit energy consumption of buildings. The ambitious mid term targets of renewable energy, charging infrastructures, positive energy territories are also encouraging. But there is still a long legislative way to go. We welcome this change and stay committed.

## #01 COMPANY OVERVIEW

### Governance & Ethics

## The voice of shareholders

The Shareholders' Advisory Committee represents the collective voice of the company's private shareholders. Its geographic and professional diversity mirrors the company's shareholder base. Schneider Electric appoints up to eight independent volunteers for a three-year term each.

The Advisory Committee meets three to four times a year to discuss various topics, including communication strategy toward individual shareholders (communication tools and events). The Advisory Committee plays an active role in the Annual Shareholders Meeting as one of the member is opening the Q&A session.







Life is On.  
Solutions, services and  
software for everyone,  
everywhere

“ We leverage our strengths to respond quickly to ever-changing customer needs across targeted segments. This customer-centric approach allows us to bring value across the value chain. We invest in our own global footprint and technology platform, moreover, to deliver enhanced customer experiences rooted in proven expertise. Our Global Solutions organization taps these years of insights and intelligence, leveraging our strategic customer relationships, to drive efficiency through innovative solutions and software, and to provide a comprehensive suite of services for both energy efficiency and sustainability. ”

**Daniel Doimo**

Executive Vice-President  
Global Solutions,  
Schneider Electric



**TO KNOW MORE** [sdreport.schneider-electric.com/2](https://sdreport.schneider-electric.com/2)

# Transforming and building the cities of the future

Cities are our future. Why not make them truly intelligent systems with built-in safety, reliability, and sustainability combined with innovative urban policies? To Schneider Electric™, a smart city is an urban centre where infrastructure management and energy efficiency are inextricable.

In just 35 years, almost 70% of the world's population will live in urban centres<sup>1</sup>. That's why cities across the world are seeking to create more efficient, sustainable ways to operate. Smart mobility. Smart grid. Intelligent and green buildings. Renewables. These are the foundations of tomorrow's smart cities.

To prepare for this future, we provide solutions that integrate sensors, buildings, facilities, and infrastructure. We also deliver bold new strategies for energy management across all aspects of the urban infrastructure, including transportation, healthcare, water and waste treatment, buildings, and other resources.

Collaboration is critical. At Schneider Electric we take a collaborative, bottom-to-top approach in delivering urban efficiency. Building ecosystems of efficiency with city leaders and citizens, we help cities on their journey to become more efficient, more livable, and more sustainable.



## The smart city of Houston (Texas)

For years, the city of Houston, Texas, battled the increasing need for building repairs while facing economic uncertainty and job loss. To address these issues, the city administration partnered with the Clinton Climate Initiative's (CCI) Building Retrofit Program in 2008 and explored performance contracting to pay for facility repairs and renovations.

Schneider Electric was chosen to execute the contract because of its ability to provide proactive, tailored solutions through state-

of-the-art equipment and excellent customer service, all while guaranteeing energy savings.

Addressing efficiency, operation, and comfort needs in 26 buildings totaling 2.6 million square feet, Schneider Electric project managers provided building systems expertise, collaborating with city employees and CCI representatives to ensure goals were met and facilities were kept operational during the renovations.

“We believe Schneider Electric to be a world-class organization. They conduct themselves with the utmost professionalism; they are very client-oriented and they always deliver on schedule.”

Steve Girardi  
Deputy Director of General Services, City of Houston

<sup>1</sup>World Urbanization Prospects, 2014 Revision

# Intelligent buildings

Smart buildings are integral for nurturing urban efficiency. New York's Freedom Tower. Kuala Lumpur's Petronas Twin Towers. Beijing's Nest Olympic Stadium. The Sydney Opera House. These buildings are monumental, magnificent. And also green. Like thousands of other buildings across the world, they rely on Schneider Electric to stay up and running as efficiently as possible. Our integrated, future-proof building management solutions provide world-class energy management systems, security controls, energy and carbon dashboards, and active energy controls.

Schneider Electric solutions can update aging buildings as well. Our goal is to enable building owners to make energy and sustainability improvements that can be rapidly realized across chains of buildings, multi-site branches, or in single buildings—in both urban and other environments.

## Living, breathing buildings

In January 2015, Schneider Electric and Autodesk™ Inc., a world leader in 3D design, engineering and entertainment software and services, signed a Memorandum of Understanding to collaborate to enhance current practices for building life cycle management based on Building Information Modeling (BIM).

Together, the companies are exploring ways to complement each other's strengths to make buildings more energy efficient from the design and construction through operation and end-of-life phases. The shift toward digital BIM processes is part of the solution to more energy efficient homes and buildings by delivering greater agility and long-term sustainability.

# #02 SOLUTIONS & CUSTOMERS

In our cities  
& buildings



“This collaboration builds on decades of Schneider Electric's integrated approach to building management that can reduce energy, reduce capital expenditures, decrease operating expenditures, and improve overall business performance. We see a huge potential in digitizing a building's project life cycle.”

Jean-Luc Meyer  
Senior Vice-President, Strategy and Innovation, Schneider Electric



# A new world of industrial efficiency

We see the promise of a bright industrial future. The combination of IT, automation, and renewable, efficient energy is optimizing operational performance to create more responsive—and more profitable—processes.

We develop new functionality and modernize technology in plants, machines, and facilities, and harness the efficiency of automated systems, software, and analytics to enable better decision-making and sustainability.

As this revolution continues, industrial plants will embrace smart technologies, giving them the ability to optimize profitability in real time, and reduce—and even eliminate—waste. They will embrace Internet-driven, self-healing applications and integrate machines with ease—all while managing changing customer demands. The result is industrial processes that are more responsive, reliable, safe, and better focused on business results.



## The wonder of automation software

Quantity and quality go hand in hand at Pepsi Bottling Ventures (PBV) of Garner, N.C., which produces Pepsi products. Flavour changes, bottle changes, and secondary packaging changes are a daily occurrence. Being able to adapt to these changes requires a unique level of flexibility, attention to detail, and access to production data. Line efficiency is paramount.

Working with Wonderware Southeast, our Ecosystem Partner, Barry-Wehmiller Design Group, created a solution that improved performance, measured equipment efficiency, and tracked downtime. The investment was paid back in just over two years, and the solution has helped Pepsi Bottling Ventures increase production from 189 to over 500 products, producing over 30 million cases of Pepsi products a year.

“We have to make the right decisions every day because it has a huge impact on our bottom line. Wonderware helps us make those decisions.”

Scott Jamison, Vice-President of Engineering, Pepsi Bottling Ventures



VIDEO ON [sdreportschneider-electric](#)

# Better operations start with better processes

The integration of Invensys™ into the Schneider Electric family enables us to provide process automation and control solutions to meet the needs of virtually any enterprise in the process industries, including energy-intensive segments. From stand-alone processes that need basic, reliable functionality to complex integrated enterprises that control critical or hazardous operations, we can streamline processes for enhanced efficiency.



TO KNOW MORE [sdreport.schneider-electric.com/2](#)



## On the industrial edge...

There’s no doubt that we’re fast moving beyond an era when computing is something that happens in data centres and computing devices. We’re all living on the edge! Welcome to the “industrial Internet of Things”. We understand that machine and object intelligence lives ‘on the edge’—and that this edge needs to be protected. Schneider Electric’s secure power solutions ensure high availability, efficient cooling for digitized equipment, and reliable power infrastructure—from data centre racks to smart machines and field assets—wherever they might be.



TO KNOW MORE [sdreport.schneider-electric.com/2](#)

## Turn insights into improved operations

The convergence of IT and OT is fuelling the next industrial revolution. Schneider Electric solutions are critical to that convergence; they’re making everyone—and everything—smarter. Machines infused with intelligence are, by their very nature, more reliable, more efficient and more sustainable. Access to operational data at the right time and in the right context means you can make better, faster business decisions.

## #02 SOLUTIONS & CUSTOMERS

In our industries



## Preparing for our connected lives

A new ecosystem of interconnected intelligence between people, machines, and their surrounding environments is creating our Internet of Things (IoT) reality. Welcome to the world of digitization.

Schneider Electric is not merely adapting to this changing world—we're building it! Whether it's improving real-time energy tracking to lower energy costs, helping enterprises across the globe meet rapidly accelerating data traffic demands, or guiding industrial plants to work more efficiently, our solutions are making everything smarter, more efficient, and more sustainable. Wherever data is created, transmitted or stored, we protect its availability.



### TO KNOW MORE:

[sdreport.schneider-electric.com/2](https://sdreport.schneider-electric.com/2)



## Co-location realizes 25% energy savings

“Telehouse Beijing BDA is a co-location facility located in Beijing China's Economic Technological Development Area (BDA). We designed and built our data centre to meet the highest international specifications, and we offer carrier neutral choice connectivity. Our data centres are deployed globally by KDDI, a mobile and fixed-line communication provider. Our customers are in the finance, banking, and securities sectors, and for them downtime is not an option.

Our goal was to build a 25,000m<sup>2</sup> (269,000 square feet) world-class data centre. Energy efficiency, availability, and reliability are at the top of our requirements list for our new 3,000-rack data centre. Schneider Electric was able to provide this total solution, with its choice of architectures, modular/scalable solutions that allow

for quicker deployment and additional capacity, and its Data Centre Infrastructure Management (DCIM) software StruxureWare™, along with security and access control.

As co-location providers we need this kind of integrated solution—instead of spending our time integrating systems ourselves, we have one provider to do it for us. With the Schneider Electric suite of products, solutions, services and technology, we are set to achieve energy savings up to 25% and lower PUE to reach the highest efficiency level on the Chinese mainland.”

Shinji Miyazawa, President, Telehouse Beijing BDA Co., Ltd.

## Energy & Sustainability Services in the cloud

Connectivity in today's world is infinite. We now know—and expect—that performance, efficiency, and sustainability in this digital world can be delivered together. The Schneider Electric Energy and Sustainability Services (ESS) team designs a unique strategy for each customer's digital needs, whether it requires purchasing energy, optimizing a data centre, or building a long-term sustainability plan. We help implement real-world efficiencies that deliver measurable savings. And we partner with customers over the long-term to achieve lasting results.

## Taking steps to transform the apparel and footwear industries

**40% of the worldwide apparel and footwear industries manage the sustainability impact of its supply chain thanks to the Schneider Electric's web platform.**

When the Sustainable Apparel Coalition (SAC) set out to find a technology partner to develop their online assessment tool for the tracking of sustainability impacts for the apparel and footwear industries, they knew they had to choose the right partner or risk the possibility of not meeting their much anticipated development deadlines. As a trade organization representing more than one-third of the global apparel and footwear industries, they knew this high profile project would be closely monitored by its member and other external parties.

Due to the success of our energy and sustainability technology solution, Resource Advisor, the SAC felt we were the best partner for this important, high-profile endeavor. Under extremely tight deadlines, Schneider Electric was able to translate the Higg Index's complex spreadsheets into an online solution that would encourage retailers, manufacturers, and suppliers to participate in the program.

## #02 SOLUTIONS & CUSTOMERS

In the  
cloud

“Finding the right software solution and sustainability partner was critical in our pursuit of taking the Higg Index to the next level. Schneider Electric displayed a firm understanding of our goals and mission for the Higg Index 2.0. Along with the superior functionality of Resource Advisor, we believe this partnership will increase usability and sustainability decision-making for our members.”

—  
Jason Kibbey

Executive Director of the Sustainable Apparel Coalition



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## In our homes... Where comfort meets conservation

We bring living spaces to life while keeping families safe and in control of their environment. Our intuitive, adaptive, and ingenious technology enhances the way they experience and manage their environment for enhanced energy savings and peace of mind.

Whether we're helping homeowners directly or working with our partners, we offer efficient, scalable, integrated solutions that allow for total home control and management, as well as reliable, safe power protection throughout the residential space.

## Proactive safety and energy monitoring

Fire safety doesn't have to be an afterthought. Schneider Electric's intelligent panel board safeguards homes from electrical danger. This next-generation panel board lets homeowners easily monitor energy consumption. Users can choose to connect more utilities, such as water and gas, to the board to see energy consumption from multiple sources. On the go? No problem. Push notifications go to mobile devices.



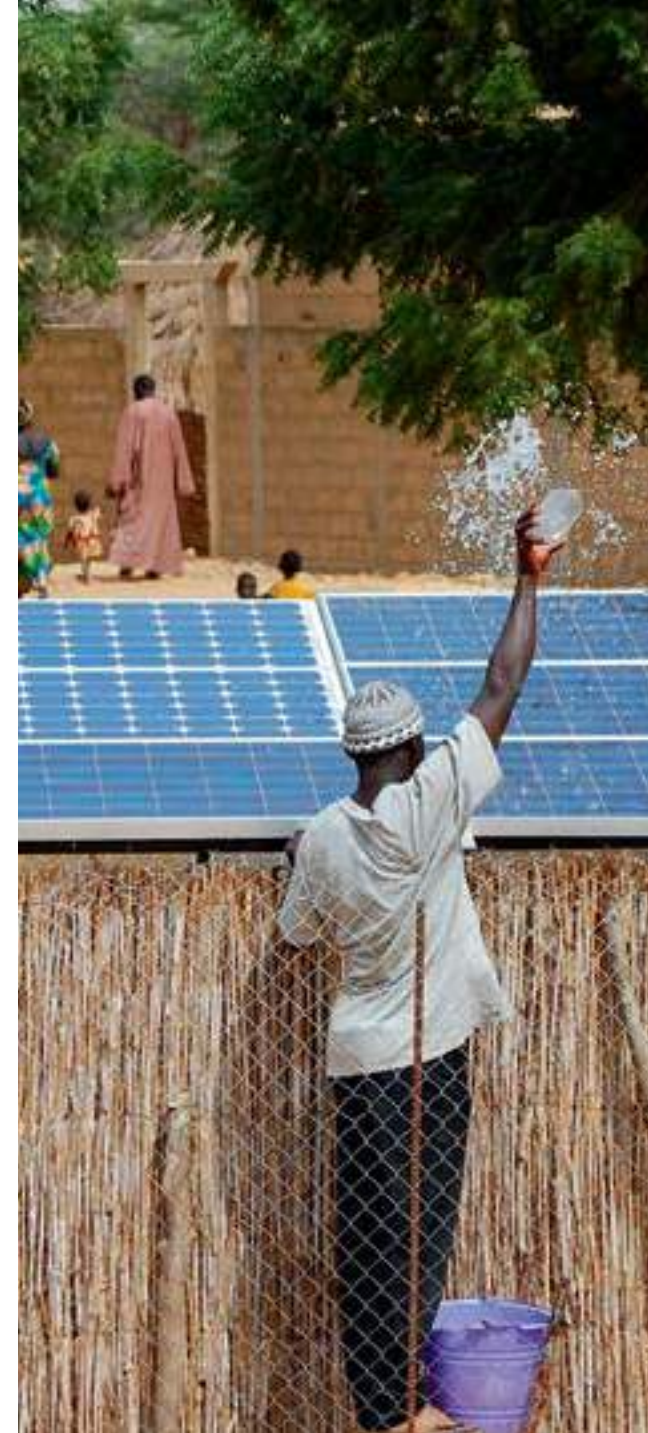
## A connected home is a smart home

Together with our partners, we're introducing new ways for people to interact with their environments—simply, sustainably, and remotely. For example, in the heart of the very chic 16<sup>e</sup> district of Paris, the renowned designer Laurent Galle wanted to outfit a luxury condominium with a home automation system with smart capabilities.

The electrician Dominique Pin chose our KNX system, upon receiving his KNX certification from a Schneider Electric centre. What does this system do? With practically no electrical devices on the walls, the installation features five touch screens, which connect all of the condo's technical functions. Comfort. Ambience. Convenience. Now the occupants enjoy smart features such as automatic and scene-setting control of lighting, curtains, heating and air-conditioning, speakers and blinds. That's a smart home that delivers energy savings and comfort.



**TO KNOW MORE** [youtube.com/watch?v=qlSviNuW7g](https://www.youtube.com/watch?v=qlSviNuW7g)



## In remote areas... Closing energy gaps

We play an active role in the economic and sustainable development of some of the most remote, off-grid communities worldwide. Our goal is truly to ensure that Life is On for everyone, everywhere, including remote communities with no access to electricity. Through our Access to Energy Program, we develop product offers that help close energy gaps. We develop solutions for village electrification and domestic solutions for energy-related needs.

## Light for life

We are putting innovation to work to bring light to off-grid communities worldwide. Our portable, solar-powered LED lighting system, Mobiya TS 120S is a versatile lamp. Co-designed with Total, the adaptable Mobiya TS 120S lamp won a design award from the International Council of Societies of Industrial Design. It can be positioned seven ways to adapt to multiple situations, making daily tasks—and life—better.

Schneider Electric sets out to provide comprehensive energy access solutions that support revenue-generating entrepreneurial activities, foster community services or meet domestic needs. Products and solutions are developed to meet a range of both individual and community needs across the energy chain, from lighting systems and charging equipment to decentralized small power plants and water pumping systems.

## #02 SOLUTIONS & CUSTOMERS

In homes & in  
remote areas

## Life where there is now light

Throughout the rural areas of Senegal, more than 50% of the population lacks energy access. Most villages have never had public lighting. Today, the government is working hard to give 60% of the population lighting by 2017. Schneider Electric is helping.

Given climate constraints such as a heavy rain season and extreme heat, Schneider identified the ISSL+ streetlight system as a simple, affordable, and durable solution that could break down energy barriers. Schneider Electric installed the plug-and-play system in Keur Mbaye Gueye and 10 other villages of the Thies region. Village squares now are the sites of social and economic activities, including popular candy stands!





## Innovation with vision

“ Innovation drives Schneider Electric’s strategy and dictates its research and development (R&D) priorities to solve the planet’s energy dilemma and make the Internet of Things (IoT) and the smart grid a reality. It is a part of our DNA.

By combining deep understanding of customers’ needs and technological innovation, our R&D teams create comprehensive, scalable, and flexible solutions for both energy and operational efficiency.”

**Pascal Brosset**  
Chief Technology Officer,  
Schneider Electric



To thrive in this new world, smarter innovation is essential. Expertise, experience, and industrial innovation will lead the way.

At Schneider Electric, our commitment to innovation and technological advancement is in our DNA. Every year we invest 4 to 5% of our annual sales into research and development. We create new functionality in machines, plants, and facilities, and harness the efficiency of automated systems to

create more responsive processes. We use the massive volume of information made available by control technologies to enable better business decisions.

Our R&D teams cultivate a deep understanding of customer needs and technological advancements. Since our experts are close to customers around the world, they take into account local specifications and preferences.

Schneider Electric R&D at a glance **20,000 patents active or in application worldwide / +500 patents filed in 2014 / 11,000 R&D engineers.**

### ● Base technologies

Our research programs, often done in collaboration with partners and research institutes, cover the full spectrum of base technologies, from materials and electronic components all the way to advanced software and analytics.

### ● Products

The digital (re-)evolution has a deep impact on the way we design ever smarter connected products and combine them into flexible systems that extend from the shop floor to the cloud.

### ● Services & solutions

Connected product and systems are systematically

complemented with cloud-based services covering their full life cycle, from initial solution design and commissioning to preventative maintenance and performance optimization. These services allow us to stay connected to our customers and constantly improve the value we deliver to them.

## #02 SOLUTIONS & CUSTOMERS

### Research & Development

## DYNAMIC INNOVATION AND R&D ECOSYSTEMS

Our R&D is increasingly about collaboration. We have transformed our internal R&D to extend into five broader ecosystems:

### ● Schneider Electric teams

Schneider Electric innovates through 11,000 R&D engineers located across the world. We develop high-level expertise and associate the best technical experts to the company’s strategy and innovation in 12 technology domains.

### ● Partnerships and collaborations

Schneider Electric leverages external development initiatives and builds partnerships with the most qualified and sought-after players in each region. We speed up innovation through collaborations with universities, laboratories, and industries worldwide. Discover some of them: Jiao Tong University, MIT Media Lab, Georgia Tech in USA, École des Mines ParisTech, Institut national polytechnique de Grenoble, Université Joseph Fourier in France, Technological Institute of Superior Studies of Monterrey/Microsoft®, Cisco®, IBM®, Accenture®/CEA.

### ● Our customers

More and more, Schneider Electric products and solutions are developed with direct collaboration of customers and partners. Customers are involved all along the offer creation cycle, from exploring new use cases to validating the ergonomics of products.

### ● Investments in start-ups

Aster Capital, a leading clean-tech venture capital fund, supports innovative start-ups by accelerating their business and financing their expansion. This venture capital model has supported over 18 early investments in Schneider Electric innovations.

### ● Acquisitions

Last but not least, acquiring leading innovators and “scaling” their innovations has been a very successful strategy for Schneider Electric. Invensys, for example, is a leader in the simulation of complex continuous processes. R&D teams are working to extend this offering to any kind of industrial system, including large and complex buildings like hospitals, in partnership with the leading CAD/CAE suppliers in these domains. Filling the gap between design and operational systems will



not only decrease design-and-build cost but also those linked to maintaining and evolving systems over the 30+ life expectancy that is common in some industries. Within five years, one can expect that industrial systems will be developed like modern, software, starting from a model of the process, followed by a simulation based on this model, developed and tested “against” the model and finally deployed on totally standardized hardware.



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## Addressing customer needs at every step

“ We have a high-velocity supply chain that produces a customer’s order every 1.5 seconds or 130,000 order lines per day. With more than 500,000 references, we have a broad product offering. Our global and regional network of factories and distribution centres ensures that we can be incredibly responsive in meeting the needs of our customers. ”

**Annette Clayton**

Executive Vice-President Global Supply Chain,  
Schneider Electric

## Figures at a glance

**103**

distribution centres

**232**

factories in 44 countries

**45,000**

suppliers

**€12bn**

purchases

**90,000**

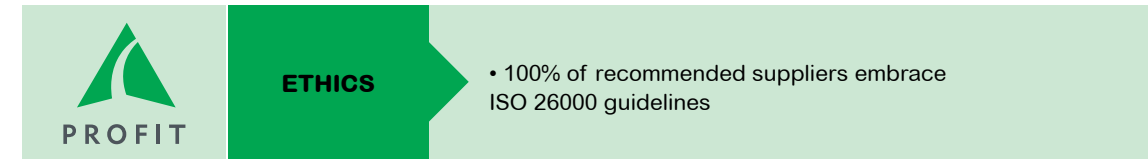
employees work for the Global Supply Chain

Schneider Electric works for sectors that account for the majority of global energy consumption and its corresponding CO<sub>2</sub> output. We are especially committed to making sure our own products and solutions help reduce both energy use and CO<sub>2</sub> emissions—from design to manufacturing to shipping and deployment to products’ end of life. Our efficient, global supply chain is critical to these efforts.

When we share our sustainable development vision with suppliers, we place customers at the center of this message. This approach enables us to improve the customer experience, increase profitability, and optimize cash consumption. Schneider Electric’s tailored supply chain is mindful of the diverse practices, standards, and values of the 100+ countries in which we’re present.

## The Planet & Society Barometer 2015–2017

We will strive to reach the following objective in 2017



## A successful transformation

“ Understanding and putting customers first has been the catalyst in driving a mindset that we must tailor our approach to fit their unique requirements. We are pleased with our results to date and know we must do more for our customers to maintain their trust and help them solve their energy needs. ”

**Annette Clayton**

## From 2012 to 2014, Schneider Electric has:

- reduced customer dissatisfaction on deliveries by 27%,
- increased the company’s service level performance by 3 points,
- improved industrial productivity by averaging €333 million per year in contributions to company performance.



## Responsible supplier relations

Supplier relationships drive our supply chain success. The French Ministry for the Economy, Industrial Renewal and Digital Affairs has taken note of our efforts. With the Ministry’s “Responsible Supplier Relations” label, Schneider Electric’s suppliers can be assured of the company’s commitment to responsible purchasing. Our mutual rewards? Long-term relationships, trust and a strong French economy.

Not only do qualified suppliers obtain access to business opportunities within the company; they get an annual preview to R&D and product roadmaps.

Indeed, some suppliers stand out for meeting stringent criteria in five categories: customer satisfaction (quality, service), total cost of ownership (competitiveness), business added value (innovation), sustainable development (planet and society responsibility), and cooperation (responsiveness). Ten preferred suppliers were recognized accordingly at 2014 Global Supplier Day in Shanghai.

## Global Supplier Day 2014

Schneider Electric’s preferred supplier standing is assessed on an annual basis to encourage top performance. Assessment is a win-win for Schneider Electric and approximately 300 preferred suppliers.

**TO KNOW MORE** [sdreport.schneider-electric.com/2](http://sdreport.schneider-electric.com/2)



“We continue to raise the bar in terms of our supplier expectations given the competitive nature of the energy business, and it is our honour to recognize the achievements of these leaders in their respective fields. We put a premium on the relationships with our preferred suppliers, as we view them as strategic partners who can help us drive sustainable growth.”

**DK Singh**

Chief Purchasing Officer, Schneider Electric

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## #02 SOLUTIONS & CUSTOMERS

### Supply Chain



## A greener performance

“ Our ambition is to increasingly decouple our customers’ and our own revenues from energy and resource intensity. Leveraging Schneider Electric solutions towards energy and resource efficiency, we have become 13% more energy efficient and 16% more CO<sub>2</sub> efficient in transportation space over the last three years.

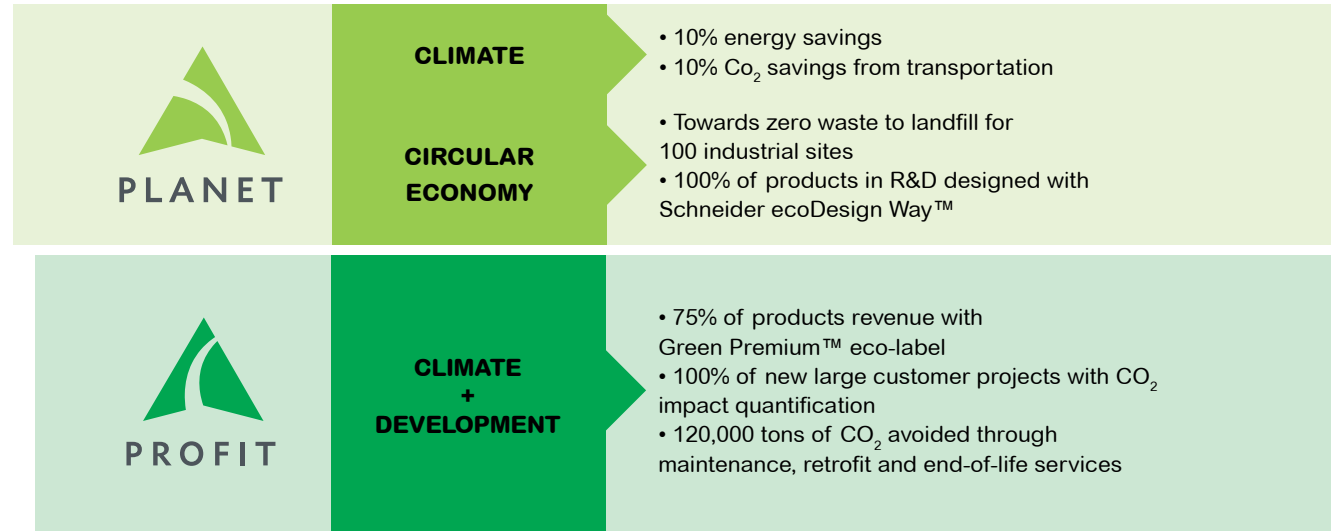
For our customers, we are proud to now have 79% of our product-based sales made with Green Premium™ products, providing our customers with superior transparency and full environment stewardship. ”

**Xavier Houot**

Group Environment Lead,  
Schneider Electric

### The Planet & Society Barometer 2015–2017

We will strive to reach the following objectives in 2017:



#### Driving down our own carbon footprint

Schneider Electric conducts periodical carbon footprint assessments that cover our extended value chain. They help assess key greenhouse gas emissions and their trends. From there, we prioritize our initiatives toward lowering CO<sub>2</sub> intensity. Since our previous assessment, Schneider Electric has improved accuracy in the measurement of real estate and purchases-related CO<sub>2</sub> emissions. Between 2011 and 2014 end, all of our ambitious greenhouse gas emission reduction targets on three key items decreased beyond their respective goals:

- Transportation services purchased (-16% CO<sub>2</sub>)
- SF6 leakages in industrial processes (-50%)
- CO<sub>2</sub> emitted from used energy (-13%)

#### ‘Walking our talk’ on the energy efficiency journey

Through our global Energy Action program, we turn talk into concrete action. It is Schneider Electric’s internal vehicle to help us:

- achieve sustained decoupling of electricity, gas, and oil consumption from industrial value-addition,
- implement the company’s own software, services and solutions across our sites,
- reinforce customers’ confidence on our superior energy efficiency expertise.

Meanwhile, ISO 50001 certification is being deployed globally, now covering 30% of our industrial sites and representing a significant portion of our energy consumption. We continue to roll-out our energy management systems as a key enabler of energy management excellence, and of our energy efficiency journey.

## The value of green

Schneider Electric provides an easy and differentiated way for customers to appreciate the “green content” of products procured from us: our Green Premium™ ecoLabel.

Combining products labeled Green Premium™ and a 24/7-accessible digital tool, Check-a-Product, we are able to address our customers’ fast-increasing environmental expectations. Customers can assess and track the full environmental footprint of their infrastructure while also enjoying complete regulatory compliance.



READ MORE ON [sdreport.schneider-electric.com/2](http://sdreport.schneider-electric.com/2)

## Sustainable water

#### Water: a precious resource

Schneider Electric has identified water conservation as a key topic, given its central role in life preservation on the planet, and because of highly differentiated presence of water around the world.

In 2012, we launched EverBlue as a global initiative to map and quantify the various ways the company uses water. EverBlue also helps map areas of water scarcity risk, define priority areas for water conservation and helps guide effluent treatment related decisions. In 2014 EverBlue encompassed 56 sites that represent 62% of the Group’ total published consumption.

**Over the 2011–2014 Connect Company program duration, we exceeded our goal in the field of water intensity (-10%\*) with -23%\* water intensity reduction delivered across our most water-intensive and water-sensitive sites.**

\*compared to 2011 baseline (calculation based upon normalized data)

## Circular economy

#### Our journey toward a circular economy

By the nature of our industry, Schneider Electric uses fair quantities of metals, plastics in its products and packaging as required. We start addressing environmental considerations at product design stage. Now, we’re building on these efforts and go further by focusing on resource optimization at every step of a product’s life cycle. This methodology benefits our customers and planet as much as ourselves.

Schneider Electric ’s membership in the CE100 initiative of the Ellen MacArthur Foundation is a major step toward resource optimization. The Ellen MacArthur Foundation works in education, business innovation, and analysis to accelerate the transition to a circular economy. This Foundation defines a circular economy as one that is restorative by design, and which aims to keep products, components and materials at their highest utility and value, at all times.



TO KNOW MORE:  
[sdreport.schneider-electric.com/2](http://sdreport.schneider-electric.com/2)

#### Zero waste to landfill

Schneider Electric has set an ambitious objective for the next three years to strengthen our strategy on industrial waste recovery. We are rolling out a “Toward zero waste to landfill” effort to 100 industrial entities (approximately 40% of our sites). With this goal, these 100 sites will have to recover 99% or more of metal waste, and 97% or more of other waste. Already today, Schneider Electric has 34 sites meeting these criteria.

## #02 SOLUTIONS & CUSTOMERS

### Environmental performance

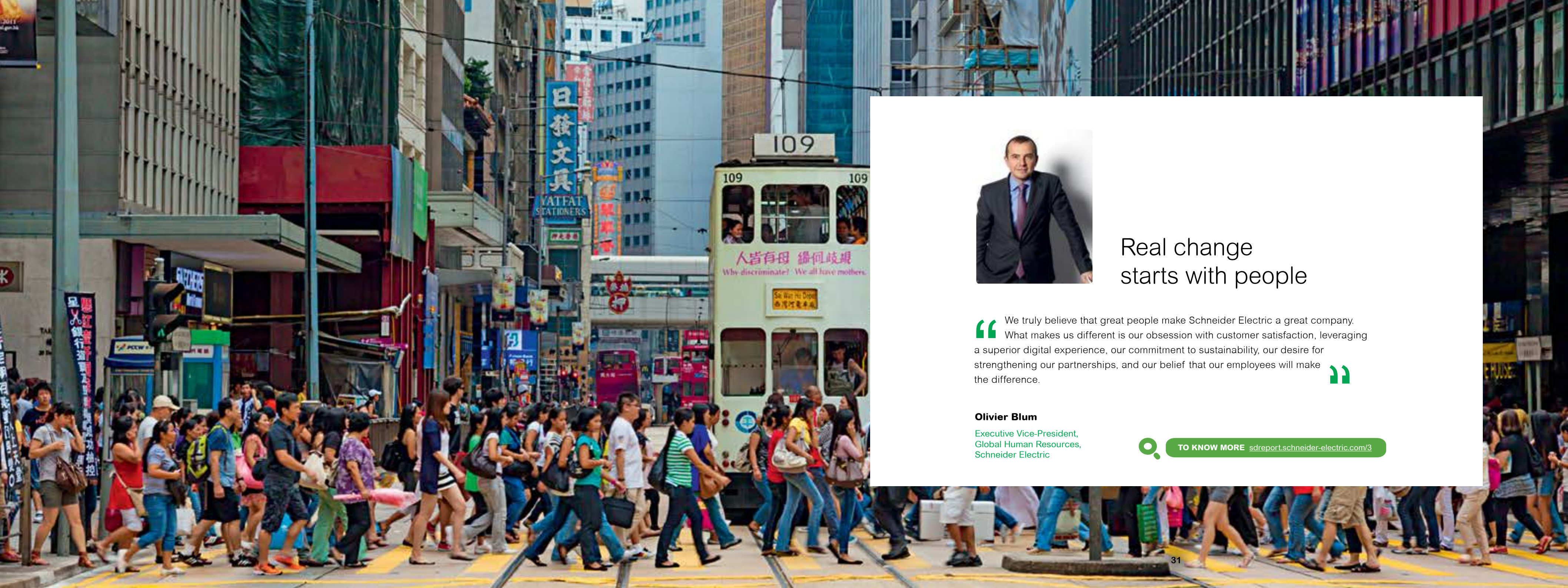
#### Doing more with less

Another initiative has been launched toward a second or third use of certain waste, scrap, or packaging where possible. In addition to being beneficial to our industrial productivity in most cases, such ambitions drive a stronger culture of Schneider Electric’s “doing more with less” philosophy. We can look at waste as a resource, while broadening the way our employees strive to lower our impacts on the planet.

#### Tracing material components

A continuous material declarations collection effort in our upstream supply chain supports Schneider Electric’s ambition to deliver greener products and substitute some hazardous substances. This major data collection initiative, based on worldwide digitized and standardized formats, enables us to increase year over year our appreciation of chemical substances and raw materials present in several 1,000,000 pieces and components used. It also helps anticipate required substitutions, and provides superior transparency to customers.





## Real change starts with people

“ We truly believe that great people make Schneider Electric a great company. What makes us different is our obsession with customer satisfaction, leveraging a superior digital experience, our commitment to sustainability, our desire for strengthening our partnerships, and our belief that our employees will make the difference. ”

**Olivier Blum**

Executive Vice-President,  
Global Human Resources,  
Schneider Electric



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Our employees make the value of our company

Schneider Electric is more than a corporate body. We're a body of people. Our employees drive our success. Worldwide. Across segments. Every day. We motivate employees and promote involvement by advancing diversity, supporting professional development, and ensuring safe, healthy working conditions. Our goal is to encourage higher performance by making it possible with the right people, tools, and programs. We strive, too, for high employee engagement through a scalable global model of world-class practices that can adapt easily to local needs. Human Resources (HR) plays a key role in facilitating strong performance and bringing out our best talent—all within the changing context of the company's activity. As Schneider Electric balances sustained internationalization, numerous acquisitions, increased headcounts in services and solutions, and maintaining a strong share of manufacturing employees, HR is there at every step. Employees are at the centre of these commitments.

**Schneider is On**  
Schneider Electric communicates its strategy internally through a focused company program. Each program serves as an action guide that gives employees a shared purpose for advancing common priorities. In January 2015, we launched our latest company program: "Schneider is On." For the first time in our history, the launch was simultaneously carried out to all our employees in the company by means of a fully digital event. Customers are the heart of our commitments. The five-year program will bring Schneider Electric to the next level by engaging customers and empowering possibility. Through common company-wide initiatives, "Schneider is On" enables the company to:

- Do more** by creating more opportunities for our customers and for ourselves.
- Simplify** our operations for increased efficiency.
- Digitize** for our customers, for efficiency and simplicity.
- Innovate** to support our growth and make our customers' lives simpler and better.

**Step up** our people to grow talents and foster strong employee engagement.

- Our company values**  
Our customers see our company through our people, so we strive to create the right environment for our employees to help them deliver the best of Schneider Electric.
- And we achieve this through our strong, distinctive values:
- We are Straightforward.** We do what we say we will and we communicate in simple ways. We behave with integrity.
  - We Challenge** ourselves and others to rethink what is expected. We are agile and move at the speed of change.
  - We are Open.** We value differences. We listen. We learn, connect, and collaborate with others.
  - We are Passionate** about our customers, our people, our business and our technology. We are positive in our approach to finding solutions that better our lives.
  - We are Effective.** We deliver on promises. We are pragmatic, fast and we compete to win.

The Planet & Society Barometer 2015–2017  
We will strive to reach the following objectives by 2017:



PEOPLE

**HEALTH & EQUITY**

- 30% reduction in the Medical Indient Rate (MIR)
- One day training for every employee every year
- 64% scored in our Employee Engagement Index
- 85% of employees work in countries with Schneider gender pay equity plan





## Each of us is unique

At Schneider Electric, diversity is an inherent part of our history, culture and identity. We now have operations in over 100 countries. Our employees speak more than 50 languages. 43% of our workforce comes from new economies. Schneider Electric rolled out a new global Diversity & Inclusion policy in 2014 to enhance its ability to:

- **reflect worldwide** and diverse marketplaces,
  - **boost innovation** with diversified teams,
  - **leverage the value of the company's diverse character** and multiple facets.
- More important, we believe that treating all people with respect and dignity creates and fosters an environment in which individuals thrive. Each of us is unique, indeed, and we embrace and celebrate that fact. Person by person. Every day.



## Every voice counts

Employee engagement is an internationally recognized measure of a company's employee satisfaction rating. To Schneider Electric, employee engagement is not just a number. We care about every employee's individual voice and concerns. That's much more than a statistic to us. We give employees the opportunity to share and be heard through our "OneVoice" satisfaction survey, twice a year. An independent vendor carries out and manages "OneVoice" for impartial reporting.

2014 OneVoice by the numbers:

- **100% of employees** surveyed twice a year:
- 87,000 emails sent,
- 53,000 people reached via 'kiosks' on 288 production sites,
- 2,500 managers receiving a dedicated report,
- **70% participation rate** (up from 62% in 2011),
- **50+ languages** represented in translated versions of survey.

2015 CEO Leadership Award  
Our striving efforts in making diversity and gender balance part of our people and business strategy have been recognized by the United Nations Women and Global Compact. Jean-Pascal Tricoire received the 2015 CEO Leadership Award in recognition of his demonstrated commitment to and implementation of policies that advance and empower women in the workplace, marketplace, and community.

## Foster the people

The Total Employee Experience initiative is our collaborative approach to helping employees take ownership of their careers. Development through learning and training is a key component of this initiative. Last year, a worldwide Learning Week was the star of these efforts. For the first time ever, Schneider Electric organized and dedicated a week to achieve three objectives:

- foster a culture of self-development: I learn and I enjoy,
- share with colleagues, experts,
- reach the goal of "One day training per year for all".

 **RESULTS ON** [sdreport.schneider-electric.com/3](http://sdreport.schneider-electric.com/3)

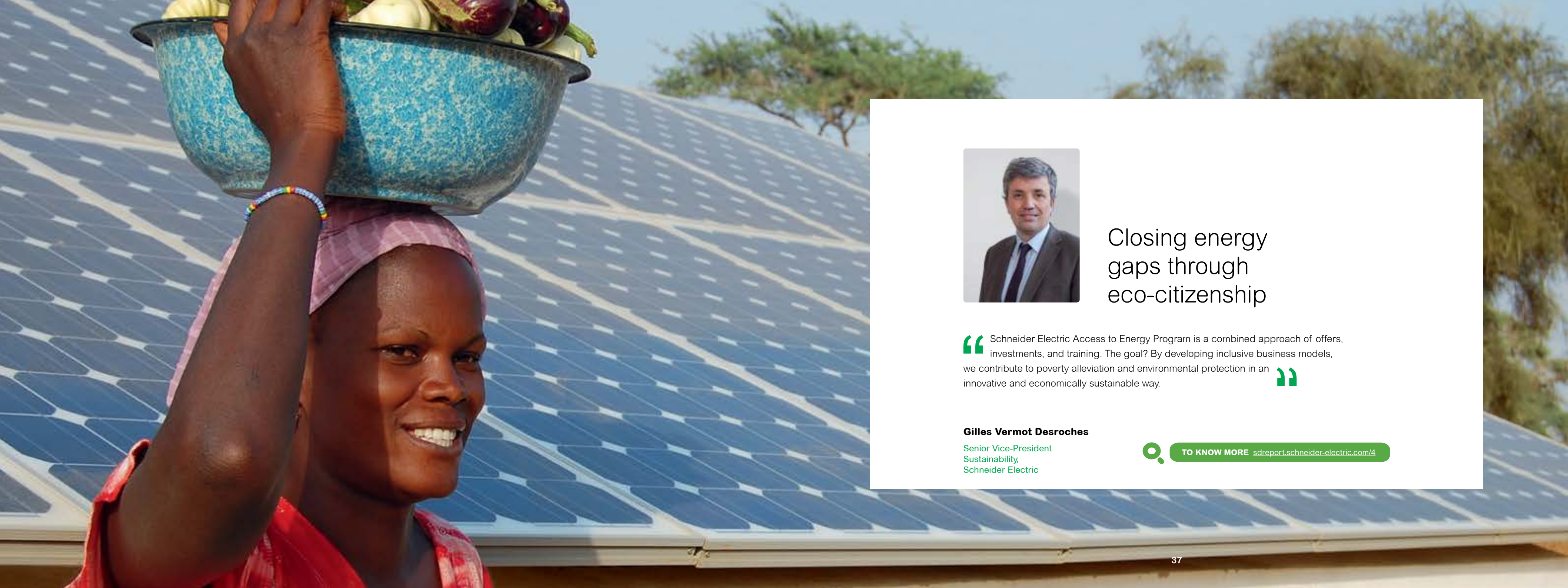
### Awards

**Top 50 World's Most Attractive Employers ranking: in 2014, Schneider Electric was one of 50 global companies rated most attractive to engineering students.**

**"Most InDemand Employer" rankings worldwide: Schneider Electric appeared for the first time on this coveted LinkedIn list, claiming 50<sup>th</sup> place.**







## Closing energy gaps through eco-citizenship

“ Schneider Electric Access to Energy Program is a combined approach of offers, investments, and training. The goal? By developing inclusive business models, we contribute to poverty alleviation and environmental protection in an innovative and economically sustainable way. ”

**Gilles Vermot Desroches**

Senior Vice-President  
Sustainability,  
Schneider Electric



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# From BipBop to Access to Energy

At Schneider Electric, we care about the many places where we have a corporate presence. That means playing an active role in the economic and sustainable development of some of the most remote, off-grid communities worldwide. After six years of experience and success in our global BipBop (Business, Innovation, and People at the Base of the Pyramid) program, we have decided to scale up our goals.

## Access to Energy: offers and business models

Innovation for Schneider Electric starts with the local needs and the socio-economic context of those with little or no access to clean, healthy, and reliable electricity. We develop products and solutions that meet a wide range of both individual and community needs across the energy chain. Lighting systems. Charging equipment. Decentralized small power plants. Water pumping systems. Throughout Access to Energy program communities, our purpose-driven innovation has a face.



BipBop now is becoming our Access to Energy Program. Our long term goal: close energy gaps to ensure better lives for everyone throughout most energy-poor areas of the world. These gaps affect 1.3 billion people globally. **Schneider Electric’s collective efforts include:**

- **offers and business models** for the design and deployment of adequate electrical distribution offers,
- **investment funds** for innovative energy entrepreneurship locally,
- **training** (both technical and business) to address local skill shortages.

## The golden key to light in Myanmar

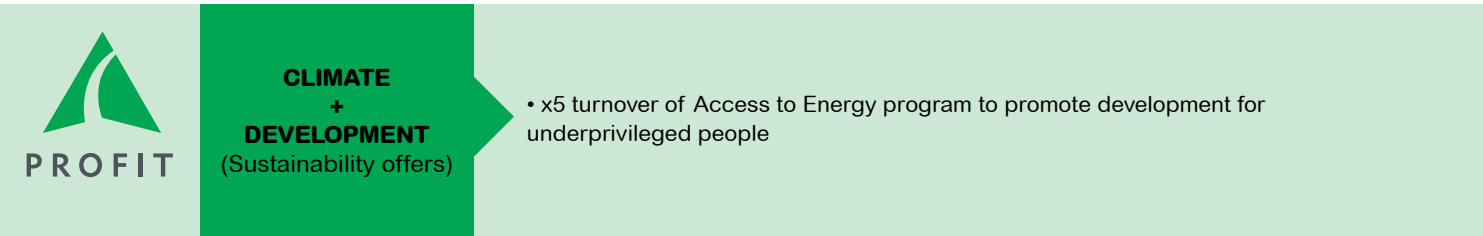
Golden Key Co-Ltd (GKC) is an agro-based company that has an integrated sales and distribution network across Myanmar, with direct access to 200,000 farmers. Schneider Electric has partnered with Golden Key’s dedicated branch for energy generation, storage, and supply: Swan Pyae Solar (SPS).

During 2014, Golden Key-SPS electrified 675 households throughout Myanmar’s Irrawady division. Each household now has access to 24 hours of lighting and mobile charging. This partnership will lead to the roll-out of safe, reliable access to energy solutions to many more houses in Myanmar throughout the coming years.

**TO KNOW MORE** [sdreport.schneider-electric.com/4](http://sdreport.schneider-electric.com/4)

**2.4 million people** at the Base of the Pyramid now have access to energy through our **Access to Energy Program.**

**The Planet & Society Barometer 2015–2017**  
We will strive to reach the following objectives by 2017:



## Investing in energy access

We don’t just talk about helping close energy gaps. We fund projects that take action. Within Access to Energy, the Schneider Electric Energy Access (SEEA) impact-investing fund supports small and medium companies with innovative energy access solutions that:

- help jobless individuals **create businesses in electricity,**
- **enable business development to fight against fuel poverty** in Europe by promoting energy efficiency and providing efficient housing,

- **promote the development of businesses** that provide access to energy in rural or suburban areas in developing countries,
- **support the deployment of innovative energy access solutions** that use renewable energies for underprivileged people.

Schneider Electric has increased its participation in one SEEA investment

beneficiary: Fenix International. Fenix International designs and distributes solar systems to off-grid African communities. The company’s ReadyPay Solar system is a mobile payment-enabled solar panel and smart battery. Fenix addresses the needs of over 11,300 off-grid subscribers, without costly distribution channels. Cell phone charging. Lighting businesses after dark. Studying under bright lights. All of them are now possible thanks to SEEA and Fenix’s other investors.

**Promote access to electricity across Sub-Saharan Africa**  
The new Energy Access Ventures (EAV) Fund, launched in partnership with five development banks, is managed by Aster Capital and EAV Ventures. It has secured commitments of €60 million to transform lives and stimulate economic development across Africa **by providing access to electricity for a million people by 2020.**

**TO KNOW MORE** [sdreport.schneider-electric.com/4](http://sdreport.schneider-electric.com/4)

# Access to Energy: training

## Training for social and business development

The key challenge of training in the energy sector is to provide underprivileged people with the knowledge and skills that have long-term impact. We aim to give training participants not only a skill set but a new way of life, providing their families with the means for suitable subsistence. Our training impact, therefore, is both immediate and far-reaching. From the start, we provide knowledge and skills in energy management and automation. For the long run, we aim to give trainees the ability, should they wish, to sell and maintain energy access offerings and to create their own small business in time. This approach makes Access to Energy training participants a vital and indispensable element for all responsible and sustainable rural electrification policies in their communities.

Supported by the Schneider Electric Foundation, our four training programs are free and based on four priorities:

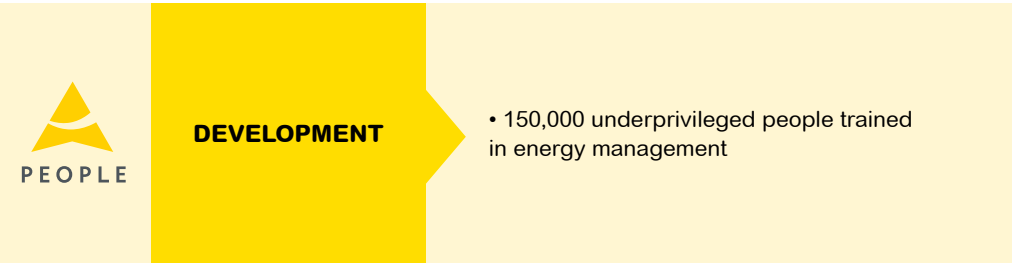
- provide a few months of **basic training**, accessible, to a large number of people,
- offer **multi-year training leading to qualifications**, in partnership with NGOs or the French Ministry of Education through centres of excellence,
- provide **the training of trainers** to support the effective and quality roll-out of training down the line,

- enable **supporting entrepreneurship** for people who have been trained, connecting them with the retail plans of the countries.

Training is truly a team effort. Schneider Electric's local subsidiaries implement these actions in partnership with local players and/or national or international non-profit organizations (NGOs, governments, etc.). Efforts are accompanied by funding investments in materials and pedagogic equipment for practical work and missions completed by the Schneider Electric Teachers volunteers, which, if the need arises, enables the sharing of expertise.

## The Planet & Society Barometer 2015–2017

We will strive to reach the following objective by 2017:



“To achieve our goal to train a million young people by 2025, we will launch new projects in Indonesia, Ivory Coast, Pakistan, Panama, and Philippines. Initiatives will embrace direct donations of materials, transnational spin-offs, development of global partnerships, creation of alumni network, and research on digital learning solutions.”

— François Milioni  
Access to Energy  
Training Director,  
Schneider Electric

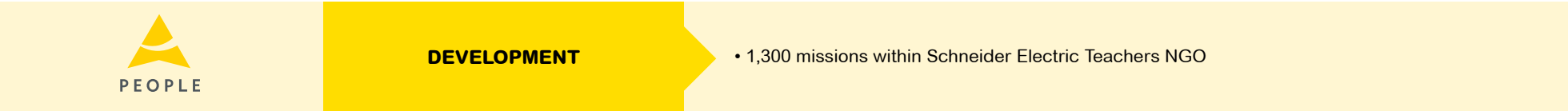
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It is only together that we will make the difference in reducing the energy gap

“ While a third of the inhabitants of the planet enjoy safe and inexpensive energy, some 1.3 billion people still don't have access to electricity. What's more, hundreds of millions of others in developed countries can scarcely afford to pay their energy bills. In order to deal with these societal issues, it is essential to bring together a range of contributions to experiment and find concrete, long-lasting solution. ”

**Patricia Benchenna**  
Programs Director,  
Schneider Electric Foundation



# #04 COMMUNITY OUTREACH

Schneider Electric  
Foundation

## Supporting our communities

We believe strongly that energy is not only a source of power; it's a source of betterment. Mobilizing human energy and effort yields change—one community at a time. We spark this energy through the Schneider Electric Foundation. It's all about empowerment. Created in 1998, under the aegis of the Fondation de France, the Schneider Electric Foundation implements its programs in every country in which the company operates.

It focuses its activities on:

- **A single goal:** reducing the energy gap worldwide. In emerging countries, through

the energy sector professional training program for the most underprivileged supplemented by entrepreneurship support. In more mature economies, through the awareness and support program for families affected by fuel poverty. Globally, through a sustainable development awareness program.

- **A single belief:** employee commitment makes the difference. Through the Schneider Electric Teachers association. Through mobilization drives (Communities Days and Emergencies).

## 2014 key figures\*

**€4 million:** the Foundation's intervention budget  
**€6 million:** financial and in-kind contributions by Schneider Electric employees and entities

\* From Annual Report 2014



## Reduce the energy gap

### Fight against fuel poverty

Over the past number of years, fuel poverty has become a major concern for most European and North American countries. While there is no official or agreed definition of fuel poverty, it can be considered to be a difficulty in properly heating one's home at an acceptable cost. It is now estimated that between 50 and 125 million people in Europe suffer from fuel poverty.

Regardless of its cause (low income, high costs of housing and energy), fuel poverty has significant consequences on debt levels, comfort and health.

The Schneider Electric Foundation intervenes by helping affected families through support and innovation programs. Our actions are part of a broader program that encompasses social investment and the creation of tailored solutions.

### Emergency housing for all

Schneider Electric, the Schneider Electric Foundation, and La Varappe Group showcased an innovative project that fully contributes to a circular and solidarity economy. A win for resource sustainability. And a win for impoverished families who face fuel poverty.

Unveiled at Solar Decathlon Europe 2014, this sustainable social housing concept called "Habitat pour tous face à l'urgence" ("Emergency housing for all") resulted in six housing units (one or two bedrooms). Built by 10 people on work/study programs, these houses deployed in a record time of just three months—and at 40% less cost than a traditional home.

## Raising sustainable development awareness

At Schneider Electric, we don't let energy challenges and climate change go unnoticed. We know that doing more with fewer resources is now possible. By supporting innovative projects, the Schneider Electric Foundation voluntarily helps raise awareness of this empowering fact. We promote the rewards and benefits of sustainable development to different stakeholders involved in climate change. Schneider Electric invests in emblematic and international programs that can showcase our knowledge and thought leadership in energy management systems.

### A sublime model of sustainability

The Refuge du Goûter, the highest refuge in France, officially opened in September 2014 and is a stunning model of sustainability. A HQE-certified building located at an altitude of over 3,800 meters, the Refuge du Goûter demonstrates Schneider Electric's commitment to design and implement original energy management solutions.



TO KNOW MORE ON REFUGE DU GOÛTER [sdreport.schneider-electric.com/4](https://sdreport.schneider-electric.com/4)



## Employees can be heroes

This belief that commitment makes and will make the difference, represents the basis of our work. Since the Schneider Electric Foundation was created in 1998, it has placed employee involvement at the heart of its work. Whether Foundation delegates or employee volunteers, our own people represent the link between the company, the Foundation and supported organizations in more than 70 countries.

### Foundation delegates

Human relationships are at the heart of our sponsorship approach. Who's behind the donations? A 75-country network of 130 employee volunteers, known as delegates. They identify local partnerships, promote them to employees in their units, and launch and track projects. These efforts turn action into improvement and change—whether the focus is disaster recovery, providing heat for at-risk families, or teaching a generation of electricians in impoverished communities. Schneider Electric employees can—and do—make a difference!

### Mobilization campaigns

The delegates also mobilize employees to respond to natural disasters. During certain natural events worldwide, the Foundation rallies employees to provide both immediate and longer-term support. During the emergency, teams take immediate action to support specialized non-governmental organizations (NGOs). After the immediate crisis is mitigated, a coordinated long-term plan rolls out. For example, employees volunteered time and donations after the 2013 Haiyan (Yolanda) typhoon in the Philippines.

### “Communities Days”

Foundation delegates also have a hand in planning events called “Communities Days”, which benefit local partners. At Communities Days, partners make presentations and take stock of progress, and employees either volunteer their time or make financial contributions for a specific cause. In 2014, 38,600 employees in 50 countries participated to the Communities Days and to mobilization campaigns.

### Schneider Electric Teachers

In 2012, the NGO Schneider Electric Teachers was created to organize volunteering missions that benefit the Foundation's partners. Schneider Electric and its Foundation wish to do more to support the voluntary work of Schneider Electric's current and retired employees in the teaching and professional training programs. Today, more than 900 volunteers have been identified and since the creation, 460 missions have been achieved.



DISCOVER MORE ON [teachers.schneider-electric.org](https://teachers.schneider-electric.org)



## #04 COMMUNITY OUTREACH

Schneider Electric  
Foundation



## Sustainability: a growth pillar for the Group

### Sustainability at the heart of our business strategy

The vision of Schneider Electric, the global specialist in energy management and automation, is to help its customers achieve more with less resources.

### A structured and consistent sustainability strategy to meet the energy challenge

Our societal project: act to keep global warming below a 2°C limit and to reduce the energy gap, with ethics and responsibility.

## At the communication level: integrated and reliable processes

### The Planet & Society Barometer, commented by the CFO and the CEO

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

### Audited non-financial results

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

## An integrated approach for sustainability

Schneider Electric integrates sustainability into its overall performance and its decision-making & execution processes



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

### Board of Directors

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

### Executive committee

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

### Corporate functions and Businesses, specific committees, employees

They contribute to sustainability objectives (Planet & Society Barometer, CSR criteria in variable compensation) and mobilization programs.

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

### Sustainability in the initiative “Innovate to support growth”

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

### 5 sustainability megatrends 2015–2020

Climate, circular economy, development, ethics, and health & equity.

### 16 sustainability progress plans 2015–2017

The Planet & Society Barometer is a “golden KPI” of Schneider is On dashboard.

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

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  - Printing with vegetable oil-based ink on 100% FSC-certified recycled paper, manufactured using a chlorine-free process.
  - Printing on Oxygen Inapa Offset paper: 140g/m<sup>2</sup> text and 250g/m<sup>2</sup> cover.
  - The year-over-year printed quantities have been reduced by 50%.

This report is intended to actively engaged stakeholders as critical participants in ongoing conversation about energy management. You will find an overview of Schneider Electric achievements and goals as they relate to current business strategy and ongoing commitment to sustainable development. Our goal is to provide transparent, comprehensive, and succinct information about Schneider Electric, incorporating the concerns of all internal and external stakeholders. Four international frameworks for corporate social responsibility (CSR) reporting inform content- the Global Reporting Initiative (GRI); the United Nations Global Compact; the Integrated Reporting; and the ISO 26000. The report is available in English and French and there is a digital version: [SDreport.schneider-electric.com](http://SDreport.schneider-electric.com).





The digital version is also available  
Strategy and Sustainability Highlights  
2014–2015

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