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2009-2010 Business and Sustainable
Development Highlights



Making a world of difference... right now

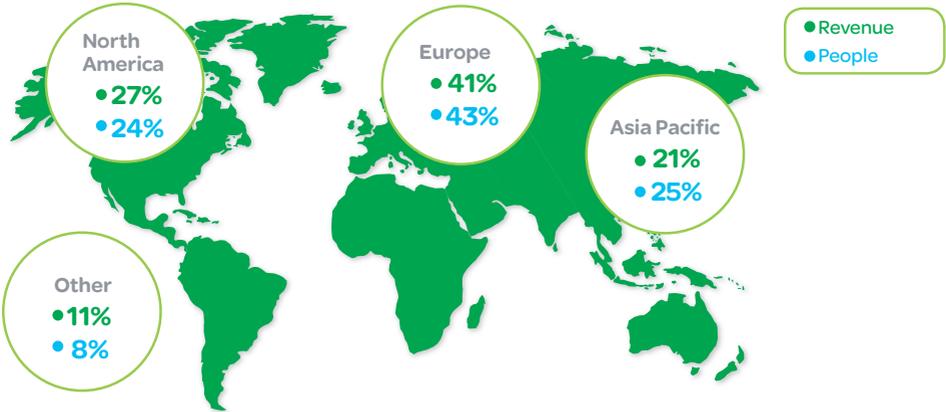
As the global specialist in energy management, Schneider Electric™ helps people around the world make the most of their energy. In established economies, we enable businesses and individuals to achieve more while using fewer resources. In new economies, we help create and develop access to safe and reliable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

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

– Jean-Pascal Tricoire
President and CEO

Key figures

Revenue and people by geography



€15.8 billion
in consolidated revenue

34% revenue
in new economies

5% revenue
devoted to R&D

104 853
Total workforce
(fixed-term & open-ended contracts)

34% women in total headcount

Source: Schneider Electric Annual Report 2009

> 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.



> High marks for sustainability

Our commitment to responsible and ethical business practices has been recognized for almost 10 years by the main Socially Responsible Investment ratings.



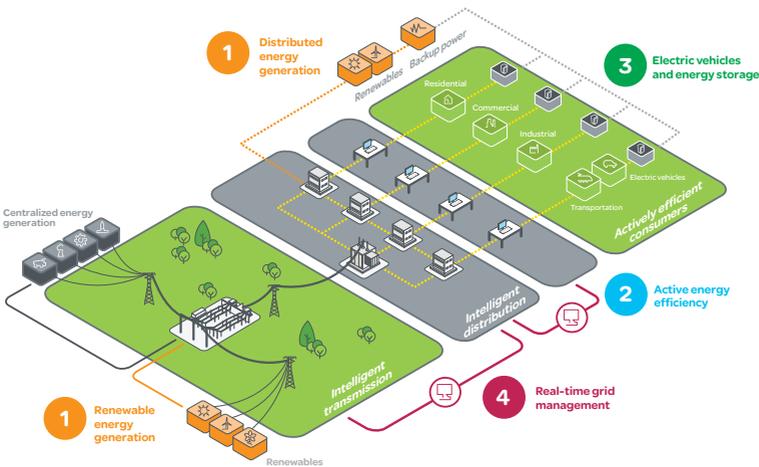
Understanding the energy challenge

A sustainable tomorrow starts with a clear vision today

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 the energy challenge, and is committed to helping people around the world achieve more while using less.

The challenges of the Smart Grid

The Smart Grid is transforming the way we all use energy today. By turning the classic linear grid into an intelligent and interactive network, it is changing our behaviour. Only companies who have the right understanding of these behavioural and technological changes 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.



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 now available
- > 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

57%

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

*Source: World Energy Outlook 2009 - IEA / OECD

Safe

Transform and distribute power safely

Reliable

Prevent power outages and energy quality variances

Efficient

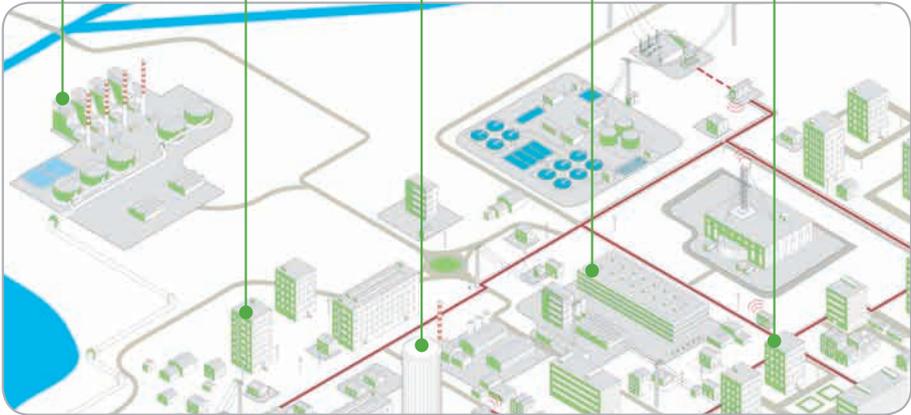
Measure and control energy, automate, and provide accurate diagnoses

Productive

Manage processes, enhance any infrastructure utilities management

Green

Make the connection of renewable energy sources easy, reliable, and cost effective



Delivering energy solutions to the world

We get the right amount of energy to the right user at the right time

As the global specialist in energy management, Schneider Electric makes energy **safe, reliable, efficient, productive, and green.**

We have 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 industrial, commercial, and residential customers.

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, and 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.



Awards

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

Improving bottom lines, reducing carbon footprints

An integrated approach to
achieve more while using less

EcoStruxure™ solutions

Schneider Electric is the only global specialist in energy management providing an integrated approach designed for the challenges of the digital economy. With EcoStruxure, we are providing Active Energy Management™ architecture from Power Plant to Plug™. 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 optimized for any building, industrial plant, or data centre.



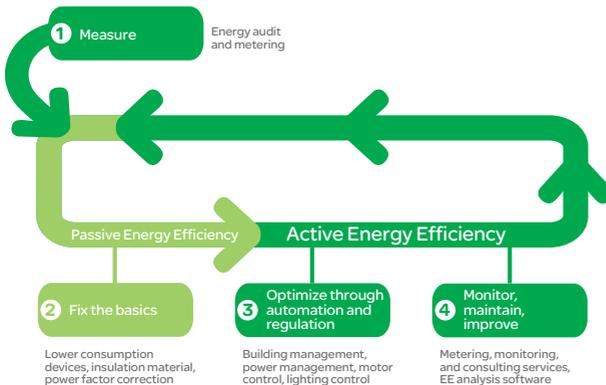
EcoStruxure creates intelligent energy management systems that are simple, transparent, and save money.

Active energy efficiency

Our approach to active energy efficiency employs a four-step life cycle process, which involves measuring, fixing the basics, automating, and monitoring.



Schneider Electric has made the commitment to be our customers' energy manager, energy expert, and green partner with our active energy efficiency approach.



Passive + Active EE Solutions = Sustained Energy Savings

Up to **30%**

Energy savings in industrial, commercial,
and residential buildings

Giving our customers the energy solutions they deserve



Watch our videos on delivering customer solutions at SDreport.schneider-electric.com



Provisioning the Bella Center 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.

- > **15%** CO₂ emissions reduction
- > **20%** energy savings
- > expected cost-recovery is **8** years or less



Awards

- > Best After-Sales and Best Customer Service Management, China Information Association

Providing integrated solutions across all of our markets



Vinon-sur-Verdon Solar Park, France

- > Meeting the energy needs of **4000** people



Switch Communications™, USA

- > **100%** uptime at the highest-density data centre ever built



Comfort and Simplicity in Every Home

- > **24/7** connectivity, interlinking electrical, multimedia, and telecommunications

Spreading the energy optimist message



Masdar City

Schneider Electric is a strategic partner to Masdar City in Abu Dhabi, the world's first clean-technology cluster in a carbon-neutral, zero-waste city powered entirely by renewable energy.

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

Energy University

Energy University™ is the leading online education resource for energy management professionals. Not only does taking courses at Energy University position a person professionally; he or she can now earn continuing education credits there, as well. We've been awarded credits by the USGBC® and IEEE®, and are now an Education Partner of the REEEP organization.



Energy University June 2009 - June 2010

- over **45 000** hits from more than 120 countries
- over **11 000** registered users, from students to C-level
- more than **17 000** course completions



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



Eggs of innovation gallery at our corporate showroom in France

Cultivating new ideas

Innovating for a simpler and greener future

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®

330

patents registered in 2009
by Schneider Electric

7500

R&D engineers in 50
centres from 25 countries

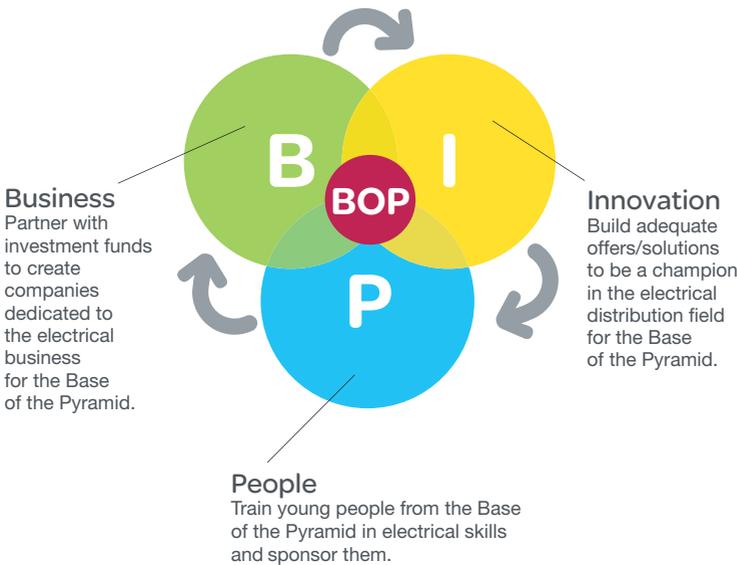
5% revenue

devoted to R&D

By saving energy, we're sharing energy

A virtuous circle of business growth, innovation, and development

Throughout the world, 1.6 billion people do not have access to energy.*
Schneider Electric is committed to bringing safe, clean electricity – and the opportunities that come with it – to the people who need it most, i.e., the 'Base of the Pyramid', the term commonly used to describe those with the lowest income in a country. The cornerstone of our programme is BipBop – an acronym that stands for Business, Innovation, and People at the Base of the Pyramid.



2009 BipBop achievements

260 000

households connected

2150

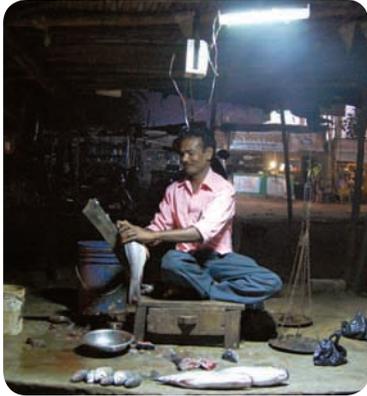
young people trained

150

new entrepreneurs supported

*Source: International Energy Agency, 2006

Achievements for the Base of the Pyramid



In-Diya is a high-quality, affordable product that provides 50 000 hours of lighting.

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

- > aims to provide lighting to people in India living with unreliable lighting or none at all
- > offers 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



BipBop highlights from around the world

> Marovato, Madagascar

Presented an off-grid solar facility, giving 120 residents access to energy

> North Siberut, Indonesia

Supported the Siberut Conservation Programme to preserve the remaining forest ecosystem

> Brasil

Partnered with the national industrial training service (SENAI) in deploying an 80-hour training programme

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 on three pillars:

- > backing real-world, lasting projects that promote training and job opportunities for young people, primarily in the energy industry
- > encouraging Schneider Electric employees to participate
- > supporting the BipBop programme

As of 2009, the Foundation's 150 delegates were working on 100 projects in 50 countries worldwide.



Our people make the difference



Diversity as key driver

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

'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

Our team's universal values

- > **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.
- > **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.
- > **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.



Awards

- > France: Schneider Electric receives equality label trophy for its actions towards gender balance and equal opportunity
- > Schneider Electric wins the 2009 Robert W. Campbell Award™ for exemplary safety and health efforts from National Safety Council, United States.
- > Schneider Electric China is in the top 20 companies for CSR

86%

Percentage of employees willing to give extra effort to help Schneider Electric meet its goals*

*Source: One Voice internal survey Half Year 2009



At our headquarters, The Hive, our goal for 2010 is 80 kwh/sqm/year, a 30% reduction in energy consumption over the previous year.

Environment: practising what we preach

Sustainability starts at home

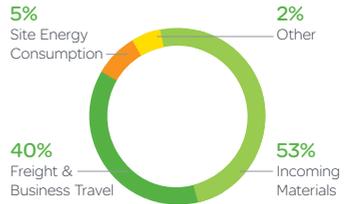
We structure our environmental priorities around three main objectives:

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

We fully assume our environmental responsibility in all of our operations by:

- > participating in the definition of new regulations and applying them early
- > making sites more energy efficient
- > facilitating eco-design
- > raising employee and partner awareness to environmental concerns

The major sources of Schneider Electric's carbon footprint



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

63%

Of our employees work on ISO14001 certified sites*

44 000

metric tons of CO₂ equivalent emissions reduced in 2009**

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

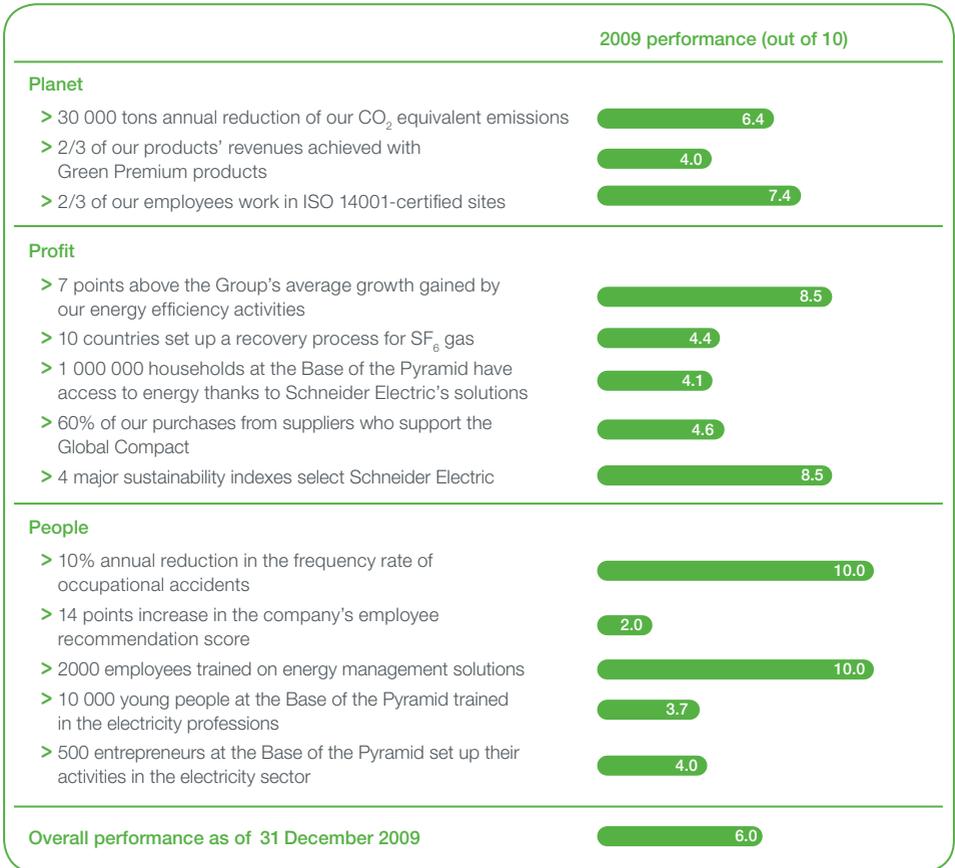
**Source: Schneider Electric measures on 240 industrial and tertiary sites in our main operations

Measuring up to our responsibilities

The Planet and Society Barometer

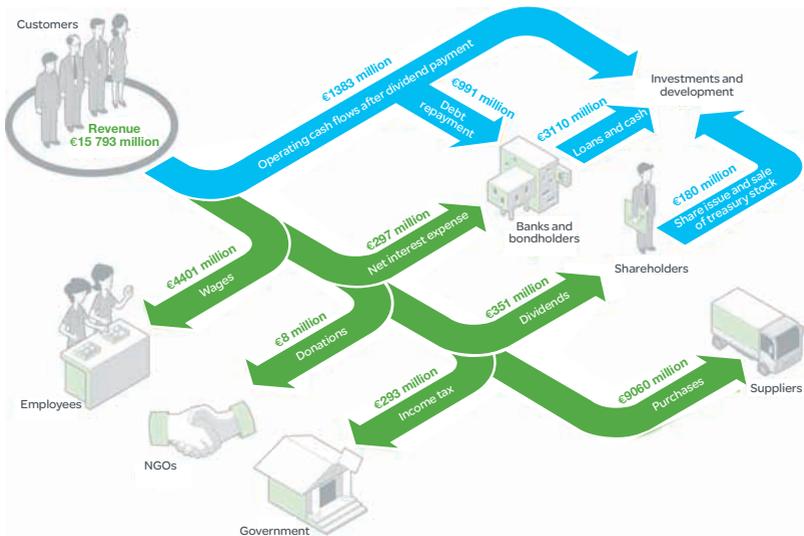
Schneider Electric has used the Planet and Society Barometer as its sustainable development scorecard since 2005. The Barometer outlines our objectives for a three-year period and tracks progress made in achieving targets on a quarterly basis. It is designed to:

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



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.



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- > The entire printing chain is FSC®- or PEFC™-certified: forest, paper, paper manufacturer, printer, and print manager.
- > The number of pages has been kept low, using Web call-outs as frequently as possible.
- > Photography has been organized locally or bought from image banks.



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