



Access to energy in Nigeria
and everywhere: Everyone
deserves a seat at the table.

An indisputable right to energy

Strategy & Sustainability Highlights, 2015 – 2016

sdreport.schneider-electric.com

Life Is On

Schneider
Electric

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Our Company 4

Today's energy demands on the planet are enormous. Yet everyone has an indisputable right to clean energy. How do we balance this energy paradox responsibly?



Solutions & Customers 32

Together, we can rethink the way we deal with energy in a far more sustainable and efficient manner to ensure that Life Is On everywhere. See the steps our customers are taking.

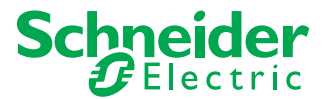


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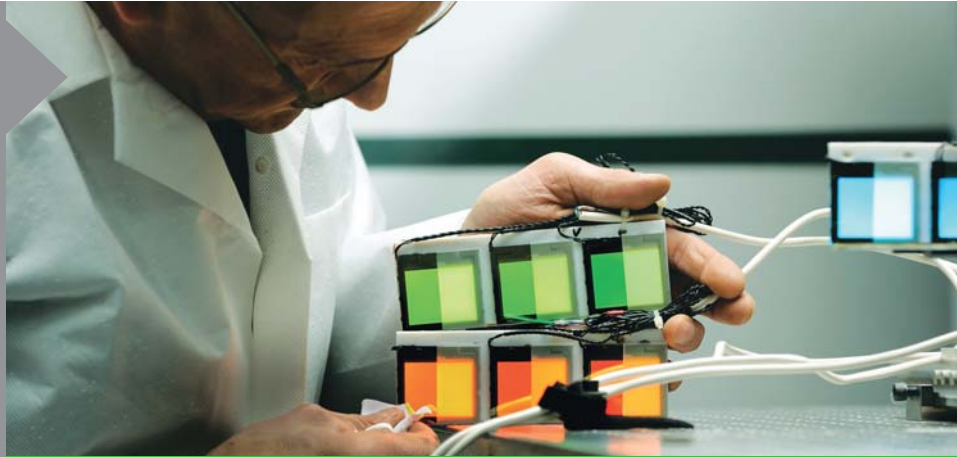
@schneiderelec

Life Is On



Innovation & Environment 24

Want to become a carbon-neutral company? Discover how our innovations in energy management and automation help set you on this path.



Community Outreach 46

Where are we closing the energy gap and creating energy equality? From rural schools in Kenya to a sustainability expedition on the high seas, we're there.

Our People 38

What's at the core of everything our employees do? Our customers. Meet the many faces of Schneider Electric and learn how we share energy knowledge.





Our Company

Schneider Electric announces that the Schneider Electric Marathon de Paris will be carbon-neutral by 2018. For 2016, we already compensated 50 percent of the total carbon emissions.

Photo provided by EVA/ASO

An indisputable RIGHT TO ENERGY



Jean-Pascal Tricoire
Chairman & Chief Executive Officer
Schneider Electric

Sustainability is at the heart of our company strategy. We are convinced that better climate means better economy, and that energy access is a basic human right.



Words of the CEO

“At Schneider Electric, our role is to make sure that Life Is On for everyone, everywhere, at every moment. As such, sustainability is at the heart of our company strategy. We are convinced that better climate means better economy and that energy access is a basic human right. We are living in a very exciting time where new technologies enable us to rethink the way we deal with energy in a more sustainable and efficient manner. The fight against climate change cannot be decoupled from development issues. We need a solid system for carbon pricing so that everyone incorporates climate collaterals in their actions.

In sustainable development, 2015 was a year of recognition and innovation. We have equipped close to 3.5 million households and trained over 500,000 people since 2009. We have been honored externally by a number of international recognitions: such as the Industry leader in

the Dow Jones Sustainability Index (DJSI), and we are confirmed in Climate Performance and Disclosure indexes of CDP (Carbon Disclosure), having scored 100/100 in Disclosure. We are also in the Most Sustainable Company of CAC 40 by Enjeux Les Echos and Institut RSE. As President of Global Compact France, I am also proud that Schneider Electric meets the Advanced level requirements of the United Nations Global Compact.

In 2016, we continue this strong leadership in sustainability by striving to become a carbon-neutral company for all our sites in the next 15 years, in line with our COP21 commitments.

We look forward to pursuing this journey with you toward a strong 2016.”

Two contributions guide Schneider Electric's COP21 objectives:



We support and challenge partners to reduce their own energy consumption

by **30%**
through active energy efficiency solutions.



We are changing lives at the base of the pyramid by giving people **access to clean energy** or by helping them to **come out of fuel poverty.**

Jean Jouzel
Paleoclimate Scientist,
Laboratoire des Sciences du Climat et de
l'Environnement (CEA-CNRS-UVSQ / IPSL),
former vice-chair of IPCC working group



Photo credit: Nicolas Beaumont

Solving the energy paradox

The change in our world is more profound than ever, driven by a new scale and speed of urbanization, digitization, and industrialization. The question of energy — and the way we use it — is at the center of these rapid changes.

At Schneider Electric, we're committed to providing innovative solutions that address the energy paradox: balancing our planet's carbon footprint with the indisputable human right to quality energy.

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

At Schneider Electric, we call this Life Is On™. It's our symbolic measure of success in achieving sustainable change today.

Last December, at the 2015 Paris Climate Conference (COP21), we announced our contributions to easing the climate crisis. We are committed to speeding up the energy transition toward energy efficiency and renewable energy.

Advancements that allow users to harness, transfer, and use energy in a smarter way already are here and technically proven. With them, we can solve the energy paradox, ensuring that Life Is On everywhere, for everyone — and at every moment.

Energy solution seekers

What are your thoughts on the agreement signed at the COP21 summit?

COP21 was a success on many levels, even if much remains to be done. It was successful in terms of organization, given the security issues at stake. It was a diplomatic success, with 150 heads of state and government attending the opening session. And it was a success in terms of participation, with civil society representatives, businesses, non-governmental organizations (NGOs), local authorities, and other stakeholders all taking part.

Two numbers were impressed on the minds of the attendees and signatories: limiting the long-term rise in global temperatures to 2 °C and finalizing the \$100 billion in funding for developing countries. This quantitative aspect is essential. The agreement is clear. It acknowledges that the 55 billion tons of carbon-dioxide equivalent in greenhouse gas emissions predicted for 2030 is too high compared to the 40 billion tons required to meet the target. It also sets forth a timeline. The baseline figure of \$100 billion in development assistance will be reviewed after 2020, and countries will hold the first progress review in 2018 to reassess their contributions to mitigating global warming.

The agreement does have its shortcomings; a carbon price needs to be set at the earliest opportunity, and the agreement needs to be extended to include the aviation and shipping industries.

Why is it so important for companies such as Schneider Electric to get involved?

COP21 demonstrated the business world's commitment. Companies are taking the issue of climate change very seriously, and few are pessimistic or skeptical. Almost all of them are calling for carbon to be priced. They also are aware that investing too heavily in fossil energies can be financially risky. For Schneider Electric, COP21 was an opportunity to show that it is a solution seeker and that being energy efficient allows us to produce more with fewer resources.

Read the full interview at
sdreport.schneider-electric.com

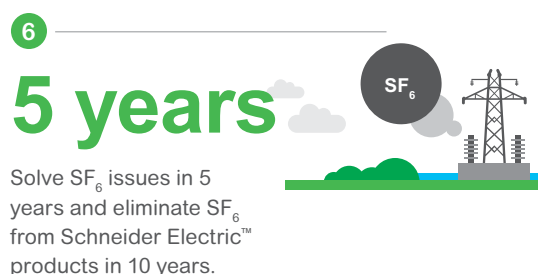
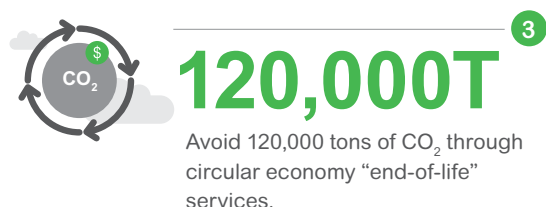
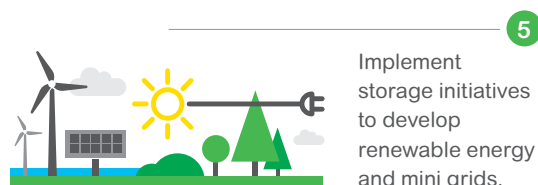
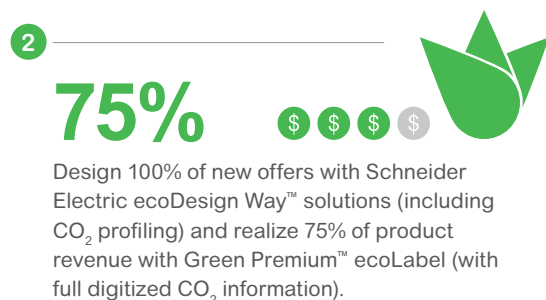
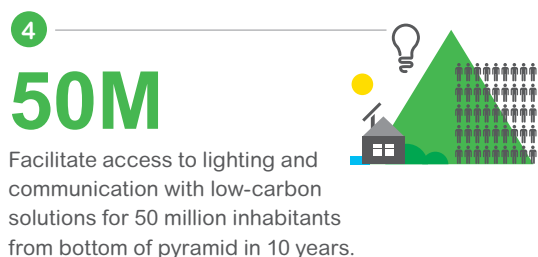
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Commitments to a sustainable future from Schneider Electric

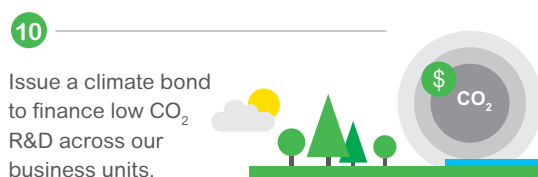
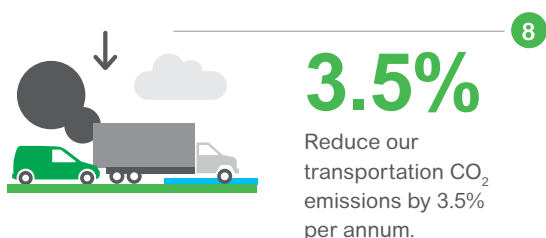
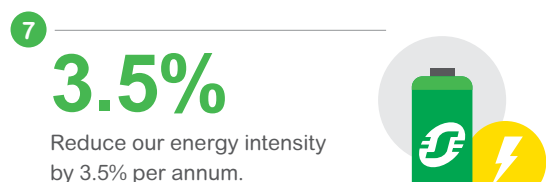
On the eve of the Paris Climate Change Conference, Schneider Electric takes new sustainability commitments, endeavoring to become a carbon-neutral company for all its sites in the next 15 years.



In our products and solutions portfolio:



In our product conception and supply chain:



“In 2015, with the first year of our new Planet & Society barometer and our COP21 commitments, we have demonstrated our ability to quickly take on new sustainable challenges for our internal and external stakeholders, for our company — and also for the planet.”



Gilles Vermot Desroches
Senior Vice President,
Sustainability
Schneider Electric

Photo credit:
Yvan Brien Photographies

Our sustainability scorecard

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

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 in meeting sustainability megatrends head on: climate, circular economy, development, ethics, and health & equity.

The Planet & Society barometer helps:

- Mobilize our corporate community around sustainable development objectives.
- Share our progress plans easily with internal and external stakeholders.

The Planet & Society barometer, 2017 Targets






2015 – 2017 BAROMETER

PLANET & SOCIETY

A measured & visible commitment

We launched the 2015 – 2017 Planet & Society barometer in January 2015 as part of the “Schneider is On” Company program. We measure and report results each quarter. The results from the end of 2015 are included in the related chapters throughout this report. Ernst & Young and Associates audited the results.

 PLANET	CLIMATE	<ul style="list-style-type: none"> • 10% energy savings • 10% CO₂ savings from transportation
	CIRCULAR ECONOMY	<ul style="list-style-type: none"> • Toward zero waste to landfill for 100 industrial sites • 100% of products in R&D designed with Schneider Electric ecoDesign Way
 PROFIT	CLIMATE & DEVELOPMENT (SUSTAINABILITY OFFERS)	<ul style="list-style-type: none"> • 75% of product revenue with Green Premium ecoLabel™ • 100% of new large customer projects with CO₂ impact quantification • 120,000 tons of CO₂ avoided through maintenance, retrofit, and end-of-life services • x5 turnover of Access to Energy program to promote development
	ETHICS	<ul style="list-style-type: none"> • 100% of our recommended suppliers embrace ISO 26000 guidelines • All our entities pass our internal Ethics & Responsibility assessment
 PEOPLE	HEALTH & EQUITY	<ul style="list-style-type: none"> • 30% reduction in the Medical Incident 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
	DEVELOPMENT	<ul style="list-style-type: none"> • 150,000 underprivileged people trained in energy management • 1,300 missions within Schneider Electric Teachers NGO

Shared value for stakeholders

We are pleased to share value through revenue distributions with our stakeholders all over the world: employees, suppliers, NGOs, and public authorities. Annually for the last 10 years, we have published a diagram to show this revenue distribution. This exercise allows us to highlight the importance of each stakeholder from the point of view of financial flows by showing their share in this flow.

REVENUE BREAKDOWN



*Borrowings, share issues, and sale of treasury stock

¹ Including €373 million in R&D

² Including €155 million for long-term pension assets

Revenue distribution to our stakeholders

Investments



Leadership team



Executive committee (as of February 16, 2016)

GLOBAL FUNCTIONS

1 Jean-Pascal Tricoire
Chairman &
Chief Executive Officer

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

3 Prith Banerjee
Executive Vice President,
Technology

4 Olivier Blum
Executive Vice President,
Global Human Resources

5 Annette Clayton
Executive Vice President,
Global Supply Chain

6 Hervé Coureil
Executive Vice President,
Information, Process, Organization

7 Daniel Doimo
Executive Vice President,
Global Solutions

8 Emmanuel Lagarrigue
Executive Vice President,
Strategy

9 Chris Leong
Executive Vice President,
Global Marketing

OPERATIONS

10 Leonid Mukhamedov
Executive Vice President,
Europe Operations

11 Luc Remont
Executive Vice President,
France Operations

12 Laurent Vernerey
Executive Vice President,
North America Operations

13 ZHU Hai
Executive Vice President,
China Operations

BUSINESSES

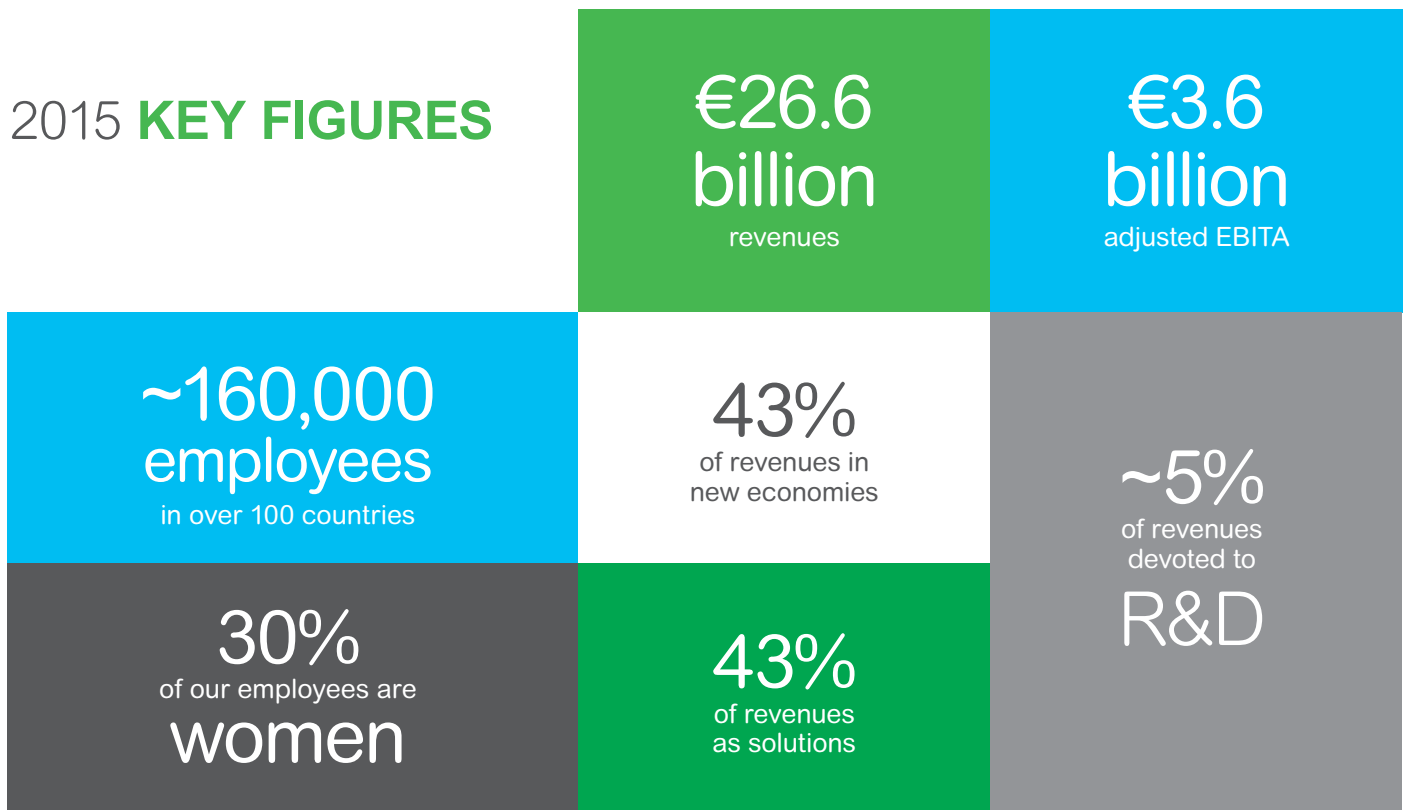
14 Frédéric Abbal
Executive Vice President,
Infrastructure

15 Clemens Blum
Executive Vice President,
Industry

16 Philippe Delorme
Executive Vice President,
Buildings & Partner

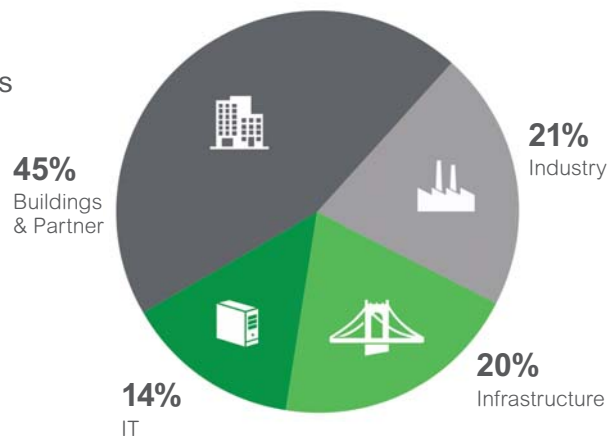
17 Hal Grant
Executive Vice President,
IT

2015 KEY FIGURES

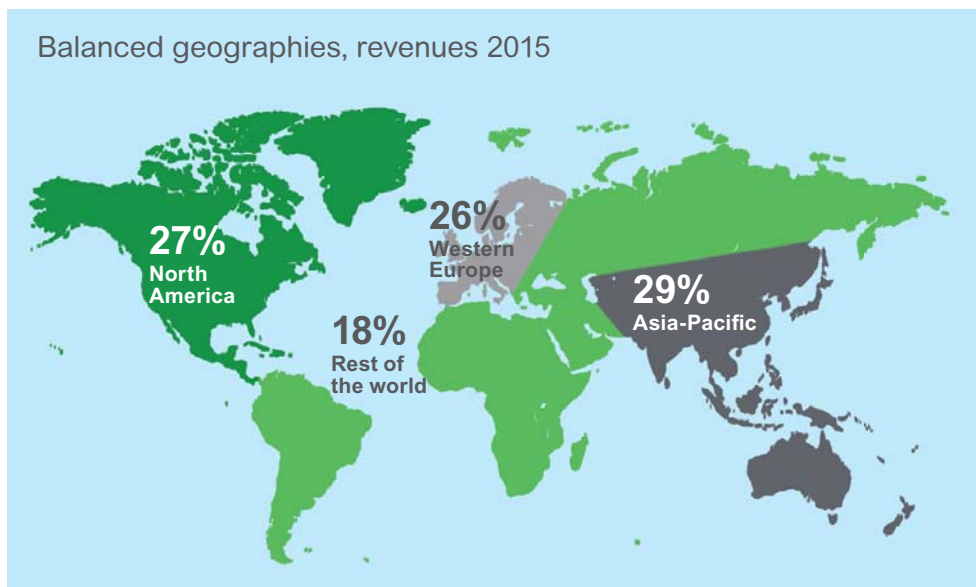


Source: Schneider Electric 2015 Annual Report

Four integrated and synergetic businesses







Balanced geographies, revenues 2015



How do we drive efficiency and sustainability?

Schneider Electric is organized in four businesses:

 BUILDINGS & PARTNER #1 worldwide in low voltage and building automation	 INFRASTRUCTURE #1 worldwide in medium voltage and grid automation
 INDUSTRY #1 worldwide in process safety systems #2 in discrete industrial automation #4 in discrete and process automation	 IT #1 worldwide in critical power and cooling

We operate in four principal end markets:




Non-residential & Residential Buildings **34%**



Utilities & Infrastructure **25%**



Industry & Machine Manufacturers **27%**



Data Centers & Networks **14%**

“

In a challenging environment, we delivered record-high revenues and profit, a stable margin in organic terms, and a strong growth in cash flow.



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

”

2015 achievements and 2016 priorities

A robust business model

“In a challenging environment, we delivered record-high revenues and profit, a stable margin in organic terms, and a strong growth in cash flow. From a business view, Buildings & Partner and IT strengthened their global leadership and delivered solid results; Infrastructure turned the corner, improving its profitability; and Industry is on track to recover its margin, showing great resilience despite weakness in some of its end markets. All this demonstrates the robustness of our business model based on the largest worldwide network of partners further enhanced by our balanced exposure to both end-markets and geographies. This also illustrates our capability to quickly adapt to a volatile, changing environment.

Successful Invensys integration

The second year of Invensys™ integration reached all synergy targets and was ahead of schedule. Despite significant headwinds, Invensys also delivered a solid performance and successfully ramped down China's nuclear project execution. The success of this integration demonstrates our capability to bring on board new entities and drive value creation from acquisitions.

Strong foundations

2015 also was a year we strengthened the foundations of our businesses. We disposed of several non-core assets to optimize our portfolio and accelerate our cost optimization, delivering €700 million in savings. In line with our commitments to our shareholders, we invested €0.6 billion on share buybacks in 2015 and proposed a 2015 dividend of €2 per share, an increase of four percent vs. 2014. We upgraded our targeted buyback to a total of €1.5 billion over 2015 – 2016.

2016 priorities

Our priorities for 2016 are to improve margin by working on our costs, growing our partner network through the launch of many integrated offers, accelerating services and software, and increasing selectivity on projects focusing on our sectors of expertise.”

Update on “Schneider is On” company program

2015 marked the first year of our “Schneider is On” company program. We are glad to see a solid start with strong execution. We progressed along the five axis points, bringing five benefits for our customers: **Do more**, **Simplify**, **Digitize**, **Innovate**, and **Step Up**.



DO MORE

Our services revenues went up by seven percent. Orders from industrial software grew by six percent. Project hit rate and gross margin at booking improved. Gross margin deviation between booking and during execution reduced.



DIGITIZE

We released our new company website, creating a better customer experience. In 2015, the number of connected offers has increased by 45 percent, and we are dedicated to bringing connectivity to a new level in 2016.



INNOVATE

We invested about five percent of our revenue (€1.3 billion) into R&D and successfully launched many new offers aligned with our value proposition across businesses. We are recognized as a clear technology leader by industry analysts covering our markets including Gartner®, IDC, ARC, Navigant, and Verdantix, in fields such as advanced distribution management systems (ADMS), building energy management software, and microgrid controls. We are gaining recognition in innovative projects and design through numerous awards such as UX Award for intuitive design.



STEP UP

This initiative focuses on fostering employee engagement. We have achieved recognitions in diversity and inclusion through a number of initiatives, including participation in the UN Women's inaugural HeForShe Parity movement.



SIMPLIFY

This initiative delivered industrial productivity of €0.36 billion and gross support function cost (SFC) savings of €0.3 billion, upgraded total of €660 million cost cutting in a year. We plan to further increase our efforts on SFC costs optimization as we recently upgraded our target to €600 million over the period 2015 – 2017.



12th most sustainable company

Corporate Knights 2016
“Global 100 Most Sustainable
Corporations in the World” rankings

“Climate A List” member

Climate Performance
Leadership Index (CPLI) Fifth
consecutive year on list of the
best climate performers

Industry Leader in DJSI

for the 3rd consecutive year and
“Industry Mover” for biggest
proportional improvement
in its sustainability performance
from last year

100/100 score Climate Disclosure Leadership Index (CDLI)

The CDP chooses companies
for their understanding of
climate change challenges

One of the world’s most ethical companies

by Ethisphere for the sixth
consecutive year

2015 CEO Leadership Award

United Nations Women
and Global Compact as
Champion for Gender Equality

Most sustainable company of the CAC 40

for the 2nd consecutive year by Enjeux Les Echos and Institut RSE

“

Smart energy solutions can help fight climate change. Solving the energy challenge lies at the heart of Schneider Electric's strategy. It is our signature to contribute to a better, more sustainable, and more connected world.



Emmanuel Lagarrigue
Executive Vice President, Strategy
Schneider Electric

”

A healthier planet

Our planet is facing an unprecedented energy challenge. Assuming that all recently introduced energy efficiency policies are implemented with full success, global primary energy demand is still expected to increase 32 percent by 2040.¹ This demand would have a dramatic impact on energy costs and energy security, competition for resources, access to energy for the poorest populations, economic growth — and of course climate change.

Let's put this in perspective: To meet expected demand, the increase in energy-related greenhouse gas emissions would be 16 percent — whereas it actually would have to decrease by 41 percent for the world to achieve the environmental targets outlined at COP21.² Without question, the energy mix needs to change, with the share of renewable energies increasing.

We can solve this challenge. Doing so lies at the core of Schneider Electric's business strategy.

We're boosting energy efficiency in developed economies throughout all market segments. We're expanding our local coverage in new economies with dedicated offers. And we're leveraging the strength of our brands, our competitive local supply chain, and the development of local marketing and R&D capabilities to respond to today's energy challenges.

Our customers — companies, citizens, governments — all want to reduce their costs and environmental impact while constantly improving the reliability, safety, and performance of their homes, buildings, sites, and equipment.

In order to ensure that energy efficiency targets are achieved and that the energy mix moves to more renewables, Schneider Electric provides an innovative and competitive portfolio of products, systems, services, and software to help our customers.

This committed ecosystem will drive us toward a more efficient and sustainable world: better homes and buildings; better cities and industries; and, most important, a healthier planet.



¹ IEA, World Energy Outlook 2015

² IEA, World Energy Outlook 2015



A safer and more reliable, efficient, connected, and sustainable world

Schneider Electric is responding to today's megatrends in six strategic ways:

- 1** We strive to answer the world's new energy challenges by boosting **energy efficiency everywhere**: in our homes, buildings and cities, industry, the grid, and throughout remote communities.
- 2** 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 them.
- 3** 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.
- 4** We are expanding our presence in **new economies** to leverage opportunities to respond to ever-growing energy, infrastructure, and industrialization needs through dedicated offers.
- 5** We 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.
- 6** We care about profit but only within the context of **responsible, sustainable growth** that nurtures concrete efficiency improvements based on our trusted research and development.

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 implemented in 2013. 2015 was a year of consolidation.

The self-assessment of the board of directors conducted in 2015 resulted in a unanimously very positive assessment of the board of directors and its committees in terms of composition, organization, and operations. The directors highlighted the great transparency of management, the openness of discussions, and the remarkable fit with the board members.”



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

Board activity

In its internal regulations, the board of directors defined the functions, missions, and resources of its four review committees: the Audit and Risk Committee, the Governance Committee, the Compensation, Human Resources and CSR Committee, and the Strategy Committee.

On May 6, 2014, the board of directors reviewed the committees' 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 were previously the purview of the Compensation, Human Resources and CSR committee. The latter is now the Human Resources and CSR committee.

The board of directors appoints the committee members on the proposal of the Governance Committee. Committees may open their meetings to the other board members. The vice-chairman independent lead director may attend any meetings of committees of which he is not a member. The committees may commission studies from outside consultants after having consulted with the chairman of the board of directors. They may invite anybody they wish to meetings, as necessary.

Secretaries of the board committees organize and prepare the work of the committees. They compile the minutes for the meetings of the committees which, following approval, are sent to all members of the board of directors. The secretaries of the committees are members of Schneider Electric's management teams and specialists in the subjects of competence of each committee.

“Social responsibility is key in Schneider Electric's governance. It is a primary driver in our global business and decision-making process. Social responsibility is at the heart of Schneider Electric's business strategy, company principles, and ethical codes. As a company, we have a key role to play in the betterment of the planet. As the Chairman of the Human Resources and CSR committee, I strongly believe that social responsibility is creating shared value for all our stakeholders and, most of all, for our collaborators.”



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



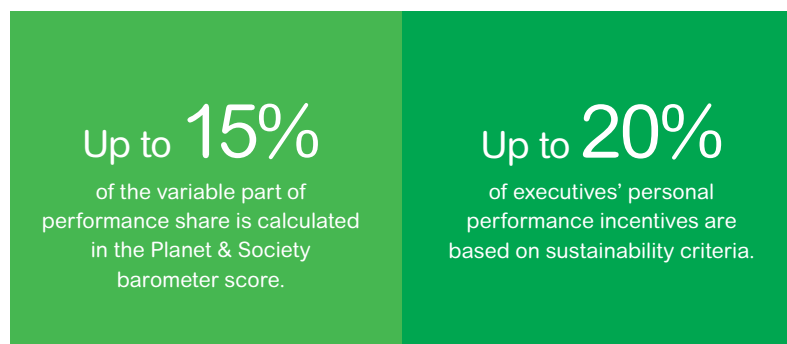
©Pierre Olivier Deschamps / Agence VU

Rewarding sustainability efforts

Across the value chain, Schneider Electric is committed to sustainable development. We've integrated sustainable components in personal performance incentives of executives to reflect the importance of this commitment to our employees, our company, and our planet. When possible, these components are linked directly to the Planet & Society barometer targets. They are personalized according to the areas of involvement for each member.

Sustainable development criteria also apply to the main zone and country presidents (20 in 2015) and to the heads of central functions in Global Operations. For all the other country chairmen, sustainable development is not a personal objective in their bonus, but it is part of their key objectives for their annual performance. If relevant, these criteria are cascaded into teams. The allocation of profit-sharing for the employees of French entities, moreover, includes achieving the annual targets of the Planet & Society barometer.

Employee incentives based on sustainability performance



2015 ACTIVITY OVERVIEW, Board of Directors and its Committees

BOARD OF DIRECTORS

9 meetings in 2015

6 hours long on average

86%
average attendance

AUDIT AND RISK

5 meetings

3 hours and 45 minutes long on average

95%
average attendance

STRATEGY

3 meetings

2 hours long on average

94%
average attendance

GOVERNANCE AND COMPENSATION

7 meetings

100%
attendance

HUMAN RESOURCES AND CSR

3 meetings

100%
attendance

Who's on our board in 2015

16 directors and **1** non-voting member

Composition of the board, December 31, 2015

50%

share of directors of non-French origin or nationality

31% share of directors who are women

61.5 average age of directors

A shared sense of 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.

85%

of managers signed an acknowledgment of *Our Principles of Responsibility*, signaling their strong personal commitment.

"The deployment of *Our Principles of Responsibility* within Schneider Electric Russia has clearly contributed to create a competitive advantage to grow our business and also to recruit talent that is attracted to companies known for their integrity and responsibility."

Jean-Louis Stasi

Zone President Russia & CIS
Schneider Electric



2015 – 2017 BAROMETER

PLANET & SOCIETY

A measured & visible commitment



PROFIT

Ethics
Indicator

88%

of our entities passed our internal Ethics & Responsibility assessment.

*Results are from the end of 2015, as audited by Ernst & Young and Associates.



Gunsan Elektrik employees after a training session in Turkey



Responsibility & Ethics Dynamics program

The Responsibility & Ethics Dynamics (R&ED) program includes organization, processes, and tools to foster employee compliance with *Our Principles of Responsibility (PoR)*. 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.

We've organized R&ED prevention around four actions:

- Raising awareness through R&ED Days and local initiatives
- Training employees through new e-learning resources on four topics: the R&ED program, business integrity, human rights, and ethical management
- Supporting employees with concrete policies, as evidenced by the new ethics performance indicator in the Planet & Society barometer
- Promoting responsibility through initiatives

Bringing sustainable development to life

All of our sustainable development decisions are clear, transparent, and fully integrated across Schneider Electric.

We hear you.

Ongoing and open. That's how we approach — and encourage — stakeholder dialogue. Through comments, ratings, and evaluations, this talk definitely turns to action. It directly influences the Sustainable Development Department's policies and programs. Such feedback is integrated throughout this report, as well as Schneider Electric's annual Registration Document, new progress plans throughout the company program, and the Planet & Society barometer. The voice of stakeholders is incredibly significant to us.

Who's talking?

Many people matter to us. Clearly identifying stakeholders and their focused input helps us best engage in ongoing, fruitful dialogue with our stakeholders.

How do we engage our stakeholders?

Effective dialogue is active dialogue. Schneider Electric engages stakeholders proactively in many ways throughout the year.

Learn more about stakeholder engagement at sdreport.schneider-electric.com

Focused dialogue with clearly identified stakeholders

This diagram is an overview of sector stakeholders proposed by Gimélec*, the French trade association for electrical equipment, automation, and related services.



The voice of shareholders

Schneider Electric's shareholders give life to the company both tangibly and intangibly. The Shareholders' Advisory Committee represents the collective voice of our individual shareholders. Schneider Electric appoints up to nine independent volunteers for three-year terms.

The Advisory Committee meets three to four times a year to help shape the communication strategy, events, and tools dedicated to individual shareholders, in order to better answer to our shareholders' needs and expectations. The committee also plays an active role in the Annual Shareholders' Meeting, as one of the members opens the Q&A session.

Keeping the COP21 momentum going ...

Schneider Electric is fully committed to fighting climate change. COP21 was one of the most significant international climate conferences with the signature of an agreement. The stake? Contain climate disruption. The target of the negotiation is to reach a global equitable agreement that initiates governmental policies globally to limit warming up to 2 °C.

Schneider Electric was actively involved throughout 2015 through participation or monitoring of several private, public, and multi-actor positions, initiatives, working groups, and constituencies, including United Nations Global Compact, Intergovernmental Panel on Climate Change, Caring for Climate initiative, World Business Council for Sustainable Development, Entreprises pour l'Environnement (EPE), and Solutions COP21.

During COP21 in Paris, the Schneider Electric French teams illustrated the company's efforts to mitigate climate change. We voiced our commitment through active representation in working groups and strong messages about the contribution of both energy efficiency and access to clean energy in emerging countries as vital to curbing climate change. With our electrical charging stations and our COP21 application, we were present at Le Bourget.



Barthold Veenendaal, Senior Vice President Energy Storage, Schneider Electric, introduces EcoBlade energy storage at the Solutions Gallery (Grand Palais- Paris).

Two numbers were impressed on the minds of the attendees and signatories:

Watch CEO Jean-Pascal Tricoire's COP21 interview at sdreport.schneider-electric.com

Limiting the long-term rise in global temperatures to

2 °C

Finalizing the

\$100 billion
in funding for developing countries



Innovation & Environment

Our spirit of INNOVATION



Prith Banerjee
Executive Vice President,
Technology
Schneider Electric

To thrive in today's world where the energy demand and sustainable development challenges are high, smarter innovation is essential. Schneider Electric's R&D innovation teams cultivate a deep understanding of customer needs and technological advancements that integrate with market trends to provide the best value propositions, to deliver energy management solutions, and to ensure Life Is On for our customers.

We are guided by five innovation principles applied everywhere.



CUSTOMER FOCUS



QUALITY FIRST



SYSTEM VIEW



DIGITAL



SIMPLE AND EASY

Co-creating the future

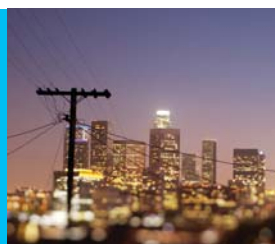
Empowered by 11,000 Research & Development engineers worldwide, Schneider Electric creates innovative solutions that solve customers'

biggest challenges and pain points. We help them tackle megatrends — all within the context of the world's energy paradox.

We have an opportunity to leverage the Internet of Things as our world becomes ...

More **ELECTRIC**

2x faster growth of electricity demand compared to energy demand by 2040¹



More **DIGITIZED**

20x more incremental connected devices than connected people by 2020²



More **DECARBONIZED**

82% of the economic potential of energy efficiency in buildings, and more than half in industry, remains untapped³



More **DECENTRALIZED**

70% of new capacity additions will be in renewables by 2040⁴



¹ IEA, World Energy Outlook 2014

² Cisco IBSG April 2011 / Internet World Statistics

³ IEA, World Energy Outlook 2012, internal analysis

⁴ Bloomberg New Energy Finance

A strong innovative spirit

At Schneider Electric, we are uniquely positioned to meet the demand for more efficient and more connected energy. We synergize energy management, automation, and software. This allows us to serve 70 percent of the world's energy consumption in four markets: commercial and critical buildings, residential, industry and infrastructure, and data centers.

We are committed to advancing innovations that deliver value to our customers. We anticipate trends across these markets, and we act proactively to ensure that our customers can stay ahead of the curve.

An intelligent energy storage system

On the eve of the COP21 conference, we introduced to the world EcoBlade™ intelligent energy storage system. This efficient, scalable form of energy storage will provide energy reserves for times when electricity is most needed. The forthcoming system is designed for residential, IT, industrial, or commercial environments and for the grid. It's a fully flexible system powered by Li-ion batteries.



The convergence of OT and IT enables local control of field devices, including this Altivar™ process drive.

Innovation at every level

Many of our gains and advances in efficiencies are driven by the convergence of operational technology (OT) and information technology (IT). We uniquely bring together energy, automation, and software and analytics to make the energy and automation value chain more intelligent. More predictable. More efficient. More reliable. And safer.

Add to this the growth of the Internet of Things, i.e., more and more connected devices, and our innovation strategy is truly driving greater energy efficiency and process optimization across all markets.

Investing in the future

We are committed to a high investment in technology for innovation. Our R&D teams further their expertise and approach their work with specific customer needs in mind. Since our experts are close to customers around the world, they take into account local specifications and preferences.

A closer look at our R&D

20,000
patents
active or in
application worldwide

> 500
patents
filed in 2014

~5%
of sales
devoted to R&D

11,000
R&D engineers

2015 Engineers' Choice Awards Winner,
Control Engineering

Climate bond for low-carbon research

In October 2015, Schneider Electric successfully launched a climate bond, raising €200 million with a 10-year maturity and a coupon of 1.841 percent in partnership with AXA Investment Managers (AXA IM), Mirova, and Neufilze OBC Investissements. This climate bond combines R&D, green technology, and responsible investment. Its objective is to finance Schneider's R&D programs dedicated to technologies that enable customers to achieve superior CO₂ savings. This is the first corporate climate bond dedicated to financing low-carbon innovation programs. It targets investors committed to climate change.

Giving Deloitte the edge

The Edge, in Amsterdam, is heralded as the world's most sustainable office building (BREEAM-NL, 2014). An architectural wonder, it also is a comprehensive and cohesive array of building engineering and energy-efficient ecosystems. The Edge not only sets a new global benchmark for buildings; it also prioritizes the happiness, health, and productivity of its occupants with Schneider Electric's SmartStruxure™ solution harmonizing data from multiple systems. This solution ensures comfort control for each employee and overall efficiency in the building's day-to-day operation.

Our
Innovation
affects

20

of the largest Oil & Gas companies in the world

11

of the top international brands within Food & Beverage

10

of the world's top electric utilities

3

of the top 4 biggest hyper-scale cloud providers

9

of the 10 largest Mining, Metals, & Minerals companies in the world

100+

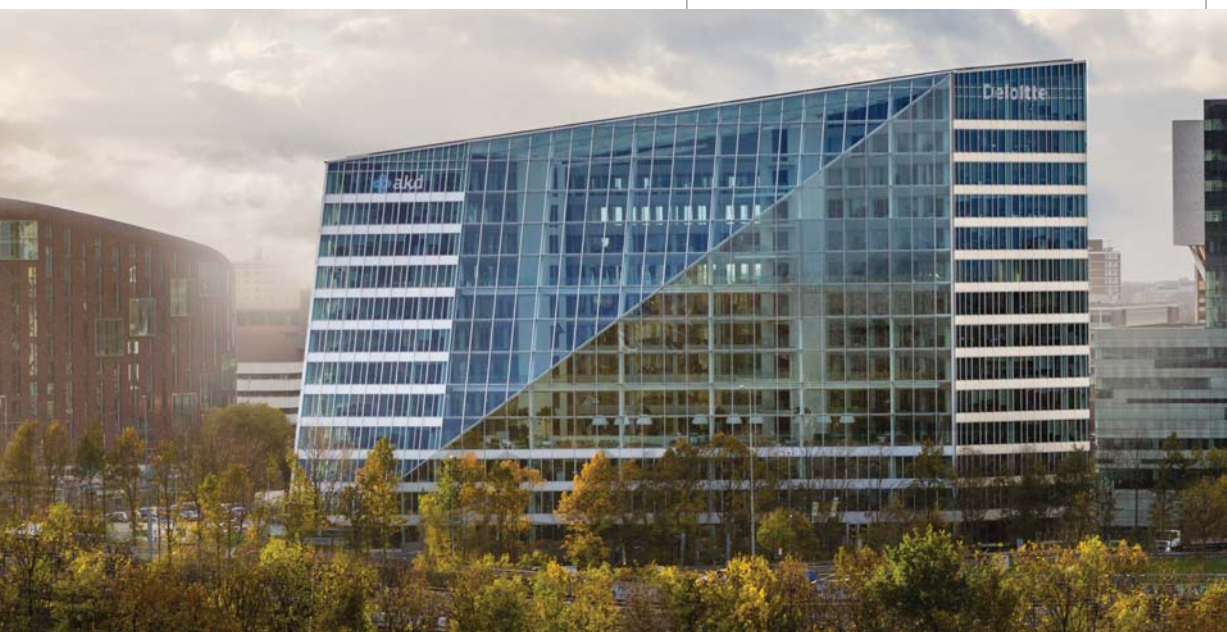
water & wastewater treatment plants

1 million

buildings around the world, including 3 of the 5 top international hotel chains and an estimated 40% of the world's hospitals

8

of the top 10 packaging machine builders



“We pursue two main environmental journeys. First, we innovate to build an increasingly resource-efficient supply chain year after year, aspiring toward neutrality in the long term. Second, we relentlessly invent products, solutions, and services that help our customers do more with less, reducing their CO₂, energy, and water usage.”



Xavier Houot
Senior Vice President,
Safety, Environment, Real Estate
Schneider Electric

Our passion for green growth

At Schneider Electric, environmental considerations go far beyond our sustained efforts to reduce our own footprint on the planet. They really influence everything we do — from strategy and R&D down to the value we bring to our customers. The theme of our Global Environment Day on June 4, 2015, “A passion for green growth,” embodies how we systematically approach environmental issues at Schneider Electric.

Our six environmental pillars

1 Deploying low-CO₂ and resources strategies

In 2015, we defined a CO₂ roadmap with a 2020 – 2030 time horizon. It helped identify ways to remain “COP21 and +2° compatible” and decoupled our activities from climate implications. Our CDP A List recognition with a 100/100 score in 2015 shows that our efforts are succeeding in many areas.

2 Building an increasingly green supply chain

On the energy front, we’re putting our own solutions and expertise to good use to improve Schneider Electric’s energy efficiency through commitments that run deep across our supply chain. We surpassed our set ambitions for the year to improve energy efficiency across our own sites.

Our commitments run deep across our supply chain:

- We commissioned new equipment to keep on reclaiming SF₆ leakages in our manufacturing processes.
- We reduced transportation CO₂ intensity by 8.4 percent compared to 2014.
- We deployed best-available green techniques in our plants.

4.5%

improvement of our
sites’ energy efficiency
compared to 2014

3 Leveraging waste as worth

We drive an obsession toward zero waste across our 1,600 facilities globally. What does this mean? Waste minimization. Reuse. Recycling and landfill avoidance. These are all targets measured in the performance scorecards of our manufacturing plants and distribution centers. This year, we are proud that 64 plants received the “Toward Zero Waste to Landfill” designation. In 2015, we saw a strong increase (+4 percent) of our waste recovery ratio globally.

64 plants

received the
“Toward Zero
Waste to Landfill”
designation in 2015

4 Promoting green attributes and value-adds

Our customers are central to the company's environmental commitments. Today, more and more Schneider Electric customers keenly quantify our offers' environmental benefits (e.g., reduction of kWh, CO₂, water). Schneider Electric invests significant resources in designing and implementing our Green Premium ecoLabel.



By the end of 2015, our ecoLabel covered more than

€9 billion

of our product-based turnover

5 Implementing a circular economy

"Circularity" is just common sense to us. It's a lens through which we drive innovation and further value-add for our customers and the planet alike. Schneider Electric's circularity efforts are visible in many ways — from offers to solutions to services. We've made the following strides to date:

- We increased our retrofit (ecoFit™) revenues in 2015 by providing services that extend product life and help customers enjoy energy management and automation services while using fewer resources.
- We grew end-of-life management services for low- and medium-voltage equipment and for uninterrupted power supply (UPS) systems.

"Incremental improvements in the energy and material efficiency of our products and our economies, while useful, will not in the end be an answer to the problems of resource scarcity nor deal with negative externalities. What is needed is a fundamental re-shaping of our economic system into one that is regenerative and restorative by design and where nothing is waste — in other words one that is circular. In such an economy, products are designed to be used rather than consumed, and are then refurbished, remanufactured, or recycled. Far from being a hardship, such a transformation offers enormous economic opportunity across all sectors."



Dame Ellen MacArthur
Founder
Ellen MacArthur Foundation

© Roy Beusker Fotografie

6 Strengthening our environmental governance

We regard our suppliers as partners in our sustainability efforts, so we're constantly driving environmental stewardship in the way we select and grow our supplier base. Specifically, we've conducted hundreds of assessments through EcoVadis, an independent third party, in addition to field visits and audits.

As we assess environmental risks in our supply chain, we comply with changing regulations, and report to a variety of external stakeholders and analysts:

- We continued efforts toward embedding environmental considerations across other processes such as purchasing, investment, manufacturing, logistics, acquisition, human resources management, etc.
- We managed more than 150,000 full-part declarations to make environmental stewardship of our REACh and RoHS products effective and efficient.



2015 – 2017 BAROMETER

PLANET & SOCIETY

A measured & visible commitment



PLANET

Climate Indicators

4.5%

energy savings

8.4%

CO₂ savings from transportation

Circular Economy Indicators

64

industrial sites zero waste to landfill designation

13.3%

of products in R&D designed with Schneider ecoDesign Way



PROFIT

Climate & Development (Sustainability Offers) Indicators

67.1%

of product revenue with Green Premium ecoLabel

44,777

tons of CO₂ avoided through maintenance, retrofit/end-of-life services

Results are from end of 2015, as audited by Ernst & Young and Associates.

“

We have built a strong foundation of tailored supply chain capability for our customers. This differentiates us in the marketplace, and we are poised to support the more demanding business environments and critical needs of our customers.



Annette Clayton
Executive Vice President,
Global Supply Chain
Schneider Electric

”

Our customer-centric vision

Schneider Electric's supply chain is a worldwide operation. Our 2020 vision is to serve the customer through our Tailored Supply Chain 2.0 program launched in 2015. Five supply chain value propositions guide our success in serving the needs of our customers' dominant buying behaviors:

- **Collaborative:** A supply chain for customers who value reliability and trustworthiness
- **Project-driven:** A supply chain for customers who are time sensitive to project schedules
- **Lean:** A supply chain for customers who are price sensitive and who also want efficiency and reliability
- **Fully flexible:** A supply chain that will be deployed in crises environments where speed and innovation are paramount
- **Agile:** A supply chain for customers who are demanding, unpredictable, and expect speed

An energy-efficient supply chain

Schneider Electric works for sectors that account for the majority of global energy consumption and its corresponding CO₂ output. We are especially committed to making sure our own products and solutions help reduce both energy use and CO₂ emissions — from design to manufacturing to shipping and deployment to products' end of life.

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.

Tailored Supply Chain 2.0 Results, 2015

2015 marked the first year of the five-year Tailored Supply Chain 2.0 program.

- Average customer lead time reduced by 20 percent
- Delivery performance for special care units improving
- On-time delivery to customer reaching an all-time high level of performance
- 24 customer process functionalities deployed in 45 front offices
- 76 percent of order lines placed digitally by customers

Supply chain figures at a glance

130,000
orders lines/day

103
distribution centers

500,000
references

€12
billion in purchases

45,000
suppliers

90,000
employees (total industrial headcount, including purchasing, manufacturing, and logistics)

220 factories in 44 countries

Gartner® Top 15 2015 European
Supply Chain Organizations

#10 ranking
to join Top 15 list for first time

2015 Gartner Supply Chain Top 25: "Europe Top 15," September 2015

Source: Schneider Electric Global Supply Chain, February 2015

Building sustainable relationships

Building sustainable relationships with our subcontractors and suppliers is just as important as building sustainability. *Our Supplier Guide Book* helps suppliers know where we stand at all times, even in an ever-changing marketplace. This charter includes sustainable development expectations related to health and safety, human rights, ethics, and the environment. This approach is strengthened by the General Purchasing Terms and Conditions to which all Schneider Electric suppliers must conform.

Responsible supplier relations



The French Ministry for the Economy, Industrial Renewal, and Digital Affairs has taken note of our sustainability efforts. With the Ministry's "Responsible Supplier Relations" label, Schneider Electric's suppliers can be assured of the company's commitment to responsible purchasing.

Sustainable development criteria

In the selection of new suppliers, sustainable development criteria account for nearly 15 percent of supplier evaluation. All criteria have a minimum level, below which a supplier will not be retained to work with Schneider Electric. In 2015, we carried out 550 on-site audits of this type.

On our purchasing agenda: sustainability

"Schneider Electric is a recognized ambassador and leader in sustainability. We share the same Planet & Society agenda in purchasing. Our call to action is simple: It is vital that we drive our spending on goods and services to foster sustainable development."



DK Singh
Senior Vice President, Purchasing
Schneider Electric

ISO 26000 guidance

Schneider Electric is one of the first companies to start measuring (year over year) and then challenging our suppliers on sustainable development. Today, we have stringent sustainable development criteria embedded in our suppliers' evaluation and selection process. We have set the ambitious target to have 100 percent of our "recommended" suppliers in line with the guidelines of ISO 26000 by 2017. ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way.



2015 – 2017 BAROMETER
PLANET & SOCIETY
A measured & visible commitment



PROFIT
Ethics Indicator

64.7%

of recommended
suppliers embrace
ISO 26000 guidelines

Results are from end
of 2015, as audited by
Ernst & Young and Associates.





Solutions & Customers

Chicago's John G. Shedd Aquarium is a model of forward-looking sustainability.

Becoming CARBON NEUTRAL



The Global Solutions organization brings together the best of Schneider Electric in order to address our customers' most pressing business challenges. We achieve this goal by transforming the way we engage and deliver value across the enterprise, building long-lasting relationships with customers in targeted segments, and by leveraging decades of expertise and a strong global footprint.



Daniel Doimo
Executive Vice President,
Global Solutions
Schneider Electric



2015 – 2017 BAROMETER
**PLANET &
SOCIETY**
A measured & visible commitment



PROFIT
Climate &
Development
(Sustainability Offers)
Indicators

The technologies behind our COP21 commitments

Building on Schneider Electric's long experience in sustainability goals, thanks to the Planet & Society barometer, we are leveraging the company's technologies and solutions to achieve our COP21 commitments by 2030. We want to build an ecosystem that helps customers reduce their own energy consumption by 30 percent through active energy efficiency and sustainability solutions. We also want to offer products and solutions that provide clean and affordable energy to communities at the base of the energy pyramid and those living in fuel poverty.



The COP21 climate change conference inspires sustainable energy for all.

"Companies that have technologies to produce or facilitate the use of renewable energy, capture carbon, or dramatically improve energy efficiency can look forward to a period in which governments around the world make a concerted, collective effort to encourage their adoption."

Andy Lawrence, Research Vice President,
and Rhonda Ascierio, Research Director
451 Research

Source: "Paris climate accord: A boost to micro-grid, analytics, IoT and energy-efficiency players?" December 17, 2015

100%

(target by 2017)
of new large customer
projects with CO₂
impact quantification



Solutions at a glance

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 into our environment, supporting the rhythm of our lives — empowering people to do more with less in:

- Homes/buildings
- Cities
- Electrical utilities/renewables
- Industry
- Data centers
- Remote communities

2015 RECOGNITIONS

- ★ **Gartner® Magic Quadrant for Data Center Infrastructure Management**
Schneider Electric recognized as a leader for second year in a row
- ★ **Gartner® Magic Quadrant for Advanced Distribution Management Systems**
Schneider Electric named a leader for second year in a row
- ★ **Spirit of Partnership Award**
From Owens Corning for providing services to the residential manufacturing leader
- ★ **DatacenterDynamics Leaders' Award**
For Schneider Electric's state-of-the-art, prefabricated micro data center installed at Sagrada Familia (Barcelona, Spain)
- ★ **Leader in Building Energy Management Software**
By Verdantix for Resource Advisor™
- ★ **Corporate Responsibility Partnership**
Schneider Electric and Cummins Inc., a global power leader, signed a declaration to collaborate on community improvement/energy access projects

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Smart homes

From grid to living space, we ensure peace of mind, comfort, and sustainability. We keep people safe, secure, and in control of their environment and energy through intuitive, adaptive technologies for energy-efficient homes.

The smart thermostat made Wiser

Wiser™ Air smart thermostat: It's Schneider Electric's complete home energy management solution.

This intelligent ecosystem built with state-of-the-art technology gives homeowners control of both comfort and energy savings. Either from the system's easy-to-use touch screen or a smart device, users are in command of the home environment whenever and wherever they need to be.

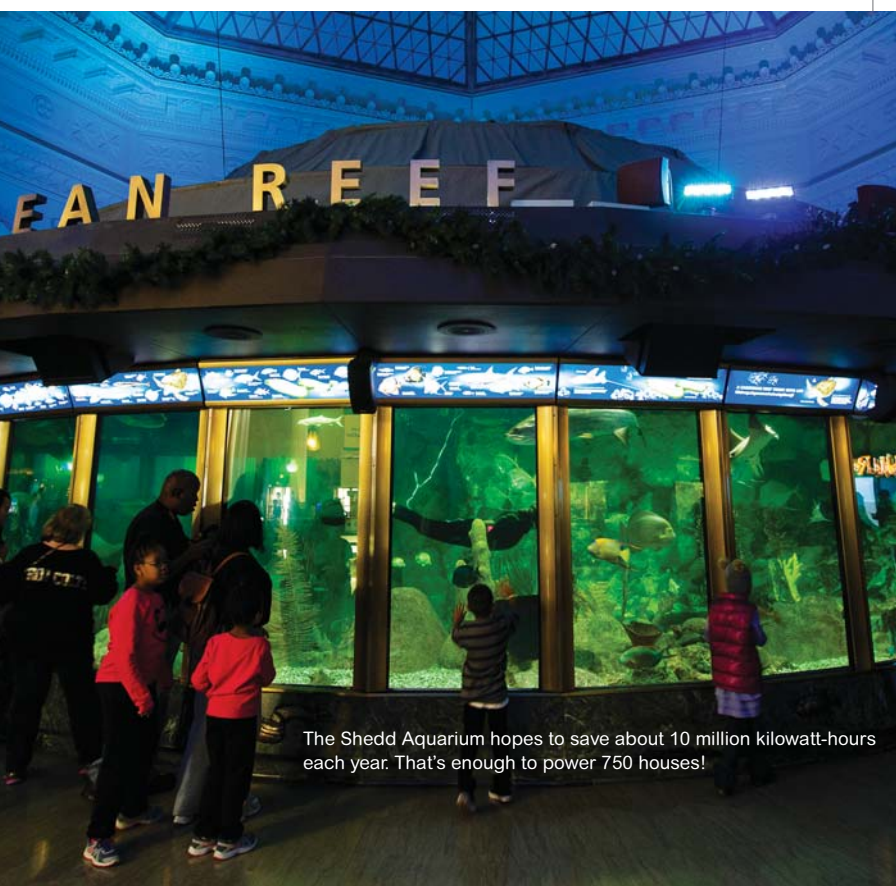


Intelligent buildings

From grid to floor space, we ensure safety, comfort, reliability, efficiency, and sustainability. Our solutions include world-class building and energy management systems, security controls, energy and carbon dashboards, and building analytics.

A smart aquarium

Chicago's landmark John G. Shedd Aquarium is a model of sustainability. Schneider Electric's Building Analytics solution is helping the popular attraction to create a whole planet of different temperatures and conditions to accommodate its visitors. From data analysis of animal living conditions, to tank cleaning and reducing costs with solar energy, everything is analyzed, regulated and reliable, so that everyone — including the animals — is comfortable.



The Shedd Aquarium hopes to save about 10 million kilowatt-hours each year. That's enough to power 750 houses!

An 86-year-old indoor public aquarium, Shedd is working to
**cut its energy consumption
in half** by 2020.

Sustainable urban infrastructure

From downtown to suburb, we deliver urban efficiency today. To us, a smart city is an urban center where infrastructure management and energy efficiency go hand in hand.

Energy-efficiency performance savings

Dallas County's Energy Savings Performance Contract with Schneider Electric covers 54 buildings, with all phases completed in 2015. The guaranteed savings, thanks to energy-efficiency and operational upgrades, is \$73 million over a 10-year period.



The Dallas Museum of Art decreased its energy usage 45 percent over five years.

Electrical utilities & renewables

From source to load, we make the grid easy, efficient, and reliable. Together with our partners, we enable smarter utilities, the integration of distributed renewable energies, and increased energy efficiency through smart metering and devices.

The power of solar

Neoen, one of the leading French players in renewable energy, launched Europe's largest solar farm, located in Cestas near Bordeaux, France. Eiffage, Schneider Electric, and the construction company Krinner designed and built the Cestas photovoltaic farm with a total peak capacity of 300 MW. That's enough energy in one year to service the domestic consumption needs of the entire population of Bordeaux.

Cestas generates

3x

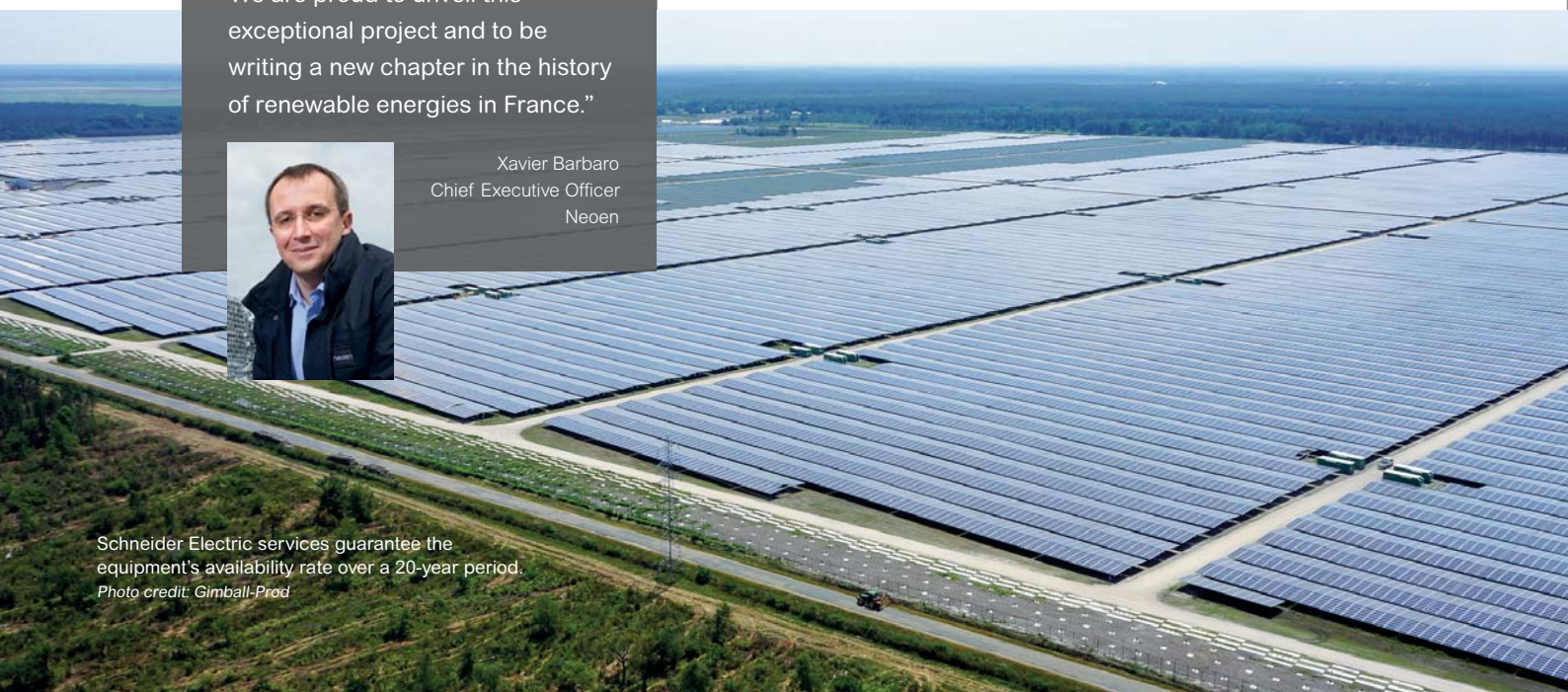
as much electricity per hectare as most other farms in Europe.

"We are proud to unveil this exceptional project and to be writing a new chapter in the history of renewable energies in France."



Xavier Barbaro
Chief Executive Officer
Neoen

Schneider Electric services guarantee the equipment's availability rate over a 20-year period.
Photo credit: Gimball-Prod



The smart industrial enterprise

We see the promise of a bright industrial future, making lives better everywhere. From process automation to machines, we make industry smart, safe, efficient, and productive — no matter the approach to production or industrial segment.

Fritzens turned from an energy consumer (3.6 GWh/year) into an energy supplier of

6 GWh/year

From energy producer to energy supplier

The Fritzens wastewater treatment plant in Tyrol, Austria, leveraged Schneider Electric to adapt the plant's automation to all the necessary optimization measures. We connected automation and control with energy monitoring systems to create an intelligent, energy-aware infrastructure — with context-rich energy consumption information. Insights turned into savings!



The Fritzens wastewater treatment plant in Tyrol, Austria, serves 120,000 residents.

DATA CENTERS

Data's reliable, invisible backbone

From rack to cyberspace, we optimize performance, speed, and cost. We build highly available and energy-efficient data centers that service the growing IT needs of all types of companies.

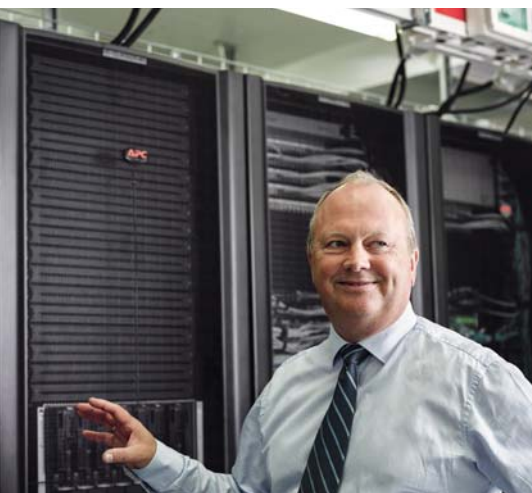
Reaching new heights in efficiency and sustainability

Tucked deep within a mountain that once was a NATO storage bunker, Norway's Green Mountain Data Center uses nearby fjord water to cool its many servers. This co-location facility is one of the greenest, most efficient, and sustainable data centers in the world. Schneider Electric's advanced data center infrastructure management software and cooling solution enable high efficiency and availability.

Green Mountain Data Center boasts power efficiency of

1.2

on the PUE scale with Schneider Electric solutions in place.



"Schneider Electric shares the same values as we do: renewable energies, optimization of existing infrastructure, and sustainability."

— Knut Molaug, CEO, Green Mountain

Closing the energy gap worldwide

From off-grid to fuel-poor communities, we create innovative solutions to address the energy paradox. We balance our planet's carbon footprint while upholding the indisputable human right of everyone to energy access.

Life Is On in Nigeria

The Community of Bisanti, Katcha LGA, commissioned a 24 kW solar microgrid to serve approximately 1,600 residents and over 200 homes. Schneider Electric Nigeria was part of the project partnership.



This Access to Energy project created over 60 direct and indirect jobs during the course of project implementation.



Our People

This Bangalore team Steps Up each day for Schneider Electric.

Helping our people “STEP UP”



Olivier Blum
Executive Vice President,
Global Human Resources
Schneider Electric

Our customers see our company through our people. We strive to have the best knowledge of our business and technology and the best capability of delivering our collective know-how. To achieve this, we must create the right environment for our employees.



The Step Up initiative

Our customers get great service because great people work at Schneider Electric. One of the five Schneider is On company program pillars, the Step Up initiative is about making the difference our customers expect and deserve through our world-class leadership, empowered people, and superior teamwork. Our ambition is to create an engaging place to work while helping our employees grow. In turn, our company grows.

Step Up focuses on developing skills, managing talent, and building unparalleled teams to help Schneider Electric deliver a superior customer experience. This initiative fosters diversity and promotes an inclusive environment that gives all our employees the opportunity to learn, grow, and develop their career. It also supports well-being initiatives.

Finally, we believe that well-being generates performance and performance generates well-being; therefore, we endeavor to provide an engaging workplace, making Schneider Electric an even better place to work all around.

“Great people make Schneider Electric a great company. That’s why we’re stepping up to ensure that we attract, develop, and retain strong people throughout all of our businesses and levels. Talent, well-being, diversity, learning, leadership, and a high-performance culture are our priorities.”



Aurelie Richard
Senior Vice President,
People Strategy & Step Up
Program Leader
Schneider Electric



2015 – 2017 BAROMETER
**PLANET &
SOCIETY**
A measured & visible commitment



PEOPLE
Health & Equity
Indicators

17%

reduction in the Medical
Incident Rate (MIR)

85.6%

of employees received
one day training

61%

Employee Engagement
Index score

57%

of employees work in
countries with
Schneider Electric’s
gender pay equity plan

Results are from end
of 2015, as audited by
Ernst & Young and Associates.



Schneider is On

Launched in January 2015, the current, five-year Schneider is On company program provides an action guide that gives employees a shared purpose for advancing common, customer-centric priorities and company sustainability.



DO MORE

by creating more opportunities for our customers ... and for ourselves.



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.



SIMPLIFY

our operations for increased efficiency.

Our company values

We are
Straightforward

We
Challenge

We are
Open

We are
Passionate

We are
Effective

A high-performance culture

Schneider Electric's high-performance philosophy is based on the following tenets:

Sustained performance

We drive and expect strong, sustained performance from all employees.

Engagement and motivation

We create a positive environment that engages our people to do a good job, recognizing their achievements.

Ongoing feedback

We focus our energy on truly managing performance throughout the year.

Trust

We empower and enable our managers to lead their teams and do not micro-control them.

Differentiation

We recognize levels of performance with differentiated rewards and opportunities for development.

Simplification

We reduce the number of layers to drive front-line empowerment.

Our Employer Value Proposition

This year Schneider Electric announced a new Employer Value Proposition (EVP) to answer the question “Who is Schneider Electric?” authentically through the many voices of our employees. The EVP campaign showcases the talent within the talent of our amazing people from all over the globe. Now, meet Yu Siang Chieng ...

Coloring outside the lines

An environment and sustainability engineer based in Singapore, Yu Siang Chieng is a voice of the company’s green mission. At Schneider Electric, Yu supports initiatives for a lower-carbon supply chain. “I’m an environmentalist who strongly believes that we need to instill sustainable living in those around us,” says Yu. “I like to immerse myself in nature, seeking inspiration ... for cartoons, sketches of people, forest scenes and such.”

Next, meet Julie Glad, Master Technician, Production Support, Schneider Electric, from Grenoble, France at sdreport.schneider-electric.com



Whether painting, sketching, or working, the environment and fresh air give Yu Siang Chieng peace of mind.

The heart of the company

Twice a year, we check the pulse of employee engagement, which is an internationally recognized measure of a company’s employee satisfaction rating. We leverage an independent vendor to perform and manage our OneVoice satisfaction survey to ensure impartial reporting.

2015 OneVoice by the numbers:

100%

of employees invited twice a year via email notifications or kiosks at plant locations

73%

participation rate (up from 62% in 2011)

55+

languages represented in translated versions of survey



A company-wide
commitment to
diversity

10+

local Schneider Electric
women's networks
worldwide

500+

of our top leaders
have attended **gender
diversity training**

400+

female participants in
three-day **Women in
Leadership coaching
programs** across Asia,
Europe, and
North America

8

nationalities
represented on our
Executive Committee

100%

of the production and
commercial sites in
France audited for
**accessibility for the
disabled**, with continuous
improvement process
implemented



Schneider's success depends on our ability to reflect
worldwide and diverse marketplaces.

HeForShe!

Schneider Electric participates in the UN's
HeForShe solidarity movement for gender
equality. The campaign engages men and boys
as advocates and agents of change for the
achievement of gender equality and women's rights.

Schneider's specific HeForShe objectives are to:

1. Increase the representation of women
across the pipeline — to 40 percent at entry,
and 30 percent in the top positions.
2. Reach 150,000 employees with pay equity
by 2017.
3. Establish dedicated executive-level groups
to advance gender parity across Schneider.

"As a man in a male-dominated workplace,
I find it unique that HeForShe can inspire
and support women to reach for their
dreams while breaking down barriers.
Indeed, I am HeForShe."



Eddie Ukpogb
Digital Customer Experience
Country Leader, Southern Africa
Schneider Electric

Our heritage and our future: diversity

To us, inclusion and all forms of diversity
provide real, strategic value for the company.
We mirror the diversity of the communities in
which we operate, encouraging collaboration
among colleagues, as we believe strongly
that our differences make us grow as a
company and as individuals.



♂
24,000+

male Schneider employees joined
the 2015 HeForShe movement.



In 2015, **39%** of
employees recruited were women.

Meet more of Schneider Electric's
great people at
sdreport.schneider-electric.com



Melanie Schleeweis-Connor of our Boston One Campus enjoys life-work balance through exercise.

An essential balancing act

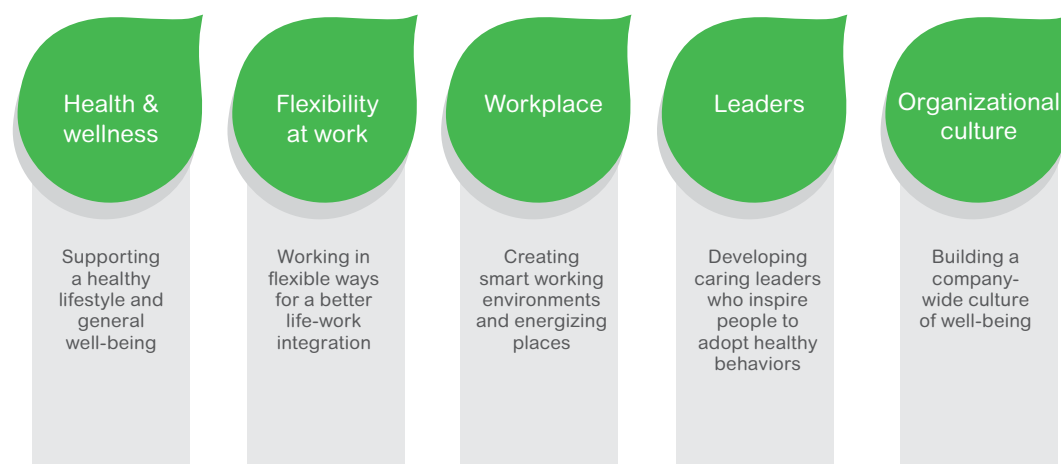
To Schneider Electric, well-being isn't just another employee project; it's a strategic priority for 2020. Our ambition is to help individuals and teams unleash their potential. We leverage a network of passionate Well-being Champions across the globe and more than 200 volunteers involved in project teams to carry out the holistic program's five pillars.

"In Schneider Electric, we strongly believe that well-being is the foundation of sustainable engagement and long-lasting performance. We create an environment where our people can feel healthy, happy, and thrive at work and at home."



Marc Bochirol
Senior Vice President,
HR Global Functions &
Organization Development,
Well-being Sponsor
Schneider Electric

Well-being at Schneider Electric: a holistic approach with five pillars



Worldwide
Learning
Week

38,000

learners participated
(3.4 hours average).

75%

(of 3,626 survey respondents)
indicated they have
strengthened their skills.

92%

thought Learning Week
should be offered again.

72%

of respondents were
satisfied with Learning Week.

74%

are **likely to recommend**
it to a friend or colleague.



A passion for green growth!

Global Environment Day is an engaging way for our employees to join together to walk the talk. Employees banded together to take action at their sites on June 4, 2015. We focused on the event's three themes: circular economy, a low-CO₂ world, and differentiating ourselves through green efforts.

Engaging European Works Council dialogue

In 2015, Schneider Electric's new European Works Council met seven times, including six Core Council meetings and one plenary session. These meetings facilitated an active social dialogue at the European level throughout the year, as well as in-depth discussion on key topics. The June plenary session hosted presentations on the company's strategy with ExCom members, including CEO Jean-Pascal Tricoire. One meeting took place in Schneider's new headquarters in the Netherlands, where our solutions were presented to the European employee representatives through a most valuable "Tech Tour," along with a presentation of our business and HR initiatives by our country president and HR VP.



Thierry Jacquet
Commercial Engineer,
Infrastructure Business,
Schneider Electric and
Secretary of the European
Works Council

Major safety milestone achieved in Russia

Schneider Electric Russia's Caspian Pipeline Consortium Expansion Project, Telecom, reached 500,000 man-hours incident-free thanks to the customer, our HSE (Health, Safety, and Environment) rules, the team's involvement, and taking all measures and actions to prevent risky situations, as well as educational training and strict enforcement of HSE rules.



Nurturing tomorrow's energy leaders

At Schneider Electric, we believe that education is a key ingredient in our sustainability strategy. We're proud to support three successful avenues of educational support: Go Green in the City and Solar Decathlon are energy management challenges for university students. Energy University™ offers free, online curricula to cultivate tomorrow's energy leaders. Over 200 vendor-neutral courses are available in 13 languages and 185 countries.

Browse the course catalog at
MyEnergyUniversity.com

Energy education
from anywhere for
efficiency everywhere

Energy University, 2015 Figures

78,065
total
registrations

139,158
total
courses
taken

53
Professional Energy
Manager certification
registrants

Top 50 World's Most Attractive
Employers ranking
as rated by engineering students in 2015

500,000
registered participants,
a milestone for Energy University

Ranked
as One of
America's **BEST**
Large Employers
by *Forbes* Magazine, 2016

“

The continued momentum of Energy University comes just weeks after world leaders convened at COP21 to discuss a universal climate agreement. Energy education is a critical link to enabling organizations and communities around the globe to build a more sustainable and efficient future, ultimately leading to a healthier planet.



Chris Leong
Executive Vice President,
Global Marketing
Schneider Electric

”



Community Outreach

Solar power helps Indonesian communities transition from dependence on diesel fuel.

Energy: A BASIC HUMAN RIGHT



Photo credit:
Yvan Brien Photographies

Gilles Vermot Desroches
Senior Vice President,
Sustainability
Schneider Electric

Solving the global energy dilemma is embedded within the company's core strategy. In six years, we have contributed to equip 15 million people from the base of the pyramid with energy solutions. Our objective is to reach 50 million in the next 10 years.



A global paradox

Today, 1.1 billion people worldwide still do not have basic access to electricity, and 87 percent live in rural areas.¹ Viewed through the global lens of energy over-consumption, this glaring gap is paradoxical.

Access to energy isn't just a technology issue; it's a human one. The benefits of electricity are transformational. Electricity reduces poverty, improves health (most significantly for women and children), increases productivity, enhances educational opportunities, improves the standard of living, and promotes environmental sustainability.²

We're not just talking about rural communities. Fuel poverty in developed countries affects an estimated 65 million people in the European Union alone. That's 13 percent of households!³

As a company that cares about sustainability, we want everyone on our planet to have access to reliable, safe, efficient, and sustainable energy.



The transition to cleaner, safer energy and light sets Senegal on a brighter path.

¹ Sustainable Energy for All — Global Tracking Framework 2015

² For more information about these benefits, see Schneider Electric's "Providing Sustainable Access to Energy" White Paper, by Gilles Vermot Desroches and Aram Kalanyan

³ The Case Study of Fuel Poverty for European Environmental Justice, OFCE Review/Debates and Policies — 120 (2011)



2015 – 2017 BAROMETER

**PLANET &
SOCIETY**

A measured & visible commitment



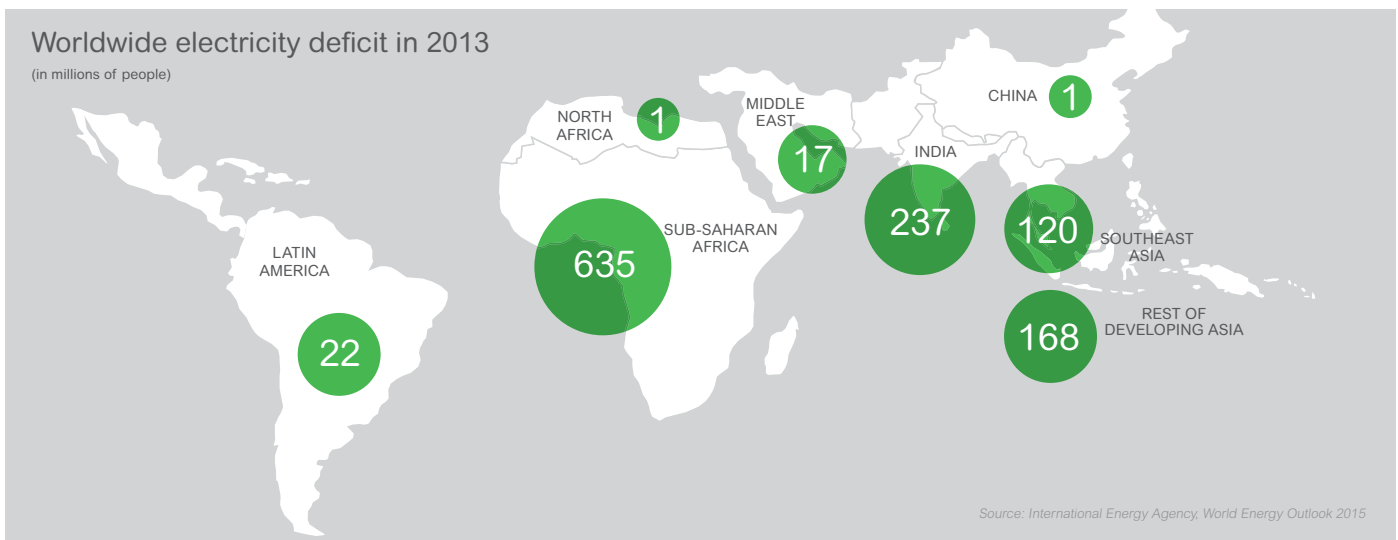
PROFIT

Climate &
Development
(Sustainability
Offers) Indicator

x2.07

turnover of Access
to Energy program to
promote development

Results are from end
of 2015, as audited by
Ernst & Young and Associates.



Closing the energy gap

Our goal is to provide only efficient, sustainable technologies that communities can maintain long after project implementation. To that end, our Access to Energy program actively and collaboratively involves local stakeholders, including residents and customers, to bring safe, clean electricity to communities. These collective efforts include offers and business models, investment funds, and training.

3.3 million

households at the base of the pyramid now have accessible energy through our Access to Energy program (offers and business models).

Source: Schneider Electric 2015 Annual Report

“The off-grid landscape is changing rapidly. Over the past few years, we have seen a dramatic shift in focus, from retail sales of task lanterns and solar kits to innovation in solar home system- and mini-grid-based business models. The solution space is growing, and micro-utilities are now seen as a means for people to quickly climb the energy ladder. Operational partnerships and smart financial structuring will be critical to capture the full potential of the off-grid opportunity and ensure that the last mile is served.”



Pepukaye Bardouille
Senior Operations Officer,
Energy and Resource Efficiency Advisory
International Finance Corporation

OFFERS & BUSINESS MODELS



Local needs matter

For Schneider Electric, innovative energy access offers start with the local needs and the socio-economic context of those with little or no access to clean, healthy, and reliable electricity.

Green postal services in Benin

In collaboration with La Poste du Bénin and Asper, a renewable energy consulting firm, Schneider Electric distributed Mobiya TS120S mobile solar lanterns in 108 post offices throughout Benin. The innovative lamp has a USB port that charges phones and other devices.

The Poste Verte initiative fosters Benin's development through a range of green financial services.



"Energy is opportunity" in India, thanks to Simpa Networks.

"We founded Simpa Networks inspired by a simple idea: that 'energy is opportunity' and the belief that if we could expand access to energy, then we could expand access to opportunity."



Paul Needham
Chairman & CEO
Simpa Networks

Learn more about Simpa's work.
sdreport.schneider-electric.com

Energy Access Ventures Fund

More than 620 million people (2/3 of the population) in sub-Saharan Africa live without electricity.¹ Last year, we launched the Energy Access Ventures (EAV) Fund to address this crisis. EAV has secured commitments of €54.5 million to transform lives and stimulate economic development across Africa by providing energy access to a million people by 2020.

¹ International Energy Agency, Africa Energy Outlook, 2014

"OGE has a proven business model that can deliver economic and social benefits across Africa. We are delighted to be partnering with EAV to continue to unlock growth in the energy access sector."



Xavier Helgesen
CEO and Co-founder
Off-Grid Electric

Photo credit: Rachel Ambrose

Off-grid innovation

EAV's inaugural investment of €1.9 million went to Off-Grid Electric (OGE), based in San Francisco and Tanzania. OGE delivers affordable, clean power solutions to rural and peri-urban communities that currently have little or no access to electricity. OGE's Solar Home Systems power light and appliances in homes and small businesses.



Photo credit: Mathieu Young

OGE's solar power solutions make living conditions better in Tanzania.

INVESTING IN ENERGY ACCESS

Schneider Electric Energy Access Fund

We don't just talk about helping close energy gaps, we fund projects that make a difference. Within Access to Energy, the Schneider Electric Energy Access (SEEA) impact-investing fund supports small and medium companies with innovative energy access solutions. Simpa Networks is an example of this worthy investment.

€4.3 million

SEEA disbursements since January 2010 with
2.4 million in Access to Energy programs

A world of opportunity

The SEEA fund has supported Simpa Networks, which uses pricing innovation to ensure essential services in underserved markets. Simpa Networks seeks to make energy accessible and affordable for everyone.

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 don't just give training participants a skill set; we give them a new way of life. Trainees ultimately can better provide for their families. Our training impact, therefore, is both immediate and far-reaching — with a focus on sustainable energy.

Learn more about access to energy training at sdreport.schneider-electric.com

"In 2015, we have increased the pace of training with the signature of a Memorandum with Don Bosco Mondo to cooperate in the institutions of the Salesians of Don Bosco worldwide. We have a commitment with Cummins to improve global communities and promote technical education. Our 2016 – 2017 goal will be focused on Africa — with the challenge of partnering in the 35 sub-Saharan countries by end of 2020 with Don Bosco."

François Milioni
Access to Energy
Training Director
Schneider Electric

ACCESS TO ENERGY TRAINING in India since 2009



Candidates trained
52,000+



Number of partners
33



Number of centers
250



States covered
26



Electrical skills training in India enables sustainable energy access.

Making a difference together

A source of betterment

Energy is not only a source of power; it's a source of empowerment. Mobilizing human energy and effort yields change — one community at a time. We spark this energy through the Schneider Electric Foundation.

Created in 1998, under the aegis of the Fondation de France, the Schneider Electric Foundation reaches every country in which the company operates, focusing activities on a single goal and a single belief.

A single goal — reducing the energy gap worldwide:

- In emerging countries, through the Access to Energy training program
- In more mature economies, through the Tackle Fuel Poverty program and the development of a social entrepreneurship program
- Globally, through a sustainable development awareness program

A single belief — employees' commitment makes the difference:

- Through the Schneider Electric Teachers NGO
- Through mobilization drives

"It is only together that we will make the difference in reducing the energy gap. While a third of the world enjoys safe and inexpensive energy, some 1.1 billion people still don't have access to electricity. Hundreds of millions of others in developed countries scarcely can 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 solutions.

Schneider Electric's formula for success is combining the company's businesses, areas of expertise, philanthropic commitments, and the energy of its employees with the visions and methods of the voluntary sector and social entrepreneurs who work at a local level. Our local partners are essential to this success; their agility, specific knowledge and relationships, innovation, and the support they provide are key to initial program deployment and the long-term sustainability of our joint efforts."



Patricia Benchenna
Programs Director
Schneider Electric Foundation



2015 – 2017 BAROMETER

PLANET & SOCIETY

A measured & visible commitment



PEOPLE

Development Indicator

878

missions within
Schneider Electric
Teachers NGO

102,884

underprivileged people
trained in energy
management

Results are from end
of 2015, as audited by
Ernst & Young and Associates.

2015 Schneider Electric Foundation key figures

130

delegates in
75 countries



€7.4 million:

financial and in-kind
contributions by Schneider
Electric employees and entities

€4 million:

the Foundation's
intervention budget

Tackling fuel poverty

Fuel poverty is a major concern for most European and North American countries. What is fuel poverty? It's simple: when a person can't heat his or her home at an acceptable cost regardless of cause (e.g., low income, housing/energy costs).

The Schneider Electric Foundation intervenes by helping affected families through programs that encompass both social innovative solutions and the creation of tailored solutions.

Social innovation for meaningful impact

"Fuel poverty results from a combination of factors, principally, poor energy efficiency standards of the housing stock, low household income, and high energy prices. Investing in energy efficiency is the most sustainable way to tackle the problem."



Maria Wardrobe
Director of External Affairs
National Energy Action (NEA)



Innovating for change

In September 2015, Ashoka (an international organization that supports entrepreneurial solutions to social and environmental challenges) and the Schneider Electric Foundation launched the "Social Innovation to Tackle Fuel Poverty" call for projects in six European countries: Belgium, Czech Republic, France, Italy, Poland, and U.K.

Experts selected 14 projects from over 200 applicants to build and scale up their socially innovative strategies to combat fuel poverty and improve energy affordability in developed countries. From February to April 2016, each received over 300 mentoring hours, including expertise from Schneider Electric employees volunteering through the Schneider Electric Teachers NGO.

SCHNEIDER ELECTRIC TEACHERS

Employees as heroes

Driven by a strong belief that employee commitment can make the difference, Schneider Electric and its Foundation set up the Schneider Electric Teachers NGO in 2012. It encourages current and retired employees from the company to volunteer to support the Foundation's partners through time and expertise.

Taking worthwhile action

With Schneider Electric Teachers, employees are also heroes. They represent the link between the company, the Foundation, and supported organizations in more than 70 countries.

"Every bit of time I spend in the training center is the most precious time of my life. I am proud to be associated with Schneider Electric Teachers. It's something that gives me eternal satisfaction to share the knowledge and see someone more enabled."



Ashok Menghani
General Manager
Marketing Channel
Development for Greater India

878

Schneider Electric
Teachers
missions carried
out over the
past four years

Source: Schneider Electric 2015 Annual Report

Raising sustainable development awareness

At Schneider Electric, we don't let energy challenges and climate change go unnoticed. Through informal and formal efforts, we drive awareness of our COP21 commitments to bringing about a carbon-neutral planet and energy access. We also invest in emblematic programs that can showcase our commitments to energy efficiency and sustainability.

"In Burkina Faso, electricity is in short supply. When a power outage occurs, all activities slow down. Individuals either have to stop working or buy a generator, which is an additional expense. Even in hospitals, there are power outages. Some families can go entire days without electricity."



Nyaba Leon Ouedraogo
Photographer
Burkina Faso

Photo credit: Nyaba Leon Ouedraogo

A vision of light and energy

The Schneider Electric Foundation was the proud partner of the Lumières d'Afriques exhibition at Théâtre National de Chaillot (Paris) last November. Fifty-four artists from across Africa presented their vision of light and energy. For the Schneider Electric Foundation, it was a great opportunity to show that energy can change people's lives and that Schneider Electric can help achieve this goal.

Learn more about our sustainability efforts at sdreport.schneider-electric.com

A sustainability expedition

In January 2016, a true energy adventure began. Organized by the Gold of Bengal association, the 13.5-meter (45-foot) *Nomade des Mers* catamaran set sail to invent, test, and optimize autonomous low technologies, including green technology. This living lab features more than 15 low-technologies, including hydroponic systems, a greenhouse, a low-tech wind turbine and aqua-turbine, multifunction drive, and generator. *Nomades des Mers* provides an opportunity to test low-technologies around the world and engage local and online communities.



Photo credit: Gold of Bengal

Launched from Brittany, the expedition will last three years, making stopovers in Morocco, Brazil, South Africa, Sri Lanka, India, and more.

Sustainability: a growth pillar for the company

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 strategic level: integrated into the company program

Sustainability in the initiative "Innovate to support growth"

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

5 sustainability megatrends 2015 – 2020

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

16 sustainability progress plans 2015 – 2017

The Planet & Society barometer is a "golden KPI" of Schneider Is On dashboard.

At the communication level: integrated and reliable processes

The Planet & Society barometer, commented on by the CFO and the CEO

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

Audited non-financial results

Non-financial information, including 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 and execution processes.

At the operational level: integrated governance involving every level

Board of directors

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

Executive committee

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

Corporate functions and businesses, specific committees, employees

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

Acknowledgements

Our dear customers and external stakeholders:

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Agencies, partners:

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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.

This report is intended to actively engage 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 information; the Global Reporting Initiative (GRI); the United Nations Global Compact; the Integrated Reporting; and the ISO 26000. The report is available in English and French and there is a digital version: sdreport.schneider-electric.com

This document reflects our commitment to sustainability. We have tried to keep its carbon footprint as low as possible by:

- Printing with vegetable oil-based ink on 100% FSC-certified recycled paper, manufactured using a chlorine-free process.
- Printing on Oxygen Inapa Offset paper: 140 g/m2 text and 250 g/m2 cover.
- The year-over-year printed quantities have been reduced by 20%.



The digital version of *Strategy & Sustainability Highlights 2015 – 2016* is available at:

sdreport.schneider-electric.com

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

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Electric