

Information on compensation for executive directors

Pursuant to the AFEP/MEDEF code

On the basis of the Governance and Remunerations Committee report and in the absence of the persons concerned, on February 16, 2016 the board of directors approved the 2015 and 2016 compensation components for Messrs. Jean-Pascal Tricoire, Chairman and CEO, and Emmanuel Babeau, Deputy CEO in charge of Finance and Legal Affairs.

I. Annual compensation

As a result, the board has approved the following compensation for executive directors:

1°) Compensation for 2015: authorized variable parts

Mr. Jean-Pascal Tricoire

- For 2015, the variable part of his compensation amounts to EUR 1,213,182, or 127.70% of the fixed part which amounts to EUR 950,000, or a reduction of 19.12% compared with the variable part paid in 2015 for 2014.

Mr. Emmanuel Babeau

- For 2015, the variable part of his compensation amounts to EUR 542,208, or 99% of the fixed part which amounts to EUR 550,000, or a reduction of 25.31% compared with the variable part paid in 2015 for 2014.

2°) Compensation for 2016

a) Fixed parts and percentages for the variable part

- Mr. Jean-Pascal Tricoire's compensation consists of:
 - (i) A fixed part of EUR 950,000
 - (ii) a variable part, which can range between 0 and 260% of the fixed part and with a target rate at 130% of his basic compensation,
- Mr. Emmanuel Babeau's compensation consists of:
 - (i) A fixed part of EUR 605,000
 - (ii) a variable part which can range between 0 and 200% of the fixed part and with a target rate at 100% of his basic compensation,

b) Criteria and objectives for variable parts

The board of directors has defined the structure of the variable part for 2016 and the weighting of each of the criteria for Messrs Tricoire and Babeau as follows:

- Group criteria for 80%, including:
 - (i) For 40%, a Group economic criteria component. These criteria include targets for organic growth in sales, adjusted EBITA and cash generation;
 - (ii) For 40%, a criteria component in line with the “Schneider is On” company program and on social and environmental responsibility notably assessed by means of evolution trends in the Planet & Society barometer.
- Individual objectives for 20%: These objectives remain confidential as they are liable to provide competition with strategic information.

Furthermore, a multiplier factor that can vary from 0.8 to 1.3 will be applied to the result of the calculations made on the above criteria, within a limit of 260% of Mr. Tricoire’s fixed part and of 200% of the fixed part in Mr. Babeau’s case. The rate achieved for the multiplying factor is related to the success of the growth strategy.

3°) 2016 long-term profit-sharing scheme: the principle of allocating performance shares under the terms of the 2016 long-term profit-sharing plan

The board of directors has approved the principle of attributing performance shares in the context of the long-term profit-sharing plan for 2016, which will be established by the board on March 23, 2016:

For Mr. Jean-Pascal Tricoire:	18,000 performance shares in the framework of plan No 25 (to come), 42,000 performance shares in the framework of plan No 26 (to come),
For Mr. Emmanuel Babeau:	7,800 performance shares in the framework of plan No 25 (to come), 18,200 performance shares in the framework of plan No 26 (to come),

Vesting of any such performance shares is subject to attaining targets assessed over a period of 3 years. These targets are:

- For 40%, an adjusted EBITA target operating margin over the 2016/2018 period,
- For 25%, a cash conversion target over the 2016/2018 period.
- For 15%, a Total Shareholder Return (TSR) target, linked to Schneider Electric’s TSR ranking when compared with a panel of 12 companies at the end of 2018,
- For 20%, a level of achievement for the Planet & Society barometer at the end of 2018.

II. Complementary payment to constitute a pension

It is to be remembered that, on February 18, 2015, the board of directors authorized a complementary payment to executive directors to account for the fact that they are personally responsible for building up their additional pension, following the board's decision on February 18, 2015 to close Article 39 fixed benefit pension schemes for French executives in the Group.

For this reason, on February 16, 2016, the board of directors has approved the following points for executive directors

Complementary payment:

a) Variable parts for 2015

Mr. Jean-Pascal Tricoire

- The variable part of his complementary payment shall amount to EUR 232,420, or 127.70% of the fixed complementary part, which has been set at EUR 182,000.

Mr. Emmanuel Babeau

- The variable part of his complementary payment shall amount to EUR 122,243, or 99% of the fixed complementary part, which has been set at EUR 124,000.

b) Fixed parts and percentages of the variable part together with criteria and targets for variable parts in 2016

Mr. Jean-Pascal Tricoire's complementary payment shall consist of:

- a fixed part of EUR 182,000 and a variable part that may represent between 0 and 260% of the fixed part and whose target ratio will be 130%. For calculating this complementary payment, the achievement ratio retained will be that of the variable part referred to in I. 2-b. The multiplying factor referred to in I. 2-b will also be applied for calculating the variable part of complementary payment.

It is specified that Mr. Tricoire has formally agreed to redirect this complementary payment, net of taxes, to investment vehicles devoted to financing his additional pension.

Mr. Emmanuel Babeau's complementary payment shall consist of:

- a fixed part of EUR 136,400 and a variable part that may represent between 0 and 200% of the fixed part and whose target ratio is 100%. For calculating complementary payment, the achievement ratio retained will be that of the variable part referred to in I. 2-b. The multiplying factor referred to in I. 2-b will also be applied for calculating the variable part of complementary payment.

It is specified that Mr. Babeau has formally agreed to redirect this complementary payment, net of taxes, to investment vehicles devoted to financing his additional pension.