Press release

Life Is On | Schneider Electric

With a score of 9.58/10, the Planet & Society barometer closes the 2015-2017 period above its target of 9/10 and begins a new 3-year period with 21 indicators unveiled

- **12 out of 16 indicators met or exceeded their targets for 2015-2017**
- **In December 2017, Schneider Electric renewed and strengthened its commitment to carbon neutrality within the French Business Climate Pledge**
- **Schneider Electric publishes its new barometer for the period 2018-2020**

Rueil-Malmaison (France), February 15, 2018 – As per the previous four years, Schneider Electric, the leader in digital transformation of energy management and automation, announces its financial and non-financial results, for the fourth quarter of 2017. Schneider Electric uses 16 indicators from the 2015-2017 Planet & Society barometer to measure its ambitious commitment to sustainable development on a quarterly basis. Reaching a total score of 9.58/10 at the end of December 2017, Schneider Electric exceeds its barometer target of 9/10 for the quarter. Having reached 8.48/10 at the end of December 2016, the barometer's 2017 target has been restated at 9/10 instead of the initial 8/10.

The non-financial results by indicator are as follows:

Planet & Society barometer		Start 2015	Results Q3 2017	Results Q4 2017	Targets 2017
Planet Indicators					
Climate	**10%** energy savings	-	9.2%	**10.3%**	10%
	10% CO_2 savings from transportation[i]	-	11.6%	**10.3%**	10%
Circular economy	**Towards zero** waste to landfill for 100 industrial sites	34	116	**130**	100 sites
	100% of products in R&D designed with *Schneider ecoDesign Way*™	-	100%	**100%**	100%
Profit Indicators					
Climate & Development (sustainable offers)	**75%** of product revenue with *Green Premium*™ eco-label	60.5%	75.9%	**80.1%**	75%
	100% of new large customer projects with CO_2 impact quantification[ii]	-	16%	**100%**	100%
	120,000 tons of CO_2 avoided through maintenance, retrofit and end-of-life services	-	148,415	**168,400**	120,000
	x5 turnover of Access to Energy program to promote development[iii]	-	x2.09	**x2.21**	x5
Ethics	**100%** of our recommended suppliers embrace ISO 26000 guidelines	48%	84.6%	**87.9%**	100%
	All our entities pass our internal Ethics & Responsibility assessment[iv]	-	88.7%	**98.4%**	100%
People Indicators					
Health & Equity	**30%** reduction in the Medical Incident Rate (MIR)	-	37%	**38%**	30%
	One day training for every employee every year[v]	79%	85.2%	**92%**	85%
	64% scored in our Employee Engagement Index[vi]	61%	64%	**65%**	64%
	85% of employees work in countries with Schneider gender pay equity plan[vii]	-	75%	**89%**	85%
Development	**150,000** underprivileged people trained in energy management	73,339	143,756	**148,145**	150,000
	1,300 missions within Schneider Electric Teachers NGO[viii]	460	1,289	**1,347**	1,300
Overall combined score (out of 10)		3	9.01	**9.58**	**9**

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Gilles Vermot Desroches, Sustainability Senior VP at Schneider Electric, commented: *"We are closing the 2015-2017 period with a record result for the barometer. It reaches 9.58/10, above its target of 9/10 an unrivaled performance since the launch of the barometer in 2005. The year 2017 has been punctuated by numerous awards in sustainable development, such as our presence in the CDP Climate "A list" for the 7th year, or the "Integrated Thinking Award" which commends the integration of sustainability into the Group's strategy and our focus on dialogue with all our stakeholders. At the end of 2017, as part of the French Business Climate Pledge, the joint commitment of 91 French companies in favor of climate, we reinforced our objectives. By 2030, we aim to achieve carbon neutrality by reducing our CO_2 emissions as well as those of our industrial ecosystem including our suppliers and customers. We commit to quantify the CO2 emissions avoided by our customers thanks to our offers, to reach 100% of renewable electricity, 100% of recycled or certified packaging, 100% of recovered waste, and to double our energy productivity compared to 2005."* Thanks to the quarterly publications of our new Planet & Society barometer 2018-2020, as of now, we will be able to act and follow with transparency the achievement of these objectives."

Highlights of this quarter

On the Planet pillar:

- **The indicator "10% CO_2 savings from transportation"** exceeds its target, reaching 10.3%. The program applies to long- and short-distance freight. In particular, the Group's decision-making tool, which makes it possible to choose between air and sea mode according to criteria of stocks' valuation and frequency of use, is applied worldwide and contributes to constantly having a clear knowledge of the best compromise between economic and environmental constraints.

- **The indicator "100% of products in R&D designed with Schneider ecoDesign Way™"** has been stable since Q1 2017 and ends the year at its 100% target. Since 2015, Schneider Electric has been deploying the Schneider "ecoDesign Way". This method makes it possible to put on the market products that respond to the principles of the circular economy, by offering more possibilities for maintenance, repair, refurbishment and end-of-life recycling.

On the Profit pillar:

- **The indicator "100% of new large customer projects with CO_2 impact quantification"** reaches its target at the end of 2017 after two pilot years. This program is a first step towards quantifying Schneider Electric's positive impact on the planet's climate balance thanks to the Group's solutions. In 2017, all major customer projects benefited from a complete evaluation of the CO_2 emissions induced and avoided with a standardized methodology.

- **The indicator "All our entities pass our internal Ethics & Responsibility assessment"** ends the 2015-2017 period very close to its final objective, with more than 98% of the Group's entities passing the evaluation. All entities must complete an annual questionnaire on the deployment of Schneider Electric's Ethics and Responsibility program. The results are verified by the Internal Control teams (for about 5% of the entities) and are then analyzed by the team in charge of ethics at the corporate level

and by the local Principles of Responsibility Advisors, who support the entities having lower scores, sharing with them the best practices of those with the highest scores.

- The indicator "**x5 turnover of Access to Energy program to promote development**" is one of the two indicators of the barometer which end the period with a result far from the objective. It has achieved to multiply by 2.21 the turnover of the Access to Energy program against a goal of 5. This is explained by two main reasons. First, a methodological change was made in 2016 which made the goal more difficult to achieve. In fact, following the sale of a subsidiary at the end of 2016 that was highly contributing to the Access to Energy program, its turnover was excluded from the 2016 (and 2017) indicator results, however, without modifying the 2014 baseline nor the target for 2017. Second, rural electrification's contracts were signed in 2017 for historical amounts for the Access to Energy program and whose billing will only take place in 2018. These include the electrification of 63 villages in India representing 47 micro-grids, or the delivery of 8 multi-energy solar power plants in West Africa.

- The indicator "**100% of our recommended suppliers embrace ISO 26000 guidelines**" is the second indicator whose result is far from the target. At the end of 2017, nearly 88% of the recommended suppliers (also called "strategic suppliers") have passed the evaluation process, and represents more than 97% of the purchasing volume of these suppliers. The result of this indicator illustrates more the difficulty of motivating suppliers to respond to the evaluation questionnaire than their actual performance. Indeed, more than 11% of the recommended suppliers did not respond to the ISO 26000 evaluation request. They continue to be closely monitored for their evaluation in 2018.

On the People pillar:

- **The indicator "64% scored in our Employee Engagement Index"** exceeds its 2017 target, reaching 65%. This employee engagement index compares Schneider Electric's position with the best employers in the industry and the best employers in some key regions of the world. In 2017, the Group's commitment index is 4 points above its level when the barometer 2015-2017 was launched, and 10 points above the first measurement made in 2012. The Group also pays close attention to the participation rate, which is 80%.

- **The indicator "85% of employees work in countries with Schneider gender pay equity plan"** exceeds its target by reaching 89%. This indicator measures the percentage of employees working in countries where there is a gender pay equity operational plan, namely a measure of pay equity and, if there are pay gaps, corrective actions put in place. Schneider Electric uses a standard, global methodology to identify gender pay gaps in comparable groups of employees and uses a country-by-country approach to address deviations with appropriate corrective actions. It includes all employees, except temporary workforce, fixed-term contracts, trainees, and apprentices.

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The non-financial results for the fourth quarter of 2017 are available on our site www.schneider-electric.com/sri

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The new Schneider Electric Planet & Society barometer 2018-2020 increases the Group's ambition in sustainability

Our megatrends 2015-2020 and targets 2018-2020

Climate
- 80% renewable electricity
- 10% CO_2 efficiency in transportation
- 100 million metric tons avoided CO_2 on our customers' end through our offers
- 25% increase in turnover for our Energy & Sustainability Services

Circular Economy
- 75% of sales under our new Green Premium program
- 200 sites labeled towards zero waste to landfill
- 100% cardboard and pallets for transport packing from recycled or certified sources
- 100,000 metric tons of avoided primary resource consumption through Ecofit, recycling, and take-back programs

Ethics
- 5 pts /100 increase in average score of ISO26000 assessment for our strategic suppliers
- 300 suppliers under Human Rights & Environment vigilance received specific on-site assessment
- 100% of sales, procurement, and finance employees trained every year on anti-corruption

Development
- x4 turnover of our Access to Energy program
- 350,000 underprivileged people trained in energy management
- 12,000 volunteering days thanks to our VolunteerIn global platform

Health & Equity
- 70% scored in our Employee Engagement Index
- 1 medical incident per million hours worked
- 90% of employees have access to a comprehensive Well-being at work program
- 100% of employees are working in countries that have fully deployed our Family Leave policy
- 100% of workers received 12 hours of learning in the year with 30% digital learning
- 90% of white collars have an individual development plan
- 95% of employees are working in a country with commitment and process in place to achieve gender pay equity

Schneider Electric today publishes its fifth Planet & Society barometer. This further increases the Group's level of ambition in sustainability. It is also connected to longer-term goals that the Group has set for the years 2025, 2030, and 2050.

For example, Schneider Electric commits to:

1. use 80% renewable electricity by 2020 (barometer 2018-2020) and 100% by 2030; continue to reduce energy consumption on its sites by doubling its energy productivity by 2030 compared to 2005; to finally reduce by more than 50% the CO_2 emissions of its scopes 1 and 2[1] in absolute value by 2050 compared to 2015;
2. avoid the emission of 100 million tons of CO_2 on its customers' end thanks to its offers (barometer 2018-2020);

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[1] Scope 1 corresponds to greenhouse gas emissions from sources held or controlled by the company. Scope 2 corresponds to emissions for the generation of electricity consumed by the company.

3. use 100% cardboard and pallets for transport packing from recycled or certified sources by 2020 (barometer 2018-2020) and use 100% packing and packaging from recycled or certified sources by 2030;

4. reach 200 sites labeled zero waste to landfill by 2020 (barometer 2018-2020) and recover 100% of its industrial waste by 2030;

5. conduct dedicated on-site assessments for 300 suppliers under vigilance[ix] on human rights and environment (barometer 2018-2020);

6. multiply by 4 the turnover of the Access to Energy program (barometer 2018-2020) and facilitate access to lighting and communication for 50 million disadvantaged people thanks to low carbon solutions by 2025; train 350,000 disadvantaged people worldwide in energy management (barometer 2018-2020) and 1 million by 2025;

7. deploy the new Schneider Electric well-being program for at least 90% of employees, which includes comprehensive medical coverage and training (barometer 2018-2020);

8. mobilize the Group's countries on a commitment and process to achieve gender pay equity, covering at least 95% of employees – this is a major goal of our involvement in the HerForShe movement.

This is just a snapshot of our barometer 2018-2020, which includes no less than 21 programs to be discovered through our quarterly communications during the 3-year program.

Q1 2018 Planet & Society results will be presented on April 19, 2018.

About Schneider Electric

Schneider Electric is leading the Digital Transformation of Energy Management and Automation in Homes, Buildings, Data Centers, Infrastructure and Industries.

With global presence in over 100 countries, Schneider is the undisputable leader in Power Management – Medium Voltage, Low Voltage and Secure Power, and in Automation Systems. We provide integrated efficiency solutions, combining energy, automation and software.

In our global Ecosystem, we collaborate with the largest Partner, Integrator and Developer Community on our Open Platform to deliver real-time control and operational efficiency.

We believe that great people and partners make Schneider a great company and that our commitment to Innovation, Diversity and Sustainability ensures that **Life Is On** everywhere, for everyone and at every moment.

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[i] Apart from the annual results, there is a time lag of one quarter in the reporting of this indicator: in Qn, the reported result is that of Qn-1.

[ii] Results measured annually from end-2016 (measurement tools deployed in 2015-2016).

[iii] Following the disposal of a subsidiary at the end of 2016, its sales were excluded from the 2016 result without modifying either the baseline 2014 or the target by 2017.

[iv] Bi-annual results in Q3 and in Q4.

[v] Measurement on a rolling year.

[vi] Bi-annual results in Q2 and in Q4.

[vii] Annual result in Q4.

[viii] A change in the method for calculating this indicator was carried out in 2016, in order to avoid having the same volunteer, taking action several times during the year in the context of local missions, counted several times.

[ix] As per the 2017-French law concerning the Corporate Duty of Vigilance