Envisioning a sustainable future by solving the energy paradox
Innovation & Environment

Want to become a carbon-neutral company? Discover how EcoStruxure can send you down this path through improved efficiency.

Our Company

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? Find out.

Solutions & Customers

Let’s 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.

Our People

What’s at the core of everything our employees do? Our customers. Meet the many faces of Schneider Electric and learn how we "Step Up" for our customers.

Community Outreach

Where are we closing the energy gap and creating energy equality? From rural schools in Nigeria to the seas of a sustainability expedition and more, we’re there. Read on.
Innovation: the only way toward a sustainable future

Schneider Electric’s mission is to serve our customers by developing innovative products and solutions that simplify the lives of those who use them. We harness the power and promise of the Internet of Things (IoT) to reshape cities, improve industries, and enrich lives.

The global specialist in energy management and automation, Schneider Electric operates in over 100 countries with 144,000 employees. By bringing together energy, automation, and software, our IoT-ready EcoStruxure™ architecture delivers on this promise through connected products, edge control, and apps, analytics & services. Our technologies transform the places where we live, work, and play.

The COP22 climate conference

COP22 has been the COP of action and solutions with a huge involvement of civil society in general and business in particular. As an official COP22 partner, Schneider Electric participated because it is key for us to:
• Fight global warming
• Take an active part to mobilize civil society
• Convince governments that the technologies exist to help reduce energy consumption and greenhouse gas emissions

Specifically, we contributed by:
• Developing sustainability awareness and mobilization together with other public and private stakeholders
• Taking part in negotiations through constituencies and federations representing civil society and business to underline the fact that business is ready and willing to contribute in fighting climate change
• Participating through the Schneider Electric Foundation as a partner of BALAD_E, an event designed by Art of Change 21

At issue

A call for global action

In December 2015, the historic Paris climate conference (COP21) represented decision-making, with the unanimous recognition by governments to limit global warming up to 2 °C. In November 2016, COP22 in Marrakech represented action and solutions. Let’s take action now.

Building momentum

On the occasion of COP22 on behalf of Schneider Electric, our CEO Jean-Pascal Tricoire signed the Science-based targets initiative aimed at setting greenhouse gas emission reduction targets in line with the global effort to limit warming to 2 °C. On its scopes 1 and 2, Schneider Electric already has set the target to reduce its CO2 emissions by 53% in absolute terms by 2050 compared to 2015.
A race toward carbon neutrality

Achieving carbon neutrality through Innovation All Every Level drives us in many ways. The Schneider Electric Marathon de Paris is the third-largest marathon in the world, with 57,000 registered runners and 42,500 finishers on April 9, 2017. Among them, 4,650 “green runners” represented Schneider Electric as employees, customers, or partners. We’re therefore taking steps to make the marathon carbon neutral by 2019 and offering ideas to help individuals reduce their own carbon footprints.

The values of the Schneider Electric Marathon de Paris — energy efficiency, sustainability, and collaborative effort — mirror our own.
The Planet & Society barometer, 2017 targets

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 2016 are included in the related chapters throughout this report. Ernst & Young and Associates audited the results.

### PLANET

#### CLIMATE
- 10% energy savings
- 10% CO₂ savings from transportation

#### CIRCULAR ECONOMY
- 10% of products in R&D designed with Schneider Electric ecoDesign Way

#### DEVELOPMENT (for sustainability offers)
- 10% of new large customer projects with CO₂ impact quantification
- 100,000 tons of CO₂ avoided through maintenance, retrofit, and end of life services
- All turnarounds of Access to Energy program to promote development
- 100% of our recommended suppliers embrace ISO 26000 guidelines
- All our entities pass our internal Ethics & Responsibility assessment

### CLIMATE & DEVELOPMENT (for sustainability offers)

#### ETHICS
- 10% of new large customer projects with CO₂ impact quantification
- 100,000 tons of CO₂ avoided through maintenance, retrofit, and end of life services
- All turnarounds of Access to Energy program to promote development
- 100% of our recommended suppliers embrace ISO 26000 guidelines
- All our entities pass our internal Ethics & Responsibility assessment

### PEOPLE

#### HEALTH & EQUITY
- 30% reduction in the Medical Incident Rate (MIR)

#### DEVELOPMENT
- One-day training for every employee every year
- 64% scored in our Employee Engagement Index
- 85% of employees work in countries with Schneider Electric gender pay equity plan
- 130 missions within Schneider Electric Teachers NGO

Shared value for stakeholders

We share value through revenue distributions with our stakeholders all over the world: employers, suppliers, NGOs, and public authorities. We publish an annual diagram to highlight financial flows and the importance of each stakeholder’s share therein.

### Revenue breakdown

<table>
<thead>
<tr>
<th>2016 Total Revenue</th>
<th>€24,693 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Wages</td>
<td>€4,264 million</td>
</tr>
<tr>
<td>State: Income Taxes</td>
<td>€720 million</td>
</tr>
<tr>
<td>Non-governmental Organizations: Dividends</td>
<td>€10 million</td>
</tr>
<tr>
<td>Shareholders: Dividends</td>
<td>€1,237 million</td>
</tr>
<tr>
<td>Banker Net Interest Expenses</td>
<td>€272 million</td>
</tr>
<tr>
<td>Suppliers: Purchases and Other</td>
<td>€4,677 million</td>
</tr>
</tbody>
</table>

### Revenue distribution to our stakeholders

Investments: €24,693 million

- Net External Financing* (including 6% return on 5-year bonds) €1,143 million
- Operating Cash Flow After Dividend Payment €1,543 million
- Investments and Development €746 million
- Net Financial Investments €539 million
- Cash Variation (€394 million)

**Notes:**
- *Including share repurchases, and long-term Treasury stock. Including €428 million in R&D.
- **Including €77 million for long-term pension assets.

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, Ethics, Health & Equity, and Development.

The Planet & Society barometer helps:
- Mobilize our corporate community around sustainable development objectives
- Share our progress plans easily with internal and external stakeholders

Discover how we create shared value at sdreport.schneider-electric.com
The year in review

“In an unpredictable global environment, as we faced unprecedented events in Europe, in the U.S., and everywhere in the world, we have kept our trajectory and 2016 has been a year of consistent and solid execution of the strategy.”

Jean-Pascal Tricoire
Chairman & CEO

1. Jean-Pascal Tricoire
Chairman & CEO
2. Emmanuel Babeau
Deputy Chief Executive Officer in Charge of Finance & Legal Affairs
3. Olivier Blum
Executive Vice President, Global Human Resources
4. Annette Clayton
Executive Vice President, Global Supply Chain
5. Hanif Curuel
Executive Vice President, Finance & Strategy
6. Emmanuelle Lagrange
Executive Vice President, Strategy
7. Christo Leung
Executive Vice President, Global Technology
8. Christel Heydemann
Executive Vice President, France Operations
9. Leonid Mukhamedov
Executive Vice President, Europe Operations
10. Luc Rémont
Executive Vice President, International Operations
11. Annette Clayton
Executive Vice President, North America Operations
12. Yi-Zhong
Executive Vice President, China Operations
13. Frédéric Abbal
Executive Vice President, Infrastructure
14. Peter Herweck
Executive Vice President, Industry
15. Philippe Delorme
Executive Vice President, Building & IT

GLOBAL FUNCTIONS

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Schneider Electric overview

OUR COMPANY

Jean-Pascal Tricoire
Chairman & CEO

The year in review

“…we have kept our trajectory and 2016 has been a year of consistent and solid execution of the strategy.”

Jean-Pascal Tricoire
Chairman & CEO

Key figures 2016

€24.7 billion revenue
41% of revenue in new economies
5% of revenue devoted to R&D
€3.5 billion adjusted EBITA
44% of revenue as solutions
144,000 employees in 100 countries

Balanced geographies — Revenue 2016

27% Western Europe
27% Asia-Pacific
18% Rest of the world
28% North America
20% Infrastructure
15% Industry
22% Building

Four integrated and synergetic businesses

15% IT
#1 worldwide in critical power and cooling
20% Infrastructure
#1 worldwide in medium voltage and grid automation

22% Industry
#1 worldwide in process safety systems
#2 worldwide in discrete industrial automation
#4 worldwide in discrete and process automation

#24 out of 50 companies that are changing the world

2016 – 2017 Highlights

One of the world’s most ethical companies

by Ethisphere® for the 7th consecutive year in March 2017

#10 most sustainable company in the world

by Newsweek® Global Green Ranking 2016

"Climate A List" member

sixth consecutive year on the CDP list of best climate performers

2016 Optimus Award Silver winner for Global Outlook

By Workforce® magazine for Schneider Electric’s commitment to diversify our global workforce

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The year in review

“Our leadership team

Jean-Pascal Tricoire
Chairman & CEO

Executive Committee (as of April 1st, 2017)

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Schneider Electric delivered a strong performance in 2016, meeting all its key financial commitments. We are targeting profitable growth in 2017 based on key levers that, together, will improve the company’s adjusted EBITA margin by +20 – 50 bps organically in 2017, in line with our 2017 – 2019 objective shared at the October 2016 Investor Day.

In 2016, we continued to deliver profitable growth, growing in products and services and being more selective in systems. Our priorities for 2017 are to resume organic growth for the business outside Infrastructure and continue to improve our operational margin level organically.

**2017 priorities**

We are targeting between 1 – 3% organic growth for three divisions (Building, IT, Industry) and will keep focusing on attractive opportunities in products, services, and software. We also will continue our selectivity initiatives, impacting revenues in Infrastructure by -4% to -5%, while underlying organic growth in the division is expected to be about stable. In addition to the leverage coming from growth, we should continue to benefit from our cost savings actions encompassing industrial productivity and gross support function costs savings, with the combined objective to save €400 – 500 million in 2017, bringing the total cost-savings initiative to our objective of €1.7 – 1.8 billion over 2015 – 2017.

**Leveraging energy efficiency potential**

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 by 33 percent by 2040.

This demand would have a dramatic impact on energy costs, energy security, competition for resources, access to energy for the poorest populations, economic growth, and — of course — climate change.

**Business-driven sustainability**

Sustainability is the core of our strategy. The endgame of any company in any industry has to be sustainability. It’s a strong value to us, the employees of Schneider Electric, our shareholders, and our customers. We help our customers make their data centers, buildings, homes, manufacturing processes, and the grid more efficient over time.
Global megatrends

Three megatrends are escalating energy demand, while approximately 2.3 billion people either don’t have access to electricity at all or don’t have reliable access to electricity. We are committed to solving this energy paradox.

Urbanization

Cities today are home to over 50% of the world’s population1. They use close to 2/3 of global energy and give off more than 70% of greenhouse gas emissions.2

All over the world, cities need to become smarter: more efficient, more livable, and more sustainable.

Industrialization

Manufacturing activities rise as new economies develop. Population growth in new economies is also driving increased needs for manufactured goods, with 7 billion people entering the global consumer class by 2025.3 At the same time, energy needs will increase accordingly.

Increased electrification and energy efficiency action is essential to curb projected increases in energy consumption.

Digitization

The rapid increase in connectivity and access to real-time information is transforming our personal and professional lives. At the same time, companies are digitizing their operations and expect a complete digital experience from suppliers. Digitization is changing the way we work, creating opportunities for new services.

Leveraging the convergence of operational technology (OT) and information technology (IT) is crucial for companies to thrive in today’s digital economy.

Thriving in the digital economy

Our EcoStruxure architecture and technology platform helps customers leverage opportunities in the new energy world. It opens up the Internet of Things to users across key end markets, enabling them to be competitive in today’s digital economy.

As the global specialist in energy management and automation, we have a unique set of energy and efficiency technologies, strategically positioned on the demand side of the energy landscape. From connected products to digital services, EcoStruxure improves energy and operational efficiency globally through complementary business models and across end-markets.

Across the key markets we serve, EcoStruxure provides enhanced value to customers by making energy safe, reliable, efficient, sustainable, and connected.

More Electric

2x
faster growth of electricity compared to energy demand by 2040

More Digitized

10x
more incremental connected devices than people by 2020

More Decarbonized

79%
untapped energy efficiency potential in infrastructure and more than half in industry

More Decentralized

70%
of new capacity additions for rural areas will be in renewables by 2040

We have an opportunity to co-create the future as the new energy world becomes ...

We invite you to discover more about our sustainability-minded business strategy at sdreport.schneider-electric.com

Our Company

Strategy

IEA, World Energy Outlook 2014

IHS 2016 forecast on IoT

IEA, World Energy Outlook 2012, Internal Analysis

Bloomberg New Energy Finance

We have an opportunity to co-create the future as the new energy world becomes ...

MORE ELECTRIC

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3 IEA, World Energy Outlook 2016

4 McKinsey Global Institute, Urban world: Cities and the rise of the consuming class, June 2012

5 IHS, March 2016

6 The World Bank, World Development Indicators 2016

7 World Bank, World Development Indicators

8 World Bank, World Development Indicators

9 World Bank, World Development Indicators

10 World Bank, World Development Indicators

11 World Bank, World Development Indicators

12 World Bank, World Development Indicators

13 World Bank, World Development Indicators

14 Our Company | sdreport.schneider-electric.com
Helping customers succeed in the new energy world

Across the key markets we serve, EcoStruxure provides enhanced value to customers by making energy:

- Safe: protecting people and assets
- Reliable: guaranteeing ultra-secure, ultra-pure, and uninterrupted power — especially for critical applications
- Efficient: delivering solutions adapted to the specific needs of each market that simplify the customer’s life and improve their efficiency and productivity
- Sustainable: helping customers build a sustainable future by using less of their resources and minimizing the impact on the environment
- Connected: leveraging new opportunities with the convergence of OT and IT

1. Energy efficiency everywhere
   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. Improved productivity, precision, and efficiency
   We serve the increasing need for automation as a proven way to help customers thrive. Customers have asked for improved productivity, precision, and efficiency. We’re answering those needs.

3. Digital transformation of customers
   We innovate at the convergence of operational technology (OT) and information technology (IT) to deliver Innovation At Every Level. We create new opportunities that make customers’ lives easier, increase productivity, and create new business models.

4. Expanded presence in new economies
   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. Two complementary business models
   We continue to advance both product and solution business models to create new opportunities for customers, distributors, and direct partners as we work together to improve efficiency everywhere.

6. Responsible, sustainable growth
   We care about profit but only within the hand-in-hand context of responsible, sustainable growth that nurtures concrete efficiency improvements based on our trusted research and development.
Our board of directors has benefited from a substantial renewal with 50% of its members having five years or less of tenure as directors of Schneider Electric. Our directors bring with them a wealth of relevant expertise, and our board also reflects a very good balance in terms of backgrounds, with nearly half of the board members having a non-French nationality. With five female directors, gender parity on the board has been greatly improved.

Social responsibility remains at the core of the Schneider Electric’s mission and is closely aligned with its People Strategy initiative (Step Up) that seeks to engage employees through stronger collaboration and training. With a sincere belief that each employee could benefit from a one-day training program in 2016, a target was set to train 85% of the employees. The actual result delivered was 92%! Even more impressive is that our policies go well beyond the world of the company focusing on having a positive impact on the planet. In 2017, our ambition is that 100% of the new developments comply with the EcoDesign Way. Sustainability is truly in the DNA of Schneider Electric,” noted Linda Knoll, Chairperson of the HR/CSR Committee.

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Social responsibility remains a core value of Schneider Electric. This is clearly evidenced by many 2016 achievements for the company in the HR and CSR domains. In my first year as Chairperson of the HR-CSR Committees, it became clear that the Executive Committee values properly measured and analyzed programs that yield concrete results.

“Embodied within the Schneider is On company program is a clear People Strategy Initiative (Step Up) that seeks to engage employees through stronger collaboration and training. With a sincere belief that each employee could benefit from a one-day training program in 2016, a target was set to train 85% of the employees. The final result delivered was 92%! Even more impressive is that our policies go well beyond the world of the company focusing on having a positive impact on the planet. In 2017, our ambition is that 100% of the new developments comply with the EcoDesign Way. Sustainability is truly in the DNA of Schneider Electric,” noted Linda Knoll, Chairperson of the HR/CSR Committees.

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The heart of company strategy

In 2017, the United Nations launched the Guiding Principles on Business and Human Rights, precisely defining the roles and responsibilities of states and businesses in that matter. As a business leader, Schneider Electric intends to follow and promote these principles.

Sustainability is at the heart of our company strategy, and we are convinced that energy access is a basic human-right. With its new Human Rights Policy, Schneider Electric confirms its engagement to strive for the respect of all internationally recognized human rights, along its value chain. In order to improve the adoption of the U.N. Guiding Principles, Schneider Electric joined the French NGO “Entreprises pour les Droits de l’Homme” (Companies for Human Rights) in January 2017.

Since 2013, Schneider Electric chairs our French network and actively participates in its multiple initiatives. In 2016, we continued our best practices sharing sessions within the “Advanced Club,” addressing topics around the 10 principles of the Global Compact, the new agenda of the United Nations with its 17 Sustainable Development Goals. Furthermore, Schneider Electric participates in our new working group dedicated to Business and Human Rights, created in September 2016. We count on Schneider Electric to pursue its involvement in our different programs.

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 space for employees to ensure that we are all committed to uphold our core values. Regular communication lets employees and management teams know of priority actions to drive forward.

Let’s talk ethics: “R&ED Days”

This year, Learning Week included our annual R&ED Days. Learning Week is an event organized in all the locations of Schneider Electric, both front offices and production sites. The objective is to raise awareness on ethical challenges at stake in our company, both at global and local levels. To do so, we use a specific tool called “Educational Kits,” which introduce a real-life ethical dilemma faced by a Schneider Electric colleague. The intent is to create a space for discussions around ethics, integrity, and responsibility.

R&ED Line by the numbers

<table>
<thead>
<tr>
<th>ETHICS INDICATOR</th>
<th>236</th>
</tr>
</thead>
<tbody>
<tr>
<td>effective alerts</td>
<td>47%</td>
</tr>
<tr>
<td>of these alerts</td>
<td>were related to potential violations of our code of conduct or to financial crimes.</td>
</tr>
</tbody>
</table>
| 34% of these alerts were related to ethical violations of other Schneider Electric policies.
| 19% of these alerts were related to complaints from vendors of other Schneider Electric policies. |

We believe that acting with the highest standards of ethics and integrity is the right choice. Corruption and fraud cannot be allowed to derail our play. Business competitiveness is directly affected by corruption and that is why we apply a zero-tolerance policy at Schneider Electric. In South America, we were pioneers in organizing the “R&ED Week.” Not only do all new employees sign the Principles of Responsibility Acknowledgement Letter; we also formally address the commitment to our suppliers and commercial partners.

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Responsible oversight

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.

Rewarding sustainability efforts

Across the value chain, Schneider Electric is committed to sustainable development. We’ve integrated sustainable development. We’ve integrated sustainable business practices into our corporate worldview. We’re working to create an enduring model and nurture this shared sense of responsibility.

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Up to 20% of the variable part of performance shares is subject to achieving the Planet & Society barometer target. Over 10,000 employees, our company, and our planet. These components are incentivized through the Planet & Society barometer score.

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Through comments, ratings, and evaluations, we gather — and listen to — stakeholder input. Open dialogue directly influences the Sustainable Development Department’s policies, programs, and actions. Such feedback is integrated throughout this report, as well as through Schneider Electric’s annual Registration Document, new progress plans throughout the company program, and the Planet & Society barometer. Many people matter to us. Clearly identifying stakeholders and their focused input helps us best engage in ongoing, fruitful dialogue.

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

The Advisory Committee is the voice of Schneider Electric’s individual shareholders. The committee consists of up to eight independent volunteers appointed by Schneider Electric. The Advisory Committee meets three to four times per year to discuss various topics with a strong emphasis on the company’s strategy toward individual shareholders (enhancing communication material and defining dedicated events). The committee also plays a role in the Annual Shareholders Meeting as one of its members opens up the Q&A session with the Chairman and CEO.

Learn more about stakeholder engagement at sdreport.schneider-electric.com
Innovation At Every Level

Empowered by more than 8,000 Research & Development engineers worldwide, Schneider Electric drives Innovation At Every Level to create value and measurable outcomes for our customers by:

- Redefining power and automation for a new world of energy
- Developing connected, efficient, and sustainable products and solutions that help customers thrive in the face of today’s megatrends: industrialization, urbanization, and digitization

We are guided by five innovation principles applied everywhere:

- Schindler Electric’s innovations are founded on safety, reliability, efficiency, sustainability, and connectivity. Those are really the key values we want to promote to our customers. When we look at our digital strategy, the Internet of Things — combined with the convergence of IT and OT technologies — is really the foundation of this digital strategy.

- Legendary reliability and safety are the bedrock of our brand promise for now and the future.

- Products are always part of a modular system: electrical, mechanical, digital. The sum of the parts always works better together from a customer application perspective.

- Simplicity and ergonomic design are must-haves in all our offers, which are all intuitive and easy to design, commission and install, operate, and service.

- We work with our full ecosystem to ensure all our products are connected with open protocols and cyber security integral to the design. Being data-driven and predictive is in our digital DNA.

- At Schneider Electric, we’re uniquely positioned to meet the demand for more efficient and connected energy enabled by the Internet of Things (IoT). We bring together energy management, automation, and software to make it possible for our customers to compete in today’s digital economy with one, interoperable IoT architecture.

EcoStruxure: Innovation At Every Level

Innovation & Environment

The promise of innovation

An ingeniously designed new product or service always adds new value for our customers. Driven by foresight, we anticipate, co-create, and ensure future-proof scalability for our customers.

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Collaborative, open innovation

Through open innovation, we partner with a research ecosystem of startups, universities, partners, suppliers, and even customers. Every project starts with the question, “Is there any startup anywhere in the world that has developed a related product or technology, and will we be able to partner with that startup to bring our solutions faster to market for our customers?” With this collaborative approach, we gain speed and agility. It also provides a broader, expansive innovation playing field that delivers the capabilities our customers need.

Our environmental strategy

Our 2020 environmental strategy is clear. We have defined 15 priority initiatives and related goals across six environmental domains:

1. Deploying low-CO₂ and resource-efficient strategies for planet-compatible growth path
2. Always greener extended supply chains
3. Waste as worth
4. Environmental performance delivered to customers made explicit and quantified
5. Circular innovations in both value propositions and supply chain
6. Always stronger environmental governance

These initiatives are fully aligned to our Schneider is On company program and to the company’s sustainable growth strategy.
Driving the six priorities

Schneider Electric is determined to play a vital role in driving climate-compatible global economic growth. We innovate to build an increasingly resource-efficient supply chain year after year, aspiring toward neutrality in the long term. We relentlessly invent products, solutions, and services that help our customers do more with less, reducing their CO₂ emissions, and services that help our customers long term. We also relentlessly invent products, increasing resource-efficient supply chain performance and resource productivity are key dimensions of major decisions (e.g., through our SPS/Schneider Production System framework).

1. Deploying low-CO₂ and resource-efficient strategies for plant-compatible growth path

In 2016, we worked in line with our contributions to define CO₂ quantification methodologies for our large projects, and globalized them in a set of concrete business cases and situations (production, on-grid, etc.). We drove a science-based downward path for our CO₂ footprint is concerned. Schneider Electric's global CO₂ footprint excluding product use and end of life is reduced by 1.1 MtCO₂ in 2016, compared to 2014, with Schneider Electric's global CO₂ footprint excluding product use and end of life is reduced by 44% in 2016, compared to 2014.
Schneider Electric will continue to evolve its supply chain strategy to new heights with a plan that is designed to do more for customers. 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

**Lean:** A supply chain for customers who are price sensitive and want efficiency and reliability

**Agile:** A supply chain for customers who are demanding, unpredictable, and expect speed

**Project-driven:** A supply chain for customers who are time-to-market sensitive to project schedules

**Fully Flexible:** A supply chain that will be deployed in crisis environments where speed and innovation are paramount

We continue to improve the speed and responsiveness of the supply chain through a focus on specific initiatives, including:

- Reducing end-to-end customer lead times
- Improving the time-to-market for new products
- Ensuring special care units continue to meet the needs for small enterprises

Progress was made on planning maturity, network optimization, footprint transformation, and accelerating the next wave of customer process capabilities to improve the delivery experience for customers.

Schneider Electric works for sectors that account for the majority of global energy consumption and its corresponding CO\(_2\). We are especially committed to making sure our own products and solutions help reduce both energy use and CO\(_2\) 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. 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

2016 results

- Achieved double-digit reductions in customer lead times and customer complaints
- Improved customer delivery performance with innovative delivery capabilities
- Implemented Transport Control Towers to drive transportation efficiency and CO\(_2\) savings
- Operated with three days fewer of warehouse finished goods
- Completed modeling of global delivery networks to enhance time to market and CO\(_2\) efficiency
- 76% of order lines placed digitally

An energy-efficient supply chain

Schneider Electric’s tailored supply chain is mindful of the diverse practices, standards, and values of the 100+ countries in which we’re present.

Supply chain figures at a glance

- 209 factories in 44 countries
- 85,000 employees
- €11B purchases
- 500,000 references
- 40,000 suppliers
- 130,000 order lines/day
- 94 distribution centers

#18 The Gartner® Supply Chain Top 25 for 2016

#5 The Gartner® Top 15 European Supply Chain Organizations for 2016
Supplier relations

We drive sustainability at all levels. Schneider Electric is one of the first companies to start measuring our suppliers on sustainable development and requiring visibility to their sustainability commitments. Today, we have stringent sustainable development criteria embedded in our suppliers' evaluation and selection process. We will not award our business to suppliers that do not meet our minimum criteria levels.

In 2016, we carried out 536 on-site audits that included sustainability criteria.

Schneider Electric Supplier Quality Management

We’ve integrated a sustainable purchases methodology in the retention of our suppliers as well as selection of new ones. With Schneider Electric Supplier Quality Management, qualification is based on an evaluation questionnaire combined with on-site audits by Schneider Electric quality specialists. The questionnaire includes a specific section on the environment and sustainable development.

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

In the fifth annual Global Supplier Day, held in September 2016 in Hong Kong, Schneider Electric shared its ambition to innovate at every level. We welcomed 120 preferred suppliers from 25 countries. The themes were quality, innovation, and competitive partnership. Attendees participated in numerous demonstrations, presentations, panel discussions, workshops, and an innovation exhibition.

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Results are from end of 2016, as audited by Ernst & Young and Associates.
Creating additional value

Smart, more precise operations are the future for every industry. Customers are looking for answers on how to best take advantage of today’s IoT-enabled digital world to be as differentiated, efficient, and sustainable as possible. If you don’t have a “sense and respond” model with listening, scalable, measurable, agile networks and systems, you won’t be able to connect and extract that value.

Business-driven sustainability

At Schneider Electric, we innovate for the sake of our customers, our partners, and our planet. EcoStruxure: Innovation At Every Level redefines energy management and automation for customer outcomes. At the same time, it addresses the energy dilemma for a more sustainable planet, ensuring Life is On for everyone, everywhere, and at every moment.

The four key markets Schneider Electric serves consume 70 percent of the world’s energy. We’re in a hopeful position, because we have an opportunity to make a measurable difference in curbing energy consumption and driving sustainability worldwide.

EcoStruxure improves energy and operational efficiency across our key markets. Our connected, smart, and interoperable IoT architecture and platform automatically measure, monitor, and control energy consumption and demands. When we combine automation and energy with software and analytics, customers get an unprecedented level of efficiency and operational intelligence to make better, more predictive decisions in real time.

16% of new large customer projects with CO2 impact quantification

For the second year in a row, with the highest overall score for strategy and execution among 15 companies

Leaders in the Navigant Research Leaderboard Report 2016 – 2017 Recognitions

Gartner® Magic Quadrant for Advanced Distribution Management

Schneider Electric named a leader for four consecutive years

Gartner® Magic Quadrant for Data Center Infrastructure Management

Schneider Electric recognized as a leader for the third consecutive year

Datacenter Dynamics

Open Data Center Project (EMEA)

Schneider Electric UK

Boralex

Uptime Institute

UK Energy Services 2016

Verdantix

Global Competition to design and build a 10-times smaller inverter

Leader in the Navigant Research Leaderboard Report

For the second year in a row, with the highest overall score for strategy and execution among 15 companies

Annual Electrical Industry Awards for the newly available wireless energy sensor, PowerTag

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CLIMATE & DEVELOPMENT (SUSTAINABILITY OFFERS)

PROFIT

16% of new large customer projects with CO2 impact quantification

SOLUTIONS & CUSTOMERS
A closer look at customers

Efficient and comfortable buildings

Sustainable entertainment
One of the world’s leading sports and entertainment presenters, AEG chose Schneider Electric’s Resource Advisor platform to allow it to assess all operational efficiencies in evaluating these projects, ultimately reducing the company’s carbon footprint and saving money.

In the cloud and at the edge
By electrifying schools and medical clinics with clean, reliable, solar power, Microsoft® and Schneider Electric are empowering life-changing solutions worldwide — and enlightening the future for millions. African Energy brought on highly trained local Nigerian partners to lead this project with the Lagos State Electricity Board (LSEB) throughout 170 sites. Schneider Electric’s Conext™ family of solar and battery-based inverter/charger system with Conext Insight online monitoring was selected for this initiative.

Intuitive industries
Using Schneider Electric’s advanced distribution management system (ADMS), Enel, Italy’s largest utility company, has been able to reduce energy loss by optimizing its existing network resources and operations. This streamlined energy production also decreases CO$_2$ emissions. Just as important, it enables Enel to integrate renewable energy sources while improving power quality. ADMS has also helped Enel with supply restoration and network reconiguration. Over 110,000 secondary substations are equipped with this technology.

Electricity’s bright future
For China National Building Material Group (CNBM), energy efficiency doesn’t just make sense for the environment. It makes sense for its bottom line, because energy consumption accounts for more than 60 percent of CNBM’s total costs. The factory has deployed Schneider Electric’s Kiln Expert Control System to help address its energy consumption demands.

Efficiency in high energy-use market
Spain’s Telefónica started as a telephone company and has extended its business to become a digital telecommunications leader. In the face of escalating demand from customers, Telefónica decided to construct a new data center just outside Madrid. Its goal? Increase capacity, create a flexible, scalable system, and improve cost-effectiveness by consolidating several smaller data centers from around the world under one roof.

Smarter, greener grid management
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A digital telco journey
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A blueprint for a brighter tomorrow
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Solutions & Customers
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Delivering the buildings of tomorrow, today

EcoStruxure for Building
- Safer, with security systems and insights on power, fire, and safety systems
- More efficient and sustainable, with integrated intelligent platforms that offer a holistic approach to energy use
- More comfortable, with integrated building management systems

A net zero energy building

Deloitte’s “The Edge” (The Netherlands)

EcoStruxure for Data Center
- Faster deployment and predictable performance with modular, scalable, and IoT-enabled data center infrastructure
- Increased redundancy and agility with self-enabled management software that provides complete visibility and data-driven insights
- Edge solutions for simplified deployment and secure remote management

75% less time spent on data center maintenance

Coresite (Indianapolis, IN)

Simplifying the data center in the cloud or at the edge

EcoStruxure for Industry
- Empowered operators, optimized assets, and smart control, delivering unprecedented levels of efficiency, new business models, and safety/security
- Optimized asset performance for higher availability and lower cost
- Smart operations and control, mobile insights, and risk mitigation

50% reduction in upgrade costs

Equinix, Inc.

Pioneering IIoT — from shop floor to top floor

EcoStruxure for Grid
- Optimized asset management and increased grid efficiency for sustainable renewables
- Smart local production and integration through grid edge control
- Bridging demand and supply to unlock the value of grid-scale renewable energy

50% increase in event recognition

1M data points (up from 80,000 registered by ADMS system)

South Australia Power

Enabling the new energy world

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$2.8M annual savings

Sheba’s Heart Hospital (Israel)

Regenerating (21 healthcare facilities in Israel)

Goal: 50% savings in energy by 2020

EcoStruxure for Data Center
- 30% reduction in power and cooling costs
- Green Mountain Data Center (Norway) Cooling costs reduced by ~30%
- Core Computing data center (Korea) 30% reduction in power and cooling costs

Innovation At Every Level: A snapshot of EcoStruxure’s impact

Chevron®, USA

$3M – $5M annual savings from improved compliance and refinery performance and reliability, as well as reduced maintenance costs

Xcellerex™, USA (manufacturing technologies for biopharmaceutical industry)

60% reduction in capital investment

Wang Yip Water (Australia)

$2.8M annual savings

Regionservice (31 healthcare facilities in Sweden)

$2.8M annual savings

Shedd Aquarium (U.S.)

30 seconds to restore network outage

Stedin (The Netherlands)

59% capital expenditure savings with self-cooling micro-data center enclosure

Towergate, U.K.

40% reduction in energy savings

Munich Re (Germany)

$2.8M annual savings

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Malaysia Prime Minister’s Office

Target: 40% energy savings

Aracruz Cellulose (Brazil)

50% increase in event recognition

9REN Group (Spain) (operator in the turnkey photovoltaic market)

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Our customers see our company through our people. We strive to have the best knowledge of our business and technology and the ability to deliver our collective know-how. To achieve this, we create the right environment for our employees: for accessible leadership, shared accountability, and superior teamwork fueled by our common culture and purpose.

Engaging great people
Great people make Schneider Electric a great company. We motivate employees and promote involvement by:

- Encouraging them to live Schneider Electric’s company values and to Step Up as high performers
- Supporting inclusion and diversity through awareness and mobilization campaigns and formal programs
- Enabling professional development through leadership coaching, recognition, and ongoing learning opportunities
- Ensuring safe, healthy working conditions through formal safety and well-being programs

Our ultimate ambition is to generate higher performance and employee engagement to ensure that our customers encounter only the best professionals in their industry.

The heart of Schneider Electric

Our People

33% reduction in the Medical Incident Rate (MIR)
92% one day of training for every employee every year
64% scored in Employee Engagement Index
75% of employees work in countries with Schneider Electric’s gender pay equity plan

Results are from end of 2016, as audited by Ernst & Young and Associates.
Our employees are directly involved in Schneider Electric’s strategy through the Schneider is On company program. Launched in January 2015, this five-year program gives employees an action guide for advancing customer-centric priorities:

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

Digitize to support our growth and make our customers’ lives simpler and better

Innovate to support our growth and foster strong employee engagement

Step Up our operations for increased efficiency

Simplify for our customers, for efficiency, and simplicity.

Stepping up for customers
One of the five Schneider is On company program pillars, Step Up is our people strategy. It gives us a common roadmap to transform our leadership and culture in the coming years. Specifically, Step Up focuses on developing skills, managing talent, and building unparalleled teams to help Schneider Electric deliver a superior customer experience through:

• World-class leadership
• Empowered people
• Superior teamwork

A high-performance culture
Schneider Electric’s high-performance philosophy encourages employees to deliver strong, sustained performance. A culture of ongoing feedback supports, empowers, and motivates employees, creating a positive environment characterized by on-the-spot recognition and ongoing opportunities for development.

Recognizing strong talent
The highest recognition an employee can receive is a Schneider is On trophy. These annual awards celebrate teams that do great things and deliver on the promise of our company program to put customers first. For example, Mohammad Aurangzeb and his team received the best strategic accounts executive Gold Winner trophy for always listening and responding to the account’s business needs.

Taking charge of careers
As part of Schneider Electric’s Talent Transformative, within the Step Up initiative, we launched the CareerConnect app to facilitate knowledge sharing across Schneider. Employees can use CareerConnect to:

• Look for career advice
• Share skill sets
• Network with colleagues worldwide

Mentors can build leadership and management skills, while mentees enjoy guidance, career support, and higher performance. This platform empowers everyone to take charge of their careers.

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OneVoice, every voice
Every employee voice matters. Twice a year, Schneider Electric’s OneVoice satisfaction survey measures employee engagement, which is an internationally recognized indicator of a company’s employee satisfaction rating. We leverage an independent vendor to perform and manage this survey.

Our OneVoice survey in numbers by end of 2016:

- 100% of employees surveyed twice a year
- 157,000 emails sent
- 82,000 factory workers from 222 production sites reached
- 3,300 managers received a dedicated report
- 79% participation rate (up from 62% in 2011)

Our customers see Schneider Electric through our people, so we strive to create the right environment for our employees to help them deliver the best of the company. And we achieve this through our strong, distinctive values.

We are straightforward. We do what we say and we communicate in simple ways. We behave with integrity.

We challenge ourselves and others to rethink what is expected. We are agile and move at the speed of change.

We are open. We value differences. We listen. We learn, connect, and collaborate with others.

We are passionate about our customers, our people, our business, and our technology. We are creative in our approach to finding solutions that improve our lives.

We are effective. We deliver on promises. We are pragmatic and fast, and we compete to win.
In 2016, we launched the Women Advisory Board to collect the pulse of the company on gender diversity and provide feedback on how actions are perceived. The Board also explores good practices using external benchmarks, proposing initiatives to develop a culture of inclusion and achieve breakthrough results.

Women Advisory Board

Measuring pay equity
As part of our continued focus on gender balance, Schneider Electric introduced a gender pay equity indicator. It measures the percentage of employees who work in countries where there is an operating gender pay equity plan and where corrective actions are in place.

Schneider Electric Singapore office had a fantastic Lunch and Learn session with five members of Schneider Women Advisory Board (WAB) visiting Singapore.

Schneider Electric participates in the U.N.’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.

HeForShe mobilization

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HeForShe Parity Report
Schneider Electric participated in the U.N. Women’s inaugural report workforce gender diversity.

34,000+ Schneider Electric employees have joined the HeForShe movement

42.7% of employees merced were women

Achieving well-being
Schneider Electric held a Well-being Week to raise awareness about the importance of the program through various global and local events and activities (e.g., education, nutrition, yoga, meditation, etc.). During this week, Schneider launched a Well-Being Lab initiative to encourage teams of people to experiment, implement, and share actions to take care of their well-being across four dimensions: physical, mental, emotional, and social.

A Schneider Electric plant in Mexico City has set up a dedicated “Learning Corner” where employees can take online training courses, including classes to finish their high school degrees. The welcoming area features 12 desktops with internet access, a large screen for TED Talks and corporate videos, three comfortable couches, and login access to a high school program and Schneider’s MyLearningLink.

A welcoming place to learn

Supporting unique values
We provide respect for others’ unique values by providing an appropriate environment and resources, such as support communities and diversity-awareness training. Diversity and inclusion ambassadors in our major countries deploy and support the company’s policy across the globe. Schneider Electric is proud to:
- Reflect worldwide and diverse workplaces
- Boost innovation with diversified teams
- Leverage the value of the company’s diverse character and multiple facets

An essential balancing act
At Schneider Electric, diversity is an integral part of our history, culture, and identity. Inclusion is the way we treat and perceive all differences. We believe strongly that the company’s success and future depend on our diverse and inclusive workplace.

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Learning culture
Learning is a strong part of the Step Up initiative. It is a differentiator of Schneider Electric culture, and it fosters growth and innovation. We proudly support an environment in which employees take the initiative to learn, grow their skills, and drive their career development.

“We are a company where we learn to innovate and renew ourselves to remain agile in a fast-evolving world.”

Aurélie Richard
People Strategy Leader &
Step Up Program Manager
Schneider Electric

The Worldwide Learning Week
More than 40,000 employees participated

73% of respondents were satisfied with Learning Week

64% are likely to recommend the Learning Week to a friend or colleague

421,000 training hours were registered in October, which is the highest monthly record of 2016
(Average monthly progression: 200,000 hours)

94% of respondents think Learning Week should continue to be organized in the future

A passion for green growth!
Global Environment Day is an engaging way for our employees to join together to walk the talk. The event’s three themes were circular economy, a low-CO2 world, and differentiating ourselves through green efforts.

Energy education from anywhere
Energy University™ is a free, online, on-demand educational resource, offering more than 200 vendor-neutral courses on energy management and automation. Courses are available in 13 languages and 185 countries. It helps individuals:

• Achieve their personal energy career goals through professional energy manager (PEM) certifications
• Enhance their energy expertise in support of their organization’s efficiency efforts
• Foster energy leadership for the sake of our planet

Energy University 2016 by the numbers

<table>
<thead>
<tr>
<th>Top countries for registrations:</th>
<th>Total registrations</th>
<th>Total courses taken</th>
<th>Total PEM certifications</th>
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<td>47,396</td>
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</tr>
</tbody>
</table>

Registered users since inception

Over 600,000

Courses completed since inception

Over 975,000

European Works Council dialogue
The European Works Council facilitates active social dialogue at the European level throughout the year, as well as in-depth discussions on key topics, such as renewing the existing European Agreement on Anticipation of Change. In 2016, the Council met six times, including five Core Council Meetings and one plenary session. The June plenary session hosted presentations and discussions on the company’s strategy with executive committee members, including CEO Jean-Pascal Tricoire.

In the spotlight
In the spotlight

“A real stand-up engineer. Erik Bagus Saputra (Jakarta, Indonesia) analyzes both punchline timing and production line timing. ‘Schneider makes me very happy in my profession.’ And for that, he keeps the levity coming at the office.”

In the spotlight
In the spotlight

“Here’s a touch of the current mood! Employees from five sites in Jakarta and Bekasi, Indonesia, clean up the Ciliwung River, enjoy eco-rafting, and plant trees.”

European Works Council dialogue
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Energy education from anywhere
Energy University™ is a free, online, on-demand educational resource, offering more than 200 vendor-neutral courses on energy management and automation. Courses are available in 13 languages and 185 countries. It helps individuals:

• Achieve their personal energy career goals through professional energy manager (PEM) certifications
• Enhance their energy expertise in support of their organization’s efficiency efforts
• Foster energy leadership for the sake of our planet

Energy University 2016 by the numbers

<table>
<thead>
<tr>
<th>Top countries for registrations:</th>
<th>Total registrations</th>
<th>Total courses taken</th>
<th>Total PEM certifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>89,201</td>
<td>136,799</td>
<td>13</td>
</tr>
<tr>
<td>U.S.</td>
<td>72,088</td>
<td>112,736</td>
<td>12</td>
</tr>
<tr>
<td>Brazil</td>
<td>46,170</td>
<td>74,359</td>
<td>9</td>
</tr>
<tr>
<td>Egypt</td>
<td>33,485</td>
<td>54,746</td>
<td>5</td>
</tr>
<tr>
<td>India</td>
<td>30,178</td>
<td>47,396</td>
<td>4</td>
</tr>
</tbody>
</table>

Registered users since inception

Over 600,000

Courses completed since inception

Over 975,000

In the spotlight
In the spotlight

“A real stand-up engineer. Erik Bagus Saputra (Jakarta, Indonesia) analyzes both punchline timing and production line timing. ‘Schneider makes me very happy in my profession.’ And for that, he keeps the levity coming at the office.”
The energy paradox

We continue to face an energy dilemma. While global energy demand skyrockets, 1.2 billion people worldwide still do not have basic access to electricity and approximately 65 million live in fuel poverty. Schneider Electric cares deeply about sustainable energy and green technology, so we are determined to solve this energy paradox. On one hand, we help many customers worldwide achieve carbon-neutral operations; on the other, we invent technologies to support everyone’s indisputable right to modern energy. To us, access to clean, safe energy isn’t just a technology issue; it’s a human one as well. We have seen the far-reaching benefits of electricity:

- Reduced poverty and raised living standards
- Improved health (most significantly for women and children)
- Increased productivity
- Enhanced educational opportunities
- Strengthened environmental sustainability
- Improved security and feeling of safety

Providing underprivileged populations with sustainable access to energy means not only offering equipment suited to their constraints but enabling them to maintain it. To take this corporate social responsibility approach to its logical conclusion, it also means promoting entrepreneurial development that can create jobs in the energy sector.

 Worldwide electricity deficit in 2014 (in millions of people)

<table>
<thead>
<tr>
<th>Region</th>
<th>Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>634</td>
</tr>
<tr>
<td>North Africa</td>
<td>244</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>16622</td>
</tr>
<tr>
<td>Middle East</td>
<td>102</td>
</tr>
<tr>
<td>India</td>
<td>166</td>
</tr>
<tr>
<td>China</td>
<td>102</td>
</tr>
<tr>
<td>Rest of Developing Asia</td>
<td>22</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>110</td>
</tr>
</tbody>
</table>


The new 2030 Agenda for Sustainable Development, including its 17 Sustainable Development Goals (SDGs), set a historical, first-ever universal goal: to ensure access to affordable, reliable, sustainable, and modern energy for all. Today more than 1.2 billion people have no access to electricity and over 2.7 billion rely on biomass for cooking. Sustainable energy builds long-term resilience to mitigate future crises, including those resulting from climate change, and creates foundations which enable people to lead dignified, healthy, and productive lives.
Involving local stakeholders
Whether rolling out rural electrification capabilities using solar microgrids or installing solar lighting in remote communities, we never stop at project implementation. Our goal is to provide efficient, sustainable technologies that communities can maintain for years. Collaboration is key to achieving this vision. To that end, our Access to Energy program actively involves local stakeholders, including residents and customers, to bring — and sustain — safe, clean electricity to communities.

These collaborative efforts include:
• Offers and business models for the design and deployment of adequate electrical distribution offers via off-grid solutions
• Impact investment funds for innovative local energy entrepreneurship
• Training (both technical and business) to address local skill gaps

Improving life in off-grid households
Candles for lighting purposes are both costly and dangerous. Thanks to innovation, there are other options. Unveiled at COP22, Schneider Electric’s Homaya solar home systems are portable electrification solutions designed to improve lives in off-grid households throughout Africa and Asia. They provide lighting and solar-powered electricity.

Investing to close the energy gap
Energy entrepreneurs and inventors can make a big impact on advancing sustainability throughout the world. We invest in innovative projects through the Schneider Electric Energy Access (SEEA) Fund and the Energy Access Ventures (EAV) Fund.

Investment with impact
The Schneider Electric Energy Access (SEEA) investment fund supports small and medium-sized companies with innovative energy solutions and social businesses. For example, at the end of 2015, SEEA invested in ENVE Rhône-Alpes, a member of the ENVE network that brings together inclusive businesses specialized in collecting, recycling, and destroying used electrical equipment. It has collected 1/3 of waste from French electrical and electronic equipment, treated 90,000 refurbished pieces of equipment, and carried out other waste avoidance projects.

4.2 million households at the base of the pyramid now have access to energy thanks to Schneider Electric solutions and programs

4x2.1 Turnover of Access to Energy program to promote development

CLIMATE & DEVELOPMENT INDICATOR (SUSTAINABILITY OFFERS)

Sustainable energy for all

In addition to providing standard mass-produced lights, Homaya offers the possibility to connect low-power devices including mobile phones, fans, radio, and televisions.

€5.7 million
SEEA disbursements since January 2010, with 2.7 million in Access to Energy programs and 700,000 in fuel poverty

Beyond financial resources, the investment of SEEA in ENVE Rhône-Alpes allowed us to benefit from support during the definition of our development strategy. We appreciate the backup in implementing the environmental and economic project of our social business.
Promoting access to energy

At present, more than 620 million people (2/3 of the population) in sub-Saharan Africa without access to electricity. In 2015, Schneider Electric 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 one million people by 2020.

Harvesting the power of the sun

Only 17 percent of Kenya’s arable land is suitable for rain-fed agriculture. Supported by EAV, SunCulture’s solar-powered pumps and irrigation systems give small farmers a viable and cost-effective solution for using the remaining 83 percent of crop-worthy land.

The main challenge for our program today is finding up or finding projects that will increase our impact. We are engaged in a policy or long-term collaboration able to replicate our efforts. Our goal is to support one million young people by 2025.

Access to Energy Training & Entrepreneurship

Training in energy management and electricity trades doesn’t just provide a skill set. It gives participants a new way of life, ultimately to better support their families.

The first thing we did when we started SunCulture was to spend seven months with farmers piloting in the field. We needed to test the product and make sure it worked for farmers in Kenya. We later realized that this was the best thing for SunCulture’s early growth, because this is when farmers told us how to improve our solution. This principle of farmer-led invention and re-invention has shaped the way SunCulture operates today and allows us to create solutions that farmers actually want and need.

Fostering the entrepreneurial spirit

Entrepreneurship is a new dimension of Schneider Electric’s Access to Energy Training program. In 2016, we trained 212 entrepreneurs in six countries: Brazil, Cameroon, Nigeria, Egypt, Vietnam, and Lebanon.

Contributing to the skill equity

In October 2016, Schneider Electric partnered with the Government of India to contribute to the skill equity of the country, thanks to the agreement to set up a Center of Excellence focused on power, solar, and automation, and to support the setting up of 100 electrician labs.

120,000+ people trained in more than 30 countries since program launched in 2009

The Indian National Skill Development Corporation (NSDC) and the Power Sector Skill Council (PSSC) have partnered with the Schneider Electric Foundation to support training activities.

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It was really encouraging to see that women were getting involved and that they were sometimes even more courageous than the man when launching into something new. The groups are mixed to change mindsets, so men see women in a new light and realize that they, too, can be electricians!

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A source of betterment

The Schneider Electric Foundation historically has focused on providing energy training to help populations from modest backgrounds find jobs. Created in 1998 under the aegis of the Fondation de France, it gradually has expanded its scope to supporting entrepreneurship and raising awareness of sustainable development. Since 2013, it also has turned its attention to energy poverty in more mature economies, promoting accessible and affordable energy as a universal and inalienable right. To carry out its work, the Foundation relies on a network of Schneider Electric employees, 130 delegates covering 80 countries who are in charge of managing its projects locally.

Going beyond philanthropy

It’s social for the Schneider Electric Foundation to co-build projects with all the relevant stakeholders. Everyone lends their expertise and credibility to invent the best solutions for fighting the energy divide. Non-profit organizations and social entrepreneurs provide their excellent knowledge of the target populations, the Foundation contributes to the technical skills of employees from Schneider Electric with other companies, and institutions offer their powerful networks.

Several thousand families supported in order to fight fuel poverty

Results are as of end of 2016, as audited by Ernst & Young and Associates. Financial contributions are audited by Deloitte.

Schneider Electric

Foundation

2016 Contributions

<table>
<thead>
<tr>
<th>Region</th>
<th>Training</th>
<th>Entrepreneurship</th>
<th>Fuel Poverty</th>
<th>Awareness</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa, Caribbean, and Middle East</td>
<td>37%</td>
<td>16%</td>
<td>12%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Europe</td>
<td>35%</td>
<td>16%</td>
<td>12%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Asia</td>
<td>22%</td>
<td>16%</td>
<td>12%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>Americas</td>
<td>6%</td>
<td>16%</td>
<td>12%</td>
<td>5%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Development Indicators

- 1,065 people trained in Schneider Electric
- 123,839 underprivileged people trained in energy management

Schneider Electric Foundation

2016 Key Figures

- €4 million intervention budget
- 14 delegates in 80 countries
- €14 million financial and in-kind contributions by Schneider Electric employees and entities

Several thousand families supported in order to fight fuel poverty

Patrice Beschewere

Foundation and Philanthropy Director

Schneider Electric

Closing the energy gap together

Scheider Electric Foundation
Fuel poverty — the inability to heat one’s home comfortably or affordably whatever the cause (low income and/or high rent and energy bills) — is a major concern in most European and North American countries. The Schneider Electric Foundation supports energy-poor families through innovative social actions and new tailored solutions.

Tackling fuel poverty

Since 2013, Schneider Electric has committed to tackling fuel poverty in mature economies. Drawing on the Schneider Electric Foundation, Schneider Electric has set up a program similar to its Access to Energy program, with three focus areas:

• Raising awareness of energy management among energy-poor households and supporting experiments through partnerships with non-profit organizations fighting fuel poverty
• Investing in social and charitable enterprises, particularly those focused on social housing for the most excluded populations, high-performance renovations, and circular economy
• Developing social innovations and solutions suitable to help energy-poor people reduce their bills and live more comfortably

An ecosystem for every situation

A social innovation project

In September 2015, the Schneider Electric Foundation and Ashoka, a global organization specializing in the development of social entrepreneurship, launched a call for projects, “Social Innovation to Tackle Fuel Poverty,” aimed at supporting promising social innovations aimed at improving living standards in six European countries (Belgium, the Czech Republic, France, Italy, Poland, and the United Kingdom). Some 200 projects were studied with a view to revealing new economic models and collaborative practices, and 13 were selected.

Energy and climate change are among our greatest challenges. It is possible to do more with fewer resources, right now. The Schneider Electric Foundation supports innovative, ambitious programs by offering its expertise through donations of equipment and skills.

13 social innovation projects

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Thanks to our efforts, thousands of participants were able to discover new synergies between innovation, art, and renewable energies, thereby having the chance to truly experience COP22.

Activating change through creativity

At COP22, which was held in Morocco from November 7 to 18, 2016, the Schneider Electric Foundation was partner of BALAD_E, an event designed by Art of Change21. BALAD_E joined forces with the renowned artist and “upcycler” Hassan Hajjaj to create an original program linking the fields of culture, sustainable development, and innovation.

Co-create innovative solutions:

Innovation for the environment

Low-tech Lab promotes low-tech innovation that respects people and the environment. Its flagship project is the Nomade des Mers catamaran expedition, launched in February 2016. For three years, this floating laboratory will cross the oceans to meet local populations and co-build technologies to meet their energy needs.

Raise awareness:

The many faces of change

Meablock’s objective is to raise, through art and culture, people’s awareness regarding the impact of climate change on health.

A history of renewables

The Paleo-Energetics fresco traces the history of the discovery of clean and renewable energies across the globe. Did you know that the largest solar installation in 1913 was in Egypt?
Community Outreach

Schneider Electric Teachers

With Schneider Electric Teachers NGO, employees apply for volunteer work to offer their skills and carry out trainings. They represent the link between the company, the Schneider Electric Foundation, and supported organizations in more than 70 countries.

Employees’ engagement

A multilingual platform will enable all employees to apply for volunteer work with the Schneider Electric Foundation partners, such as missions organized by Schneider Electric Teachers. The 130 Foundation delegates will manage the platform, focusing on vocational energy training, supporting energy-poor families, and raising awareness of sustainable development and entrepreneurship.

All-aboard the learning train

A two-week journey throughout India is unlike any other for 480 entrepreneurial youths. Partnering with Jagriti Yatra, the Schneider Electric Foundation hosted this unique program, which enables aspiring leaders to interact with and learn from the country’s exemplary social and business entrepreneurs how to develop sustainable solutions to India’s unique developmental challenges.

I see the Jagriti Yatra as a critical catalyst in transforming aspiring entrepreneurs into future business leaders. The Schneider Electric Foundation is honored to be a part of this journey. This platform provides the youth an opportunity to meet their role models, who can inspire them to take informed decisions for a better future for their businesses. With a hands-on learning approach, this 15-day journey across the country is expected to be an important milestone in achieving the goal of building India through enterprise.

Teaching at sea

Employee-volunteers contribute to training missions during their holidays, demonstrating their personal engagement. They have carried out missions worldwide, offering basic training in electricity, sales negotiations, industrial automation, communication, marketing, and more. Franck Serpollet from Schneider Electric France had the amazing opportunity to contribute to the Nomade des Mers journey by helping to build low-tech applications on board.

On the Nomade des Mers expedition to Dakar, Senegal, I helped design and develop a wind turbine from 100 percent reclaimed materials: PVC tubes, a printer motor, basic electrical components, and more. For under €10, we produced a wind generator that can recharge a mobile phone or motorcycle battery, or power a small irrigation system.

©Abdoulaye NDAO

Ann Chaudhry
Managing Director and Country President Schneider Electric India

Franck Serpollet
Project Coordinator Schneider Electric Teachers volunteer

1,065 Schneider Electric teacher missions carried out over the past 4 years

©Schneider Electric
Sustainability: a growth pillar for the company

Sustainability at the heart of our business strategy

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

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.

Our goal is to support business-oriented sustainability for ourselves and our customers — that is, "green for business growth" — while also advancing innovative, corporate social responsibility solutions that close the energy gap worldwide.

By solving the energy paradox through innovation, we envision a brighter, more sustainable future.

A better world

EcoStruxure and our smart energy solutions can help fight climate change in concrete, far-reaching ways. Innovative products and solutions to improve energy efficiency are settings on a more hopeful climate trajectory.

At the communication level: integrated and reliable processes

The Planet & Society barometer is presented by the CFO and the CEO. This non-financial quarterly results review includes 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 versions and online on the Finance page of our corporate website: www.schneider-electric.com/company.

At the operational level: integrated governance involving every level

The HR & CSR Committee approves the sustainability strategy to meet global warming below a 2 °C limit and to reduce the energy gap, with ethics and responsibility.

An integrated approach for SUSTAINABILITY

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

At the strategic level: integrated into the company program

Sustainability in the business strategy "Innovate to support growth" sustainability objectives (Planet and Society) are presented together with the energy challenge. These bodies contribute to the board's decision-making.

Sustainability: a growth pillar for the company

Objective: Be a partner of 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 versions and online on the Finance page of our corporate website: www.schneider-electric.com/company.

Acknowledgements

Our dear customers and external stakeholders:


Agencies/partners:

Schneider Electric Global Marketing, MWE and SB Creative, pictured the writing, editing, and project management of this document; LinkedIn for the writing.

Press office:


Schneider Electric thanks those who contributed the report:


The Registration Document filed with France’s Autorité des Marchés Financiers (AMF) is available in English and French versions 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 conversations about energy efficiency. You will find an overview of Schneider Electric’s developments and goals as they relate to current business strategy and emerging 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 versions and online on the Finance page of our corporate website: www.schneider-electric.com/company.

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