This presentation contains forward-looking information. This information is drawn up on the basis of Group General Management’s current estimates, and depends on numerous factors and uncertainties which may lead to established figures differing significantly from those presented on a forecast basis. For a more detailed description of these risks and uncertainties, please refer to Schneider Electric’s annual reference document ("Risk factors" section, available on www.schneider-electric.com). Schneider Electric is in no way committed to publishing an update or a revision of these forecasts.

The presentation contains information concerning our markets and an estimate of our competitive situations on these markets. The information is based on market data and sales made on these markets for the periods concerned. The information on our markets has been obtained from various external sources (sector-based publications, enquiries or forecasts) and our own internal estimates. We have not had these external sources and estimates checked by an independent authority and cannot guarantee their exactness or exhaustiveness. Nor have our own enquiries and estimates been checked by independent experts or other independent sources.
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2016 in short

Jean-Pascal Tricoire, Chairman and CEO
Sound performance in 2016
We are progressing well along our road map

<table>
<thead>
<tr>
<th>Objectives through the cycle</th>
<th>2016 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITA margin</td>
<td>14.1 %</td>
</tr>
<tr>
<td></td>
<td>+ 0.9 pt excl. Forex</td>
</tr>
<tr>
<td>Free cash flow / Conversion rate</td>
<td>€ 2.2 Billion / 118%</td>
</tr>
<tr>
<td>Planet &amp; Society Barometer</td>
<td>8.48 / 10</td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>10.7 %</td>
</tr>
<tr>
<td></td>
<td>/ 11.6% FX excl.</td>
</tr>
<tr>
<td>Dividend proposed</td>
<td>€ 2.04 / +2%</td>
</tr>
<tr>
<td>Total return (share value with dividend reincorporated)</td>
<td>+ 48 %</td>
</tr>
</tbody>
</table>
Schneider Electric in 2016

A balanced world-wide presence – 2016 Sales

- 28% North America
- 27% Western Europe
- 18% Rest of the World
- 27% Asia-Pacific

5% of sales devoted to R&D

€24.7 Billion
2016 Sales

41% of sales in New Economies

144,000 employees in over 100 countries
Deployment of our strategy on the Internet of Things…

- **Technological Partnerships**
  - 450,000 connected systems

- **Number of connected objects**
  - + 15%

- **45% of sales**
  - related to the Internet of Things

- **Investment in start-ups**
  - 2,000+ internal software engineers
  - 5,000+ certified system integrators
…supported by numerous innovative product launches in our two major lines of business
Recognized leadership

Major recognitions in 2016

GLOBAL 100

27ème Corporate Knights

FORTUNE

50 companies that are changing the world

Ethisphere

The World's most Ethical Companies
## Climate action

### Regular assessments of risks and opportunities related to climate issues

<table>
<thead>
<tr>
<th>Reducing the Group’s footprint</th>
<th>Offering our clients solutions for reducing their energy consumption</th>
<th>Developing low carbon solutions for the bottom of the pyramid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature of “Science-based” objectives »</td>
<td>A carbon neutrality commitment in 2030</td>
<td>75% of product sales made with the Green Premium™ label</td>
</tr>
<tr>
<td>Quantification of CO2 savings on major projects</td>
<td>Homaya</td>
<td></td>
</tr>
</tbody>
</table>

**10th greenest company**
Newsweek Global Green Ranking

**3rd company in the world for the on-going energy transition**
Clean200

**Homaya**

**10th greenest company**
Newsweek Global Green Ranking

**3rd company in the world for the on-going energy transition**
Clean200
Strategy Objective - Growth
Our technologies ensure that everywhere, for everyone, and at every moment.
Our business benefits from growth levers

**ENERGY**
+50% in energy consumption by 2050 due to urbanization, industrialization and digitization

**EFFICIENCY**
3X efficiency needed to solve climate change

**CONNECTIVITY**
30 billion connected things by 2020 & the development of Artificial Intelligence

Schneider makes life more sure, reliable, efficient, sustainable and connected

Sources: Sector-based reports
Confidential Property of Schneider Electric | Page 13
We have positioned over 90% of our business on demand-side management

1 as of Schneider Electric’s turnover
We are the leader in digital transformation of energy management and automation...
... and serve our customers via two complementary business models

Products

Integration via our distribution channels and partners
- An unparalleled network
- Largest product offering
- Compliance with all standards, everywhere
- Higher R&D investment
- A strong brand
- Digital experience

Solutions

Integration via solutions
- Application centers
- Segment expertise
- Differentiated software
- Integrated architecture
- Life cycle services

56% Of sales

(Software, Equipment, Projects, Services)

44% Of sales
Our strategy is focused on several profitable growth drivers

More products

Via our partners

More services & software

Targeted growth in solutions

More specialized businesses

OEM* solutions

Data centers

Building automation

Industrial automation

Grid automation

* Machine builders
Grow our products through our partner network
Commercialize our products using our unparalleled partner network

In 190 countries

- Electrical equipment distributors
- IT distributors
- Electricians, Contractors
- Panel builders
- System integrators
- Machine builders

- 65% of sales via partners
- ~40% of sales via distributors
- 500,000+ electricians
- 35,000+ panel builders
- 12,000+ system integrators, with 3,000 certified
- 15,000+ machine builders
Bring innovation to our customers

Avatar: customizable products

- Flat & Simple design
- Changeable & Customizable Covers
- Innovative functions

Resi9: simple installation

- Awarded Design
- Ergonomic and easy to install for Electricians
- Safer and energy saving for Consumers
- Unique QR code to enable services
Deploy a multichannel, digital marketing strategy with our whole partner network

Avatar: building up our trademark via digital concepts

Launch with our key distributors and mass digital media

E-commerce and digital pull via T-Mall launching

Animation at points of sale

Limited edition created with renowned designers

Resi9: strengthen our relationship with electricians through digital and our distributor partners

Create awareness through Digital

Animation of PoS and Distributors’ websites

Our personalized space for each of our Electricians

Dedicated WeChat platform to connect electricians & distributors
Make our partners’ lives easier

1 electrician out of 3 uses Schneider products in our 10 largest countries.
Our digital solutions are based on integration of our connected products

<table>
<thead>
<tr>
<th>Mechanical</th>
<th>Electronic and connectivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td>Connected products</td>
</tr>
<tr>
<td>On/Off switch</td>
<td>Connected LED rotary switch</td>
</tr>
<tr>
<td>Radiator valve</td>
<td></td>
</tr>
</tbody>
</table>

1 house out of 5 is equipped with Schneider Electric products in our 18 leading countries.
Simplifying integration of building data

Foundation: connected products

Decision analytics

Simplifying integration of building data

Reduce operating costs and enhance asset value

Optimize resources for designing and installing electrical systems

Improve occupant comfort and experience

... and provide more value, from the home to the most critical buildings

1 building out of 3 in the world uses our technology
Good growth perspectives

~+5%
Final distribution & wiring devices activities in 2016

~+5%
Product sales over Q1 2017
Solutions: deployment of EcoStruxure, our architecture for the Internet of Things
More intelligence for increasing end user efficiency

EcoStruxure Building
EcoStruxure Power
EcoStruxure Plant
EcoStruxure Machine
EcoStruxure Data Center
EcoStruxure Grid

Software
Services

Residential & Buildings
Infrastructures
Industries
IT
Grid

Smart buildings
Smart cities
Industry 4.0
Smart data centers
Smart grid
Case study of a transformation project for a critical site: the SIAAP’s “Seine Aval” sewage plant
We deliver our solutions through an ecosystem
A customer with critical issues and demanding requirements

High stakes for users, cities and environment

Reliability

Efficiency

Solution of the future

PRELIMINARY TREATMENT ➔ DECANTATION ➔ BIOLOGICAL TREATMENT ➔ CLARIFICATION ➔
Technology, the differentiating element for meeting customer requirements

High stakes for users, cities and environment
Our integrated offers make Schneider Electric a full-line supplier
Our EcoStruxure digital architecture provides our customers with more efficiency

Software & application
- Wonderware

Edge control
- PACiS
- Foxboro

Connected products
- Electrical distribution
- Industrial automation
More services for a sustainable relationship

High stakes for users, cities and environment

Additional service possibilities thanks to our connected offers

- Contextual information
- Real-time alerts
- Assistance in maintenance
Schneider Electric at the heart of “Seine Aval”
World leadership on growing segments

2016 orders on strategic global accounts

~+15%

Sales of services in 2016 (~10% of turnover)

~+5%

We equip...

- 20 of the largest oil companies
- 11 leading Food & Beverage brands
- 100+ water processing plants
- ~40% of the hospitals in the world
- 10 world level utilities
- 3 of the 4 biggest large-scale suppliers to the Cloud

Confidential Property of Schneider Electric | Page 36
Our perspectives to generate an attractive return for shareholders
Major headwinds impacting growth are set to ease in coming years

Our organic growth has been impacted by strong headwinds

<table>
<thead>
<tr>
<th>Year</th>
<th>Group organic growth (Average %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>9.0</td>
</tr>
<tr>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>1.6</td>
</tr>
<tr>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>5.5</td>
</tr>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>0.3</td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
</tbody>
</table>

O&G and commodities capex expected recovery post 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Oil &amp; gas capex (base 100)</th>
<th>Commodities capex (base 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>90</td>
<td>70</td>
</tr>
<tr>
<td>2015</td>
<td>80</td>
<td>50</td>
</tr>
<tr>
<td>2016e</td>
<td>90</td>
<td>80</td>
</tr>
<tr>
<td>2017e</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2018e</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: estimations Morgan Stanley, Credit Suisse, JP Morgan

Europe and China activity expected to improve

- China: Industry
- Europe: Industry
- China: construction starts
- Europe: construction

Source: estimations NBS, Euroconstruct, Oxford economics, UBS & Credit Suisse

Our organic growth has been impacted by strong headwinds, with major headwinds expected to ease in coming years.
Our perspectives for the next 3 years:
Solid organic growth in revenues and adjusted EBITA margin …

Average organic growth target over the next 3 years
…

Building  Industry  IT

Around 3%

Focus on margin improvement

Organic growth target over the cycle unchanged: +3 % to +6 %

…resulting in organic growth in our adjusted EBITA margin in the next 3 years

Organic revenue growth

Price net of raw material impact

Better systems

Productivity & Cost control

+4-7% average organic growth in our adjusted EBITA over the next 3 years
...in order to deliver value to our shareholders

<table>
<thead>
<tr>
<th>Objective</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>+ 3% excl. Infrastructure</td>
</tr>
<tr>
<td>Adjusted EBITA margin</td>
<td>+4% to 7% / +20 to +50 bps</td>
</tr>
<tr>
<td>Free cash flow / Conversion rate</td>
<td>~100%</td>
</tr>
<tr>
<td>Return on capital employed</td>
<td>11% – 15%</td>
</tr>
<tr>
<td>Dividend proposed</td>
<td>Progressive / 50% distribution</td>
</tr>
<tr>
<td>Share buyback</td>
<td>€1 Billion over 24 months</td>
</tr>
</tbody>
</table>
Financial & extra-financial performance

Emmanuel Babeau, Deputy Chief Executive Officer in charge of Finance and Legal Affairs
Strong performance in 2016 and positive perspectives for 2017
All our financial targets have been reached in 2016

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>TARGETS</th>
<th>2016 RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>~ stable before selectivity impact</td>
<td>Slightly positive before selectivity impact¹</td>
</tr>
<tr>
<td>Adjusted EBITA margin</td>
<td>+60 to +90 base points, before FX (initially: +20 to +60bps)</td>
<td>~+90base points</td>
</tr>
<tr>
<td>Conversion of net income into free cash-flow²</td>
<td>~100%</td>
<td>118%</td>
</tr>
<tr>
<td>Optimization of the business portfolio</td>
<td>Disposal of non-core businesses</td>
<td>- Telvent Transportation: disposal finalized</td>
</tr>
<tr>
<td>Share buy-back</td>
<td>~1.5 billion € over 2015 - 2016</td>
<td>- Strategic review launched on DTN, disposal</td>
</tr>
</tbody>
</table>

¹ Excluding the selectivity impact on projects amounting to about -280m€ to -300m€
² Through the economic cycle

1: Excluding the selectivity impact on projects amounting to about -280m€ to -300m€
2: Through the economic cycle
Underlying organic growth is slightly positive. Scope and foreign currency effects are the main causes of the decrease in revenues.
After a mixed 2016, the improvement in business has been confirmed by organic growth of +3.1%¹ in Q1 2017

1. Including a favorable working day effect (~+1.5pt)
2. Including an unfavorable working day effect (~-1.1pt)
Good progress on 2016 operating margin in a low-volume environment

Adjusted EBITA for 2015: 13.7%

- Industrial productivity
- Price net raw material costs inflation
- Cost control
- Inflation
- Mix

Organic for 2016: 14.4%

- Disposal of non-core businesses
- Currency effect

Adjusted EBITA for 2016: 14.1%

+ Industrial productivity
+ Price net raw material costs inflation
+ Cost control
- Inflation
- Mix

Good progress on 2016 operating margin in a low-volume environment
Increase in EBIT and net income of +32% and +24% on reported basis

<table>
<thead>
<tr>
<th>In m€</th>
<th>2015</th>
<th>2016</th>
<th>Variation in organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>26,640</td>
<td>24,693</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>3,641</td>
<td>3,480</td>
<td>+4%</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>(522)</td>
<td>(63)</td>
<td></td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(318)</td>
<td>(313)</td>
<td></td>
</tr>
<tr>
<td>Amortization and depr. of purchase accounting intangible</td>
<td>(572)</td>
<td>(153)</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>2,229</td>
<td>2,951</td>
<td>+32%</td>
</tr>
<tr>
<td>Financial costs</td>
<td>(446)</td>
<td>(462)</td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>(389)</td>
<td>(712)</td>
<td></td>
</tr>
<tr>
<td>Equity investment &amp; minorities</td>
<td>13</td>
<td>(27)</td>
<td></td>
</tr>
<tr>
<td>Net income (Group share)</td>
<td>1,407</td>
<td>1,750</td>
<td>+24%</td>
</tr>
<tr>
<td>Adjusted net income(^1)</td>
<td>2,119</td>
<td>2,117</td>
<td></td>
</tr>
<tr>
<td>Adjusted earnings per share(^1)</td>
<td>3.73</td>
<td>3.77</td>
<td>+1%</td>
</tr>
</tbody>
</table>

~900m€ over 2015-2017 for carrying out efficiency initiatives.
Decrease in net cost of financing but increased exchange losses due to currency volatility.
Incl. exceptional taxes\(^2\) of -119m€. Excl. that, effective tax rate at 23.8%.
Growth of ~+2% at December 31 spot share count.

1. Calculation available in the presentation of annual results on schneider-electric.com/finance
2. Related to adjustment of deferred tax assets
Strong cash conversion and solid balance sheet

CASH CONVERSION (%)

2014: 96\(^1\)  
2015: 113\(^2\)  
2016: 118\(^3\)  

RECORD FREE CASH FLOW (m€)

2014: 1,704  
2015: 2,045  
2016: 2,206  

NET DEBT / ADJUSTED EBITDA

2014: 1.2  
2015: 1.0  
2016: 1.1

1: Based on net income adjusted for discontinued operations  
2: Based on net income adjusted for business disposals impact and Pelco impairment  
3: Based on net income adjusted for non-cash ~120m€ income tax increase due to deferred tax assets adjustment
Proposed dividend of 2.04€ per share, an increase of +2%
Distribution ratio > 50%

Past history of dividends

- Earnings per share (%)
- Dividend (€ per share)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend (€ per share)</th>
<th>Earnings per share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.60</td>
<td>2.04</td>
</tr>
<tr>
<td>2011</td>
<td>1.70</td>
<td>1.87</td>
</tr>
<tr>
<td>2012</td>
<td>1.87</td>
<td>1.87</td>
</tr>
<tr>
<td>2013</td>
<td>1.87</td>
<td>1.92</td>
</tr>
<tr>
<td>2014</td>
<td>1.92</td>
<td>2.00</td>
</tr>
<tr>
<td>2015</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2.04</td>
<td></td>
</tr>
</tbody>
</table>

2016 taxation 2016³: taxable on capital gains made in sales
Progressive dividend policy for the last 2 years

1: Based on share price prior to dividend payment or February 15 for the 2016 dividend
2: Submitted to shareholders’ approval on April 25, 2017
3: For individual shareholders with a tax residence in France
2017 Perspectives

Environment & priorities

+ Residential
+ Machine manufacturers
+ Products & Services

- Oil and gas sector
- Resource-based economies

Group Objectives

Building  Industry  IT  Infrastructure

Organic growth

~ +1 / +3%

Adjusted EBITA margin (before FX)

+20 / +50 bps

~ 0 % excl. selectivity
Extra-financial performance
Extra-financial performance ahead of forecasts
The Planet & Society Barometer reached 8.79/10 for the 1st quarter of 2017

<table>
<thead>
<tr>
<th>2017 indicators and targets - selection</th>
<th>T1 2017</th>
<th>T4 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PLANET</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10% in energy savings</td>
<td>7.2%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Towards zero waste to landfill for 100 industrial sites</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td><strong>PROFIT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>120,000t of CO2 avoided through maintenance, retrofit and end-of-life services</td>
<td>122,250</td>
<td>101,508</td>
</tr>
<tr>
<td>x5 on turnover for the Access to energy program</td>
<td>x 2.04</td>
<td>x 2.1</td>
</tr>
<tr>
<td><strong>PEOPLE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30% reduction in the Medical Incident Rate (MIR)</td>
<td>27%</td>
<td>33%</td>
</tr>
<tr>
<td>150,000 underprivileged persons trained in energy management</td>
<td>131,153</td>
<td>123,839</td>
</tr>
</tbody>
</table>

In 2016, Schneider Electric has received awards from:

- Fortune Magazine: 24th of 50 “Companies that are changing the world”
- DJSI First in the Sector
  For the 4th consecutive year
- CDP Climate Leader
  In the “Climate A” list for the 6th consecutive year
- Ethisphere, the most ethical companies
  Listed for the 7th consecutive year at the beginning of 2017
- FTSE4Good
  Listed for the 1st time since the index was launched in 2001
- 3rd world company for the energy transition
  In the Carbon Clean 200 List at the beginning of 2017
- 12th most sustainable company
  In the Global 100 most sustainable corporations in the world
- 10th greenest company
  In the Newsweek Global Green Ranking
- Vigeo Eiris Industry Leader
- Oekom Industry Leader
Our “Access to Energy” program supplies communities with electricity by involving local stakeholders since 2009...

Since 2009...

- **4.2 million homes** have been given access to sustainable, reliable, safe and efficient energy
- **14 investments** in start-ups
- **100,000 people trained** for jobs in energy activities

### Offers & business models
Designing and distributing suitable offers for electrical distribution

- Lighting and electrification solutions

### Investments
An investment fund for supporting innovative entrepreneurship locally

### Professional training
Technical and economic training for developing skills locally

More than 50 partners in over 25 countries
Access to energy
Share price and ownership

Attractive long-term performance
Evolution of share prices

<table>
<thead>
<tr>
<th>Period</th>
<th>SU-FR</th>
<th>CAC40</th>
<th>EuroStoxx 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>On April 24, 2017</td>
<td>+ 7%</td>
<td>+ 4%</td>
<td>+ 5%</td>
</tr>
<tr>
<td>Since 1/01/17</td>
<td>+ 19%</td>
<td>+ 11%</td>
<td>+ 10%</td>
</tr>
<tr>
<td>1 year</td>
<td>+ 19%</td>
<td>+ 11%</td>
<td>+ 10%</td>
</tr>
<tr>
<td>5 years</td>
<td>+ 57%</td>
<td>+ 63%</td>
<td>+ 49%</td>
</tr>
<tr>
<td>10 years</td>
<td>+ 36%</td>
<td>- 15%</td>
<td>- 21%</td>
</tr>
</tbody>
</table>

International share ownership
Share-holding structure on 31/12/16

- Individual & employee shareholders
- Institutional investors
  - France
  - Europe outside France
  - North America
  - Asia Pacific
  - North America
  - Others

- North America
- Asia Pacific
- Europe outside France
- Others
- France

In %

- 32.1
- 27.2
- 14.6
- 9.9
- 6.3
- 4.0
- 4.7

+ 7% Since 1/01/17
Individual share ownership at the heart of our concerns

Discover the Group
Site visits, shareholder meetings

On-line training courses

Dedicated information
Subscribe now!

The Shareholder Advisory Committee

Listening to you
actionnaires@schneider-electric.com
Governance

Léo Apotheker – Vice-chairman of the board of directors, independent lead director
The board of directors on December 31, 2016

13 directors

- 75% independent directors*
- 46% directors of non-French nationality or origin

* In the sense of the Afep Medef Code

Chairman & Chief Executive Officer

Vice-chairman & independent lead director

Non-voting director

End of term of office

An Executive Committee including the Deputy Chief Executive Officer
Report by the Vice-Chairman and independent lead director

Léo Apotheker
A governance organization guaranteeing independent control of general management and the Chairman & CEO

INDEPENDENCE

• 75% independent directors
• 1 single executive director sitting on the board: the Chairman and CEO
• 1 Deputy CEO named by the board; not a director
• Average rate of directors’ participation: 94%

4 COMMITTEES

• 4 study committees whose works contribute to increasing directors’ control and the quality of their control: Audit & Risks, Governance & Remunerations, Human Resources & Corporate Social and Environmental Responsibility, Strategy
• All the directors are members of at least one committee

UNIFICATION OF THE FUNCTIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

• The unification of the functions of Chairman and CEO is reversible and reviewed annually by the board
• The appointment of a Vice-chairman (independent lead director) has been made compulsory in the articles of association
• Executive sessions are held outside the presence of corporate executive officers

LIMITATIONS TO THE POWERS OF THE CHAIRMAN & CEO

• Any acquisition or sale of a value of over 250 million euros must be approved by the board
Board of directors’ activities in 2016

Very close attention has been paid to advance notification and the quality of permanent information provided to members of the board.

Eight board meetings have been held in 2016, including a 4-day session devoted to strategy held on the US West Coast, as well as with three executive sessions:

- Participation ratio: 94%
- Average length of meetings: approximately 6h

Main subjects treated at board meetings in 2016:

- Governance (board and committee membership)
- Group strategy and its implementation
- Financial Accounts
- Business monitoring
- Control and follow-up on risk management, with targeted studies on R&D and IT
- Assessment and compensation of executives
- The succession plan for executives and members of the executive committee
- The board’s self-assessment
Audit and Risk Committee

Composition

- Gérard de La Martinière, Chairman
- Cécile Cabanis
- Antoine Gosset-Grainville
- Fred Kindle

Secretary: Pierre Lévêque
Internal audit director

Activities in 2016

- Review of the financial statements and financial disclosures
- Control of risk management within the framework of a schedule drawn up after the risk mapping review
- Review of specific risks: environment, cybersecurity, ethics, commercial policies, R&D
- Monitoring internal audit and internal control works
- Review of the auditors' diligences and of their independance
- Review of the distribution policy

5 meetings
Attendance rate 90%
Activities in 2016

- Composition of the board and its committees (directors’ independence)
- Appointment methodology for the director representing employees
- Compensation for corporate executive officers
- Presentation of Say on Pay and the Annual General Meeting
- Succession plan for corporate executive officers
- Review of long-term profit-sharing schemes in collaboration with the Human Resource and CSR committee,

Secretary: Delphine Gieux
Secretary to the board of directors
Composition

Linda Knoll
Chairwoman

Magali Herbaut

Willy Kissling

Cathy Kopp

Henri Lachmann

Secretary: Olivier Blum, Group HRD, member of the Executive Committee

Activities in 2016

• Review of compensation policy for executive officers

• Review of long-term profit-sharing schemes in collaboration with the governance and remunerations committee

• Review of remunerations, performance and succession plans for Excom members

• Analysis of results of the 2016 worldwide shareholding plan (wesop) and a review of the 2017 worldwide shareholding plan

• Policy of professional and compensation equality between men and women

• CSR performance

3 meetings
Attendance rate 100%
Composition

Xavier Fontanet
Chairman

Léo Apotheker

Betsy Atkins

Fred Kindle

Greg Spierkel

Secretary: Emmanuel Lagarrigue,
Director for Strategy, member of the executive committee

Activities in 2016

- Preparation of the board’s strategy session
- Definition of themes related to organic growth
- Review of risk mapping in collaboration with the audit and risk committee
### 2016: Implementation of lines of progress identified at the board’s self-assessment

<table>
<thead>
<tr>
<th>Line of Progress</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Feminization</strong></td>
<td>&gt; 40% at the end of the 2017 AGM if Madam Ma Xiaoyun is elected</td>
</tr>
<tr>
<td><strong>Regeneration</strong></td>
<td>Continuation of the search for new key skills</td>
</tr>
<tr>
<td><strong>Information</strong></td>
<td>Improvement of the board’s permanent information on the Group’s business environment</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td>Institutionalization and enhancement of the strategy session</td>
</tr>
</tbody>
</table>

#### 2017: External assessment of the board of directors
Main subjects on the agenda for the annual general meeting

Léo Apotheker
Main subjects on the agenda of the AGM

• Approval of accounts and distribution of a coupon: 2.04 euros per share
• Renewal of Jean-Pascal Tricoire’s term of office
• Approval of a regulated agreement and an increase in attendance fees
• “Say on Pay”: compensation of corporate executive officers
  – 2016: consultative opinion on the amounts and volumes allocated
  – 2017: approval of the remunerations “policy”
• Nomination of the director representing employee shareholders
• Renewal of financial authorizations: share buyback / cancellation, increases in capital maintaining or eliminating shareholders’ preferential subscription rights and increases in capital reserved for employees
• Modification of the articles of association for setting the procedure for appointing directors representing employees (article 11) and for alignment on modified laws (article 19)
A major transformation of the company: successful diversification in terms of business and markets

GROUP REVENUES

BREAKDOWN PER LINE OF BUSINESS (% OF REVENUES)

GEOGRAPHICAL PRESENCE (% OF REVENUES)

NEW ECONOMIES (% OF REVENUES)

2005
11.7 Billion €

2016
25 Billion €

25%
10%
5%
25%
10%
5%
17%
8%
26%
48%
22%
20%
15%
27%
27%
18%
28%
43%
32 %
41 %
Regulated agreements
Attendance fees

- **Reiteration without any substantial change of the regulated agreement on the Vice-chairman and independent lead director’s performance of specific duties**
  - Annual compensation maintained at **250,000 €** (excl. expenses)

- **Increase in the envelope for attendance fees**
  - Existing envelope: 1,500K€
  - **Proposal**: 2,000K€
  - Increase: 500K€
  - Including:
    - Reclassification of compensation paid to the Vice-Chairman and independent lead director into the form of attendance fees: 250K€
    - Net increase for implementing the regeneration policy and attracting new international talent: 250K€
Compensation for corporate officers:
Three basic principles

**COMPETITIVENESS:** To motivate and retain executives in a competitive international market

1. **PRINCIPLE 1**
   - To set the Corporate Officers’ compensation package ‘on target’ in the median range of the Company’s updated peer group

2. **PRINCIPLE 2**
   - To reference the CAC40 3rd quartile and the Stoxx Europe 50 median

**PAY FOR PERFORMANCE:** To reward individual and collective performance by aligning the levels of compensation with the Group’s results

1. **PRINCIPLE 1**
   - Prevalence of variable components: >80% for CEO and >75% for Deputy-CEO

2. **PRINCIPLE 2**
   - Performance evaluated via economic and measurable criteria

3. **PRINCIPLE 3**
   - Financial and sustainability & transformational objectives fairly balanced and distributed between short term (STIP) and medium term (LTIP) components

**ALIGNMENT WITH SHAREHOLDERS’ INTERESTS,** via

1. **PRINCIPLE 1**
   - Overweight of shares as part of the overall compensation package

2. **PRINCIPLE 2**
   - Performance conditions aligned to shareholders’ expectations

3. **PRINCIPLE 3**
   - Costly defined benefit top-hat pension plan abandoned to adopt a performance based benefit
Pay-for-Performance: Analysis for the CEO

Actual CEO compensation over the past eight years has consistently tracked the trend of shareholder returns in terms of share price and enterprise value:

CEO COMP. VS SHAREHOLDER RETURNS (Base 100)

Note: the ‘compensation after reduction’ includes:
- The base salary
- The short term incentive earned for the year in reference
- The value at grant (IFRS) of the long term incentive (performance shares/stock options) granted on the year in reference, multiplied by the actual achievement rate.

CEO COMP. VS ENTERPRISE VALUE (Mln€)

CEO COMP. VS SE SHARE PRICE (€)
The same analysis applies to the deputy CEO who joined the Group in 2010 (first full year):

Deputy CEO COMP. VS SHAREHOLDER RETURNS (Base 100)

Deputy CEO COMP. (K€) VS SE SHARE PRICE (€)

Deputy CEO COMP. (K€) VS ENTERPRISE VAL (Mln€)

Note: the ‘compensation after reduction’ includes:
- The base salary
- The short term incentive earned for the year in reference
- The value at grant (IFRS) of the long term inventive (performance shares/ stock options) granted on the year in reference, multiplied by the actual achievement rate.
## Proposed compensation for the Chairman & CEO Jean-Pascal Tricoire – 2016 and 2017

### ON REPORTED BASIS

<table>
<thead>
<tr>
<th></th>
<th>2017*</th>
<th>2016**</th>
<th>2015**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>950</td>
<td>950</td>
<td>950</td>
</tr>
<tr>
<td>Annual incentive</td>
<td>1235</td>
<td>1598</td>
<td>1213</td>
</tr>
<tr>
<td>S/Total cash</td>
<td>2185</td>
<td>2548</td>
<td>2163</td>
</tr>
<tr>
<td>Performance shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(granted)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[60,000 shares]</td>
<td>2576</td>
<td></td>
<td>3567</td>
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<tr>
<td>S/Total cash &amp; shares</td>
<td>2185+</td>
<td>5124</td>
<td>5730</td>
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<tr>
<td>Pension (annual allowance)</td>
<td>419</td>
<td>488</td>
<td>414</td>
</tr>
<tr>
<td>Other benefits</td>
<td>13</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2617+</td>
<td>5625</td>
<td>6144</td>
</tr>
<tr>
<td>Pension (one-time exceptional allowance)</td>
<td></td>
<td></td>
<td>4300</td>
</tr>
</tbody>
</table>

*At target **Annual incentive on actual basis and shares at target

### ON REALIZED BASIS

<table>
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<tr>
<td>Performance shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(deemed acquired)</td>
<td>-**</td>
<td>2816</td>
<td>2460</td>
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<tr>
<td>S/Total cash &amp; shares</td>
<td>2185</td>
<td>5364</td>
<td>4623</td>
</tr>
<tr>
<td>Pension (annual allowance)</td>
<td>419</td>
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<td>414</td>
</tr>
<tr>
<td>Other benefits</td>
<td>13</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2617</td>
<td>5865</td>
<td>5037</td>
</tr>
<tr>
<td>Pension (one-time exceptional allowance)</td>
<td></td>
<td>4880</td>
<td></td>
</tr>
</tbody>
</table>

*At target **Following the extension from two to three years of the performance period, 2017 is a "gap year" without any acquisition of performance shares

---

1. Achievement rate of 2016 annual incentive was 129.4% on a base 100.
2. Achievement rate of 2015 annual incentive was 98.23% on a base 100.
3. IFRS valuation will be available in March 2017, on the date of grant.
4. 60,000 Shares granted, valued as per IFRS methodology.
5. Reduction rate of 29% in relation to 60,000 Shares initially granted, i.e., 42600 shares.
6. Reduction rate of 22% in relation to 60,000 Shares initially granted, i.e., 46800 shares.
Proposed compensation for the Deputy CEO Emmanuel Babeau – 2016 and 2017

<table>
<thead>
<tr>
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<tbody>
<tr>
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<td>2017*</td>
</tr>
<tr>
<td>Base salary</td>
<td>605</td>
</tr>
<tr>
<td>Annual incentive</td>
<td>605</td>
</tr>
<tr>
<td>S/Total cash</td>
<td>1210</td>
</tr>
<tr>
<td>Performance shares</td>
<td>[26 000 shares]</td>
</tr>
<tr>
<td>S/Total cash &amp; shares</td>
<td>1210 + 26 000 shares</td>
</tr>
<tr>
<td>Pension (annual allowance)</td>
<td>273</td>
</tr>
<tr>
<td>Other benefits</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>1496 + 26 000 shares</td>
</tr>
<tr>
<td>Pension (one-time exceptional allowance)</td>
<td>1300</td>
</tr>
</tbody>
</table>

*At target

**Annual incentive on actual basis and shares at target

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2. Achievement rate of 2015 annual incentive was 98.23% on a base 100.
3. IFRS valuation will be available in March 2017, on the date of grant.
4. 26,000 Shares granted.
5. Reduction rate of 29% in relation to 26,000 Shares initially granted, i.e., 18,460 shares.
6. Reduction rate of 22% in relation to 26,000 Shares initially granted, i.e., 20,280 shares.
Candidates to become members of Schneider Electric Board

RECOMMENDED BY THE BOARD

Xiaoyun MA  
Schneider China CFO

Chinese, she started with Schneider 20 years ago, a rare seniority in China. She has a strong financial background, having held various finance positions in Schneider. She became CFO of Clipsal in 2004, a company just acquired by Schneider, just after her MBA in New York. She fervently defends Schneider’s success.

Nadine BOUQUIN,  
VP Office of the CTO Offer Creation Process Governance

Claude BRIQUET  
Trading EMEA-GSC- Schneider Electric (managing non-Schneider produced catalogue items)

François MARTIN-FESTA  
VP Offer Data and Digital Order mgt., Digital Customer Experience

Jean-Michel VEDRINE  
Project Tests Delegate in the Angouleme Plant and FO union representative
Statutory Auditors’ Reports

• General report on annual financial statements
• Report on consolidated financial statements
• Special report on related party agreements
• Special reports on delegations or authorizations to:
  • Increasing capital by issuing shares and/or various types of security with or without preferential subscription rights
  • Increasing capital in favor of employees adhering to the Company Savings Plan
  • Increasing capital by issues reserved for employees from foreign companies in the Group
  • Reducing capital
• The Chairman’s report on internal control
Questions & Answers session
Thank you for your participation

Schneider Electric’s next annual general meeting will be held on April 24, 2018 at the ‘Espace Grande Arche’, La Défense