

STRATEGY &  
SUSTAINABILITY  
HIGHLIGHTS,  
2016 – 2017

Envisioning a **sustainable** future  
by solving the **energy** paradox

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Life Is On

**Schneider**  
Electric

# A new energy world



*At Schneider Electric, our role is to make sure that Life Is On for everyone, everywhere, at every moment. We do so by delivering connected energy and efficiency solutions in more than 100 countries.*



Jean-Pascal Tricoire  
Chairman & CEO  
Schneider Electric



## Words from the CEO

“We innovate in sustainable development. Our Planet & Society barometer reached 8.48/10, outpacing the year-end 2016 target (7.5/10). More than 20 million people have benefited from our Access to Energy offers. Our positive impact has been honored externally by a few international recognitions. We’re proud to be among the top 25 companies in *Fortune* magazine’s Change the World ranking, an Industry leader in the Dow Jones Sustainability Index (DJSI), and to be part of the CDP Climate A list for the sixth consecutive year. For the first time since its inception in 2001, we joined the FTSE4Good Global and Europe indices. As President of the United Nations Global Compact France, I want to reaffirm my support of the UN Global Compact Ten Principles and the Sustainable Development Goals.”

### The energy paradox

**+50% energy consumption<sup>1</sup>**

by 2050 due to urbanization, industrialization, digitization

**~2.3 billion people<sup>2</sup>**

either don’t have any access to electricity or reliable access to electricity

## 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.

## 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.

## 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

## 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 CO<sub>2</sub> emissions by 53% in absolute terms by 2050 compared to 2015.



We support and challenge partners to reduce their own energy consumption by 30% through active energy efficiency solutions.

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

<sup>1</sup> Increase of global energy consumption 2014 – 2040 in New Policy Scenario extrapolated to 2050. IEA, *World Energy Outlook 2016*  
<sup>2</sup> International Energy Agency and *Economist* <http://www.economist.com/node/16909923>

# Schneider Electric's 10 commitments to a sustainable future

On the eve of COP21, we presented 10 commitments for sustainability. Five of them are taken from our Planet & Society barometer 2015 – 2017. The objective is to reduce Schneider Electric's emissions on the three scopes of the GHG Protocol, and develop new technologies for energy efficiency so that Schneider Electric and our ecosystem demonstrate carbon neutrality by 2030.

- 1 100%**  
Ensure CO<sub>2</sub> impact quantification for 100% of new large customer projects.
- 2 100%**  
Design 100% of new offers with Schneider Electric ecoDesign Way™ solutions (including CO<sub>2</sub> profiling) and realize 75% of product revenue with Green Premium ecoLabel™ (with full digitized CO<sub>2</sub> information).
- 3 120,000**  
Avoid 120,000 tons of CO<sub>2</sub> through circular economy “end-of-life” services.
- 4 50M**  
Facilitate access to lighting and communication with low-carbon solutions for 50 million inhabitants at the base of the pyramid in 10 years.
- 5 STORAGE INITIATIVES**  
Implement storage initiatives to develop renewable energy and mini grids.
- 6 5 years**  
Solve SF<sub>6</sub> issues in 5 years and eliminate SF<sub>6</sub> from Schneider Electric products in 10 years.
- 7 3.5%**  
Reduce our energy intensity by 3.5% per annum.
- 8 3.5%**  
Reduce our transportation CO<sub>2</sub> emissions by 3.5% per annum.
- 9 €10B**  
Invest €10B in R&D and innovation for sustainability in the next 10 years.
- 10 CLIMATE BOND**  
Issue a climate bond to finance low CO<sub>2</sub> R&D across our business units.

● Planet & Society barometer indicators are in green.



Gaulier/Demouveau/ASO

The values of the Schneider Electric Marathon de Paris — energy efficiency, sustainability, and collaborative effort — mirror our own.

## A race toward carbon neutrality

Achieving carbon neutrality through Innovation At 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.

## Our sustainability journey

### Committing to sustainable development

Schneider Electric contributes to the Sustainable Development Goals (SDGs), a universal call to action launched by the United Nations to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. We’re engaged to accomplish the 17 SDGs through our core business and five sustainability megatrends: Climate, Circular Economy, Ethics, Health & Equity, and Development.

[Learn more about how we contribute at sdreport.schneider-electric.com](http://sdreport.schneider-electric.com)

*Our Planet & Society barometer energizes our people. With this transparent measurement, we express Schneider Electric's sustainability journey and how each of us can contribute. It enables us to deploy goals clearly and communicate where we are each quarter. We adjust our actions accordingly to advance our journey toward carbon neutrality.*



Gilles Vermot Desroches  
Senior Vice President Sustainability  
Schneider Electric



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At Schneider Electric, employees are encouraged and motivated to help advance our corporate and global commitment to curbing climate change.

## 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

## 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.

 <b>PLANET</b>	<b>CLIMATE</b>  <b>CIRCULAR ECONOMY</b>	<ul style="list-style-type: none"> <li>• 10% energy savings</li> <li>• 10% CO<sub>2</sub> savings from transportation</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Toward zero waste to landfill for 100 industrial sites</li> <li>• 100% of products in R&amp;D designed with Schneider Electric ecoDesign Way</li> </ul>
 <b>PROFIT</b>	<b>CLIMATE &amp; DEVELOPMENT (SUSTAINABILITY OFFERS)</b>  <b>ETHICS</b>	<ul style="list-style-type: none"> <li>• 75% of product revenue with Green Premium ecoLabel</li> <li>• 100% of new large customer projects with CO<sub>2</sub> impact quantification</li> <li>• 120,000 tons of CO<sub>2</sub> avoided through maintenance, retrofit, and end-of-life services</li> <li>• x5 turnover of Access to Energy program to promote development</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• 100% of our recommended suppliers embrace ISO 26000 guidelines</li> <li>• All our entities pass our internal Ethics &amp; Responsibility assessment</li> </ul>
 <b>PEOPLE</b>	<b>HEALTH &amp; EQUITY</b>  <b>DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>• 30% reduction in the Medical Incident Rate (MIR)</li> <li>• One-day training for every employee every year</li> <li>• 64% scored in our Employee Engagement Index</li> <li>• 85% of employees work in countries with Schneider Electric gender pay equity plan</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• 150,000 underprivileged people trained in energy management</li> <li>• 1,300 missions within Schneider Electric Teachers NGO</li> </ul>

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The digital version of *Strategy & Sustainability Highlights 2016 – 2017* is available at:

[sdreport.schneider-electric.com](http://sdreport.schneider-electric.com)

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

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Siret: 542 048 574 01 091

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