



Creating Shared Value

Strategy and Sustainability Highlights

2013 – 2014

Schneider
Electric™

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About this report: launching our energy dialogue

Who

Stakeholders: This report is intended to actively engage stakeholders as critical participants in ongoing conversations about energy management.

What

Business strategy and sustainability efforts: You'll find an overview of Schneider Electric achievements and goals as they relate to current business strategy and ongoing commitment to sustainable development.

Why

Shared dialogue: Our goal is to provide transparent, comprehensive, and succinct information about Schneider Electric, incorporating the concerns of all internal and external stakeholders.

Where

Digital domains: Accessible through smart devices, this report also is available online in a robust and interactive form with additional details, in-depth videos, and more digital content to spark ongoing dialogue. Custom PDFs are available at www.SDreport.schneider-electric.com. Additional information for analysts and investors is in the Schneider Electric Registration Document at www.schneider-electric.com/sri

How

Frameworks: Four international frameworks for corporate social responsibility (CSR) reporting inform content — the Global Reporting Initiative (GRI); the United Nations Global Compact; the Integrated Reporting; and the ISO 26000. The editorial deadline was 1 April, 2014; the report is available in English and French.

Cover photo

Schneider Electric is committed to the full energy equation — from efficiency solutions to energy access. This equation drives Schneider Electric™ innovations, including these portable, solar-powered lamps for use in off-grid areas. The company invests in solutions that make the goal the international community agreed on in Copenhagen in 2009 achievable and concrete: limit the global temperature increase to 2 °C by cutting greenhouse emissions. The 21st Conference of the Parties on Climate Change in Paris, 2015, will highlight further discussions of this imperative.



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Curbing the carbon crisis through aggressive mitigation choices



'Based on my personal belief and the scientific work from the IPCC, we need to act now.'

Jean Jouzel

Paleoclimate Scientist, Laboratoire des Sciences du Climat et de l'Environnement, IPCC

Since the establishment of the United Nations Intergovernmental Panel on Climate Change (IPCC) in 1988, five reports have been published to scientifically evaluate the impact and consequences of human activity on the climate. The first part of the *Fifth Assessment Report** (AR5) was published in 2013. This interview is with one of its contributors, climatologist Jean Jouzel.

What are the main outcomes for policymakers of the *Fifth Assessment Report*?

Global warming of the climate system is unequivocal, and many of the observed changes are unprecedented: the atmosphere and ocean have warmed; the amounts of snow and ice have diminished; the sea level has risen; and the concentrations of greenhouse gases have increased. One of the most striking examples of climate warming is the melting of the Arctic ice cap, which in late summer has almost halved between the beginning of the 20th century and now.

How will the rising temperature affect the planet?

The IPCC examined different climate-change scenarios, including two extreme cases. The first would result from the highest level of emissions (based on current trend), and the second would result from a 'carbon sober' approach through aggressive carbon mitigation. In the first scenario, temperature would increase by 4 °C, which would continue to rise in the next century. This path would have major consequences on biodiversity, water resources, and sea levels (1 m in the early 21st century vs. 20 cm since the early 20th century). In this scenario, we probably would not be able to cope with the magnitude of the consequences.

In the second 'carbon sober' scenario, we might be able to stabilize global warming by 2 °C, which is the target that the international community committed to after the 2009 United Nations Climate Change Conference in Copenhagen.

Let's face it — today, we are more on the trajectory of the first scenario. If we want to meet the 2 °C objective, we need collectively to divide global emissions by three by the year 2050. The original plan was to divide carbon emissions in half between 1990 and 2050; however,

emissions already have increased by 50 per cent during this period. In 2013 alone, CO₂ emissions represented 34 billion tons of CO₂, more than twice the amount in 1970. Ninety per cent of those emissions came from fossil-fuel based activities, and around 55 per cent from non-Organization for Economic Co-operation and Development (OECD) countries. This current state demonstrates that the link between climate and energy has never been so closely related.

What we have to keep in mind is that total quantities of CO₂ are the most important. If we want to stabilize global warming by the 2 °C level, we need to cap cumulative future CO₂ emissions to no more than about 1,000 billion tons of CO₂. This is 30 years' worth of today's emissions. The conclusion is simple: we cannot keep running our economy on fossil fuels. And thinking that alternative fuel sources (such as gas or oil) will solve the problem is a big mistake, at least from the scientific point of view.

What can we expect at COP 21^{**}, held in Paris in 2015, where part of the scenarios IPCC outlines will be discussed?

More or less, only Europe has committed to strong carbon-emission reductions since climate conventions in the late 1990s. But Europe represents less than 15 per cent of global CO₂ emissions ... So in Paris, political decision makers need to decide where they want the threshold to be in terms of the world's carbon intensity.

Based on my personal belief and the scientific work of the IPCC, we need to act now. We can start by consuming less; recycling more; gradually increasing the share of renewable energies; and raising the use of new technologies, such as energy storage.

* Source: United Nations Intergovernmental Panel on Climate Change, Fifth Assessment Working Group 1 Report, 2013

** 21st Conference of the Parties on Climate Change

TODAY'S ENERGY TRENDS call for a DIFFERENT ENERGY LANDSCAPE TOMORROW

GROWING DIGITIZATION

From now until 2020, the digital universe will about double every two years.¹

2.5 billion

people connected to the Internet today, increasing x 2 by 2020²

~10 billion

objects connected to the Internet today, increasing x 5 by 2020²

DIMINISHING RESOURCES

Unless we follow the 'carbon sober' path, we will reach the carbon budget limit between 2050 – 2070.⁵

46%

increase in global energy demand by 2035 if nothing changes⁵

34 billion tons

CO₂ emissions in 2013 alone⁵

80%

greenhouse-gas emissions that come from cities³

75%

global energy consumption by cities today³

ESCALATING URBANIZATION

By 2050, 70 per cent of the people in the world will live in cities, placing greater demand on energy infrastructure.⁴

1.3 billion

people worldwide do not have access to energy⁶

DISABLING ENERGY GAPS

The lack of access to energy is critical; 95 per cent of the energy gap is found in Asia and sub-Saharan Africa.⁶

\$37 billion

per year needed in investments by 2035 to eradicate energy poverty⁶

65%

share of global energy growth 2012 – 2035 in Non-OECD* Asia⁶

90%

net energy demand growth to 2035 in emerging countries⁵

RISING INDUSTRIALIZATION WORLDWIDE

Non-OECD emerging economies represented 35 per cent of world GDP in 2012, increasing energy demand.⁶

THE ANSWER? EFFICIENCY.

Two thirds of the economic potential to improve energy efficiency remains untapped.⁷ Enabling efficiency across markets is the Schneider Electric response to the global energy challenge.

¹ IDC Digital Universe Study, sponsored by EMC, December 2012

² Cisco IBSG April 2011 / Internet World Statistics

³ UN-Habitat, State of the World's Cities Report 2012

⁴ UN World Urbanization Prospects, 2011

⁵ IPCC, Fifth Assessment Working Group 1 Report, 2013

⁶ International Energy Agency, World Energy Outlook 2013

⁷ International Energy Agency, World Energy Outlook 2012, OECD/IEA, Internal analysis

*Non-Organization for Economic Co-operation and Development

Schneider Electric at a glance

Striving daily for a more efficient and sustainable world

As the global specialist in energy management, Schneider Electric has a 178-year legacy of innovation, international presence, and corporate responsibility. Across three centuries, we have contributed to the transformation of multiple industries, including iron, steel, shipbuilding, and electricity. Today, more than 150,000 employees in over 100 countries drive our corporate mission of helping people make the most of their energy.

Schneider Electric was recognized as

10th

in the Corporate Knights 'Global 100 Most Sustainable Corporations in the World' rankings

The company's sustainable development strategy was recognized for the third consecutive year, and Schneider Electric won first place in its sector.

€3,412
adjusted EBITA

€23.6
billion revenue
in 2013

43%
of revenue in
new economies

40%
of revenue
in solutions

68.7%
of product
revenue
is from Green
Premium Products

7.51/10
Grade of the
Planet & Society Barometer

€1,145
billion revenue
spent in R&D

67%
of employees
had at least one day
of training this year

15%
IT

7%
Buildings

36%
Partner

150,000+
employees
worldwide

32,000
people trained
at the Base of
the Pyramid

18%
Industry
including CST

Revenue
breakdown
by Business

30%
of our employees
are women

24%
Infrastructure



'Schneider Electric plays a leading role in developing efficiency technologies'.

Words from the CEO

Jean-Pascal Tricoire
Chairman & CEO, Schneider Electric

A growing world population, rising income levels and the development of a larger, more international middle class are driving ever-higher worldwide demand for energy. The greatest catalysts in this trend are urbanization, industrialization, and digitization. Although all three reflect the progress made across the planet, they also considerably expand humankind's environmental footprint.

Concurrently, a number of factors clearly demonstrate the pressing need for a much more energy-efficient, low-carbon world: rising number of extreme weather events, excessive pollution in certain cities, and higher

energy prices, which put pressure on enterprise profits. Producing and consuming more efficiently are challenges that are easy to express, yet complex to resolve, and that require rethinking many paradigms of the past.

In the face of these challenges, Schneider Electric plays a leading role in developing efficiency technologies, which allow our customers to secure their installations and achieve more with less energy and fewer resources. In all areas, we promote convergence between energy management and information technologies, ultimately connecting all individuals to their environment and work places as efficiently as possible. All these solutions exist;

we install them every day around the world, and most pay for themselves within five years. Their widespread use could cut CO₂ emissions in half by the end of the next 30 years. In parallel, we are working to find sustainable solutions for the 1.3 billion people who still do not have access to electricity, and the hundreds of millions suffering from fuel poverty.

We collaborate with various players in the energy value chain to find solutions capable of resolving these critical challenges. We multiply partnerships and alliances in areas such as urban efficiency, energy storage, demand response, and access to electricity in order to facilitate the deployment of these solutions on a global scale. We participate in numerous international organizations such as the WBCSD*, the Green Grid, and the United Nations Global Compact. We are also involved in debates about energy efficiency, smart cities, and smart grids in Europe, the United States, India, and China.

It is our responsibility and our ambition to save, connect, and share energy and resources more effectively starting today, for a world that generates more growth and jobs, in a much more efficient and sustainable way.

*World Business Council for Sustainable Development

[+ Read more!](#)

See the full interview online:
SDreport.schneider-electric.com

Our global landscape

North America

25%
of revenue

29,900 Employees
44 Factories

Western Europe

28%
of revenue

42,700 Employees
86 Factories

Asia Pacific

27%
of revenue

45,200 Employees
71 Factories

Rest of the world

20%
of revenue

34,500 Employees
41 Factories

Capturing the megatrends through efficiency opportunities

'Our strategy provides concrete alternatives for efficiency to implement a sustainable energy path.'

Michel Crochon

*Executive Vice President,
Strategy & Technology, Schneider Electric*



'In the face of pressing energy demands, we have adopted both immediate and long-term responses to enable a sustainable energy future. We are helping our customers to control their energy costs and consumption, while reducing the harmful effects of CO₂.

Looking ahead, we are preparing the world for an escalating energy demand as the world faces increased urbanization, digitization, and industrialization in both mature and new economies.

The Schneider Electric strategy provides concrete alternatives to implement a sustainable energy path. Our solutions deliver energy efficiency today. At the same time, our leadership position in energy management across developed and emerging countries is helping to pave the way to smarter cities and upgraded infrastructures needed in the urbanized world of the future.'

While global energy demand is set to rise to critical levels, the scarcity of resources is becoming a more pressing issue. Everyone must produce higher energy service for the same amount of primary energy input.

Three megatrends are of particular importance to Schneider Electric Businesses: urbanization; digitization and the smart grid; and industrialization in emerging markets. These widespread changes have prompted an immediate need for solutions that can help people do more with less through energy efficiency.

Schneider Electric is a core partner of all actors in the energy supply chain to support this necessary efficiency economy. We have mature technologies that can save up to 30 per cent of business-as-usual energy consumption. Specifically, we offer products and solutions that escalate energy efficiency and related savings in industrial plants, data centres, infrastructure, homes, and buildings, as well as smart grid and smart city solutions.

We also recognize that the company's sustainability commitment is an integral part of our overarching business strategy. We strive to solve the energy dilemma through efficiency innovations, to remain a model of corporate responsibility, and to provide access-to-energy solutions and training to today's 1.3 billion energy-deprived people."

Our Transformation Road Map*

In a crucial decade for Schneider Electric, we evolved from an electrical-distribution and industry-automation company to the global energy management specialist, providing power, automation, and software capabilities in five end-markets.

Until 2000

Industry Automation
Electrical Distribution

Accessible Market €60 billion

Now 2014:

An integrated portfolio

Partner & Buildings

Infrastructure

Industry

IT

✓ Power
✓ Automation
✓ Software

Schneider Electric has built an integrated portfolio that includes power, automation, and software offers in each of its Businesses.

Accessible Market €300 billion+

* Source: Schneider Electric 2013 Annual Report

** International Energy Agency, World Energy Outlook 2013

OUR STRATEGY

Schneider Electric provides innovative products, systems, and solutions, basing its strategy on four main pillars:

+ Risk-mitigation
See how we lessen company risk.

Leverage the world's new ENERGY CHALLENGES

We have developed a wide range of products and solutions that provide managers of industrial plants, data centres, infrastructure, homes, and buildings with significant levels of energy efficiency and savings. Our smart grid solutions help electricity producers and distributors to improve the efficiency of their assets and to offer better service to their consumers. Solutions also improve grid operation.

Build two complementary BUSINESS MODELS

Products and solutions are different yet complementary business models – we aim to deliver profitable growth in both. In order to reinforce our leadership positions, we continue to target growth in our products business by creating new opportunities for distributors and direct partners in a win-win relationship. We also are focused on growing our solutions business by increasing service revenues and reinforcing project execution.






Tap opportunities arising from NEW ECONOMIES

Certain countries in Asia (excluding Japan), Latin America (including Mexico), the Middle East, and Africa and Eastern Europe (including Russia) have entered a prolonged period of accelerated development. We refer collectively to these areas as 'new economies'. The company's goal is to leverage opportunities by expanding our geographical coverage in these markets, increasing our presence in new cities and further penetrating these markets with mid-market offerings.

Invest in profitable, RESPONSIBLE GROWTH

We invest in long-term growth while driving energy efficiency. This investment is focused on sustained spending in research and development, as well as on growing the company's commercial presence and skills, especially in the fields of high value-added technologies and services. We continuously seek to drive operational efficiency, while maintaining best-in-class standards in sustainability and social responsibility.

The main global competitors of Schneider Electric, by technology, are

 <p>Low-voltage electrical distribution & renewables</p>	 <p>Medium-voltage distribution & grid automation</p>	 <p>Industrial automation</p>	 <p>Critical power & cooling for data centres</p>	 <p>Building automation</p>
<p>ABB Siemens Eaton Legrand</p>	<p>ABB Siemens</p>	<p>Siemens Rockwell Automation</p>	<p>Emerson Eaton</p>	<p>Siemens Johnson Controls Honeywell</p>

Other regional and emerging market competitors: Chint, Weg, Larsen & Toubro, and Delta

Leadership team

Jean-Pascal Tricoire
Chairman & CEO



The Schneider Electric management team brings vision, broad knowledge, and deep expertise to the leadership of our organization.

Emmanuel Babeau
Deputy Chief Executive Officer
in charge of Finance and Legal Affairs



Frédéric Abbal
Executive Vice President,
Infrastructure Business



Clemens Blum
Executive Vice President,
Industry Business



Annette Clayton
Executive Vice President,
Global Supply Chain



Hervé Coureil
Chief Information Officer



Michel Crochon
Executive Vice President,
Strategy & Technology



Philippe Delorme
Executive Vice President,
Buildings & Partner Businesses



Daniel Doimo
Executive Vice President,
Global Solutions and IT Business



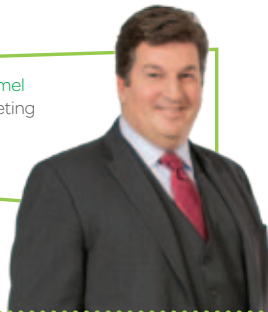
Karen Ferguson
Executive Vice President,
Global Human Resources



Zhu Hai
Executive Vice President,
China Operations



Chris Hummel
Chief Marketing Officer



Eric Pilaud
Executive Vice President,
Custom Sensors and Technologies*



Julio Rodriguez
Executive Vice President,
Global Operations

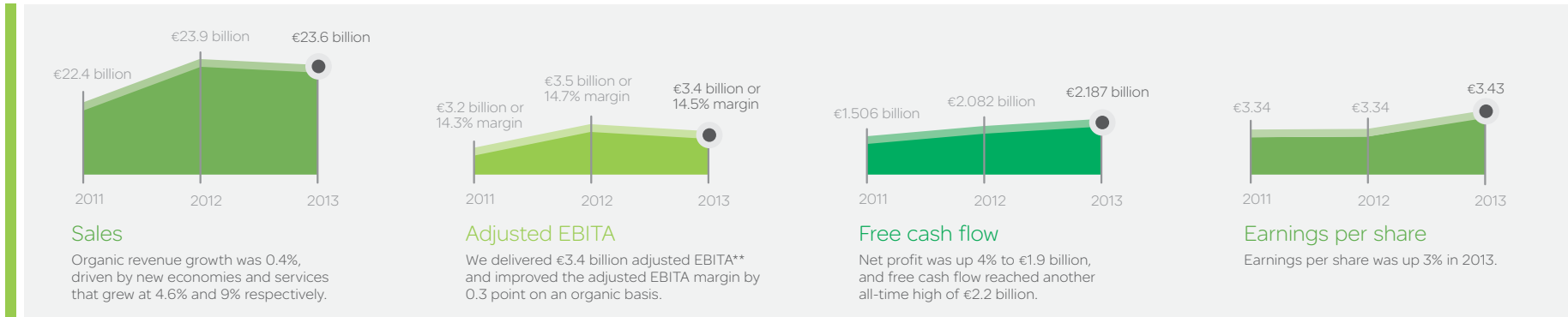


Laurent Vernerey
Executive Vice President,
North America Operations



A closer look at performance indicators and results

2013 financial performance*



KPIs and targets for 2012 – 2014

The Connect company program advances business strategy internally, reporting on key performance indicators related to its initiatives to make a difference to customers, the company’s global reach, employees, and efficiency efforts.

Integrated in the company programme, the Planet & Society Barometer, our sustainability scorecard since 2005, brings together the corporate community around sustainable development objectives, communicates our performance transparently, and shares improvement plans clearly.

Consult the chart at right for specific results compared to last year and the 2014 targets.

The Planet & Society Barometer

Look for this symbol throughout this report to see how we’re measuring up to our 14 performance indicators.

For complete sustainability-performance results, see Page 19.

Key Performance Indicators	2012 – 2013 Achievement	2014 Target***
Service growth rate	+7 pts outgrew rest of group (on organic basis)	+5 pts per annum outgrow rest of the group
Solutions EBITA	+1 pt improved adjusted EBITA margin	+2 pts vs. 2011
Industrial productivity	€0.65 billion of cumulated gross productivity	€1.0 billion to €1.1 billion of cumulated gross productivity
Support function costs	Stability of SFC/Revenue ratio	Continued focus on optimizing R&D, and maximizing commercial and back-office efficiency
Inventory efficiency	-1.5 pt reduced inventory to revenue ratio	~2-pt reduction vs. 2011
Planet & Society Barometer grade	+1.09 pts score increased in 2013 (reached a score of 7.51/10 versus 6.42/10 in 2012)	8/10 score

* Schneider Electric Annual Reports, 2012 – 2013

** Adjusted EBITA is an EBIT adjusted for certain items in order to provide a more relevant basis for the underlying operating performance of the Group. It is defined as: EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill, and before Restructuring charges and Other operating income & expenses.

*** Objective was revised at the beginning of 2014.

Saving, connecting, and sharing energy

From home to grid to business ... to the most remote areas of the world

Schneider Electric delivers efficiency solutions across the global energy chain, enabling people to do more with less. We offer products/solutions, software, and services that improve energy efficiency, financial performance, and sustainability.



Efficient Home

Improve home comfort, reduce energy bills, be responsible

An energy box connected to the network, Wiser™ home management is an example of our home offers. It enables intelligent heating control, energy monitoring, data collection and analysis, and appliance control to deliver increased energy savings. Homeowners can control Wiser products and applications from any smart device.



Efficient Enterprise

Drive financial and operational performance while conserving resources

One way we enable efficient enterprises is through StruxureWare™ software, an integrated platform of applications and suites that provides a holistic view for users to manage, analyse, and control energy and resource data across any enterprise in any industry. This software is a key part of our EcoStruxure™ architecture.



Smart cities

Make cities smarter: more efficient, liveable, and sustainable

Enabling smart-integration capabilities, our Integrated Management Platform (IMP) software enhances city operations, citizen services, and urban living. The software can link different city systems, such as facilities, urban lighting, and transportation for more intelligent monitoring and control, in turn reducing energy consumption.





Smart grid

Ensure network stability, integrate renewables, and manage the grid efficiently

There are many ways we support a smarter grid, including our intuitive Premset™ switchgear technology, which is 'smart grid ready' to facilitate advanced management solutions across the network. The compact, modular design of Premset units enables fast deployment. Schneider Electric also is active in electric vehicle charging infrastructure, renewable energy integration, and demand response.



Access to energy

Provide access to reliable, affordable, and clean energy for people at the base of the pyramid

The BipBop Programme (Business, Innovation, and People at the Base of the Pyramid) delivers offers, training, and funding to improve energy access in remote areas of the world. A portable, solar-powered LED lighting system, Mobiya TS 120S is a versatile lamp. It can be positioned seven ways to adapt to multiple situations, helping to improve opportunities in off-grid communities.



+ Read more!

Solutions, products, and services across our key markets provide cost-saving, safe, and reliable ways to improve energy efficiency.

200+
smart cities
enabled by our
solutions

25,000+
StruxureWare
Resource Advisor
software users

1.9
million
households
gained access to
energy with our
solutions since 2009

€400
potential
annual savings
on electric bill with Wiser**

16
million+ active
customer sites
thanks to our
cloud-based services

**Based on 30% savings on an average bill of €1,300, depending on energy system use

2013 Highlights

First title sponsor ever



Our inaugural marathon showcased Schneider Electric efforts to make the event more sustainable.

'Green' Prime Minister's building

Schneider Electric Malaysia and its system integrator, KFM Holdings, retrofitted the Malaysian complex to help achieve a goal of up to 40 per cent energy savings.

Excellence in industry sector

Won the 'highly commended' award for Integrated Security Solution (for projects above \$250,000) at Australian Security Industry Awards for Excellence.

#7
'World's Most Admired Companies'

Fortune ranked Schneider Electric seventh on the 'World's Most Admired Companies' list in the Industry/Electronics category.*

Acquisition of Invensys

Schneider Electric announces its intention to acquire this global industrial-automation player, which serves the most energy-intensive industries.

Global partnership with BMW

Schneider Electric signed a global partnership deal with BMW® to provide charging infrastructure services for electric vehicles.

Schneider Electric opens office in Mongolia

Ulaanbaatar welcomes Schneider Electric to this fast-growing region.

PlantStruxure receives prestigious award

2013 Global Frost & Sullivan Award for Customer Value Enhancement for PlantStruxure™ architecture

Energy software leader

Verdantix named Schneider Electric a leader in its 2013 Green Quadrant Sustainability Management Software report for StruxureWare Resource Advisor.

High global sustainability index ratings

Sustainability acknowledged in CDP's 'Global Climate 500 Performance Leadership Index' and 'Dow Jones Sustainability Index'

I&C Consultancy of the Year

Schneider Electric was honoured with this prestigious energy-consultancy industry award

Noted by the Ethisphere Institute in 'Top 100 World's Most Ethical Companies'

Fourth year for top ethics ranking*

Revenue breakdown

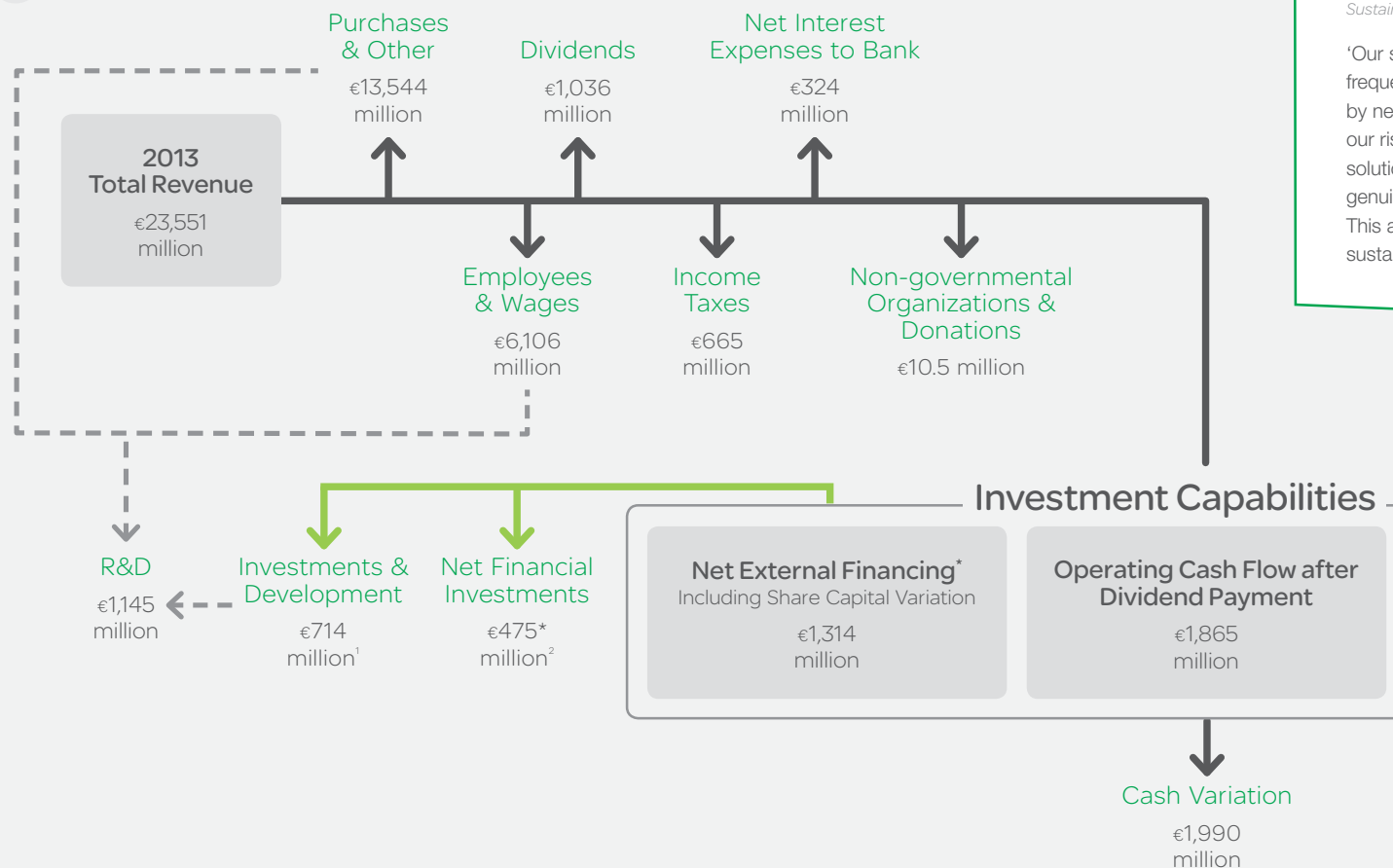
Creating shared value for all stakeholders

We are pleased to share value through distributions with our stakeholders all over the world: employees, suppliers, non-governmental organizations, and public authorities. This shared value has an impact on the local communities where we work, live, and actively invest. As indicated by our ongoing investments, we care about our future value.



Gilles Vermot Desroches
Senior Vice President,
Sustainability, Schneider Electric

'Our stakeholders' dialogue is richer and more frequent as time goes by. Whether it's driven by new regulations, a better understanding of our risks and opportunities, or the search for solutions to common issues, this dialogue is a genuine source of innovation for our company. This approach nurtures our commitment to sustainability and our strategy overall'.



— Revenue distribution to our stakeholders
— Investments

* Share issues, sale of treasury stock and loans
¹ Including €326 million in R&D
² Including €65 million placed for retirement pensions

Supporting integral sustainability through responsible oversight

'Schneider Electric Governance now is assured by a Board of Directors with four committees'.

Henri Lachmann

Vice-Chairman Lead Director,
Former Chairman of the Supervisory
Board of Schneider Electric



'At the annual 2013 Shareholders Meeting, the General Assembly approved the change of Governance of Schneider Electric. The Governance is assured from now on by a Board of Directors, which appointed Jean-Pascal Tricoire as Chairman & CEO. The Board considered it necessary to strengthen its role in the supervision of the company. So, to guarantee good information and a smooth running of the Board, a Vice-Chairman Lead Director was designated.

The Board also has set up four committees: Governance; Audit; Human Resources and Corporate Social Responsibility; and Strategy. Executive sessions in every meeting of the Board were also established to strengthen the direct contacts of the Board with the Executive Committee members. Léo Apotheker will succeed me as independent Vice-Chairman Lead Director at the end of my directorship in May 2014'.

At Schneider Electric, we know that responsible, visionary governance is founded by ongoing dialogue with our stakeholders. Sustainability is at the root of today's dialogue – not as an afterthought but as an integral part of our overall business strategy.

In fact, all of our sustainability efforts start with responsible oversight. As the *21st Century Corporation: The Ceres Roadmap to Sustainability* emphasizes, 'Sustainability begins with board oversight and commitment, and follows through into management systems and processes that integrate sustainability into day-to-day decision-making'.

This decision-making is reflected in our efforts to create a new governance structure, including a committee dedicated to studying major issues related to corporate responsibility and strategy, and the inherent relationship between the two.

Integrated Performance Measurement

Here you will discover some key performance indicators that the company tracks to measure its governance progress.*

- The presence in ethical stock indexes such as the Dow Jones Sustainability Index or the CDP to measure its sustainability practises against peers and competitors
- The number of employees made aware of ethics via e-learning or targeted workshops with educational kits

*This is a non-exhaustive list. Read a complete overview online.

2013
Start



Part of ethical
stock indexes:

3

Employees
who engaged in
ethics learning:

25,273

A new governance structure

At the Annual Shareholders' Meeting held on 25 April 2013, shareholders approved a proposed change: they adopted a structure based on a Board of Directors, with an independent Vice-Chairman Lead Director.

Objectives of the new governance:

- To give total transparency on leadership
- To guarantee an independent control system of the management of the company
- To increase the involvement and legal responsibility of board members
- To establish close working relations between members of the board and members of the executive committee

+ Meet our Board!

Learn more about our Board members and the four study committees.



Cathy Kopp
Corporate Director,
Member of the Board
of Schneider Electric,
in charge of Sustainability
Topics Oversight

Activity Overview: Board of Directors and its Committees



'For four years, I have had a very open and constructive dialogue with the major actors of sustainability-related topics within Schneider Electric'.

'In 2013, I reviewed achievements and action plans about R&D, Purchasing, Health & Safety, Training, and Internal Communications. Looking at those topics through the sustainability lens brings a different perspective to the Board's discussions, regularly questioning the company's commitment to make sure it keeps improving. Once again this year, Schneider Electric has been recognized among the most sustainable companies in major global and local ratings, indicating that this way of working is effective'.

92%
attendance
by the Board of
Directors*

5
nationalities
made up the
Board of Directors
in 2013*

21%
women
members on the
Board of Directors*

*Source: Schneider Electric
2013 Annual Report

2013 Results

Part of ethical
stock indexes:
3

Employees
who engaged in
ethics learning:
50,602

2014 Target

Part of ethical
stock indexes:
3

Employees
who engage in
ethics learning:
80,000
(Including Invensys teams)



Hearing company updates at the 2014 Leadership Forum, employees are encouraged to drive success by both their individual performance and the company's.

Employee incentives based on sustainability performance:

Up to **20%** of the variable part of performance shares is calculated in the Planet & Society barometer score

Up to **20%** of executives' performance incentives are based on sustainability criteria

WHAT GUIDES US: Our Principles of Responsibility



The Responsibility & Ethics Dynamics (R&ED) Programme includes organization, processes, and tools to foster employee compliance with *Our Principles of Responsibility*.

+ Read more!
Consult the complete guiding principles online.

Compensation and benefits

Schneider Electric rewards employees' contributions based on a pay-for-performance principle, competitive market positioning, and scarcity of skills. In line with this philosophy, the compensation structure includes fixed and variable elements. The short-term variable element comprises individual and collective performance criteria and is designed to foster a sense of belonging and collaboration. The long-term variable component is discretionary, and is designed to motivate and retain specific groups of targeted employees who demonstrate potential and possess critical skills.

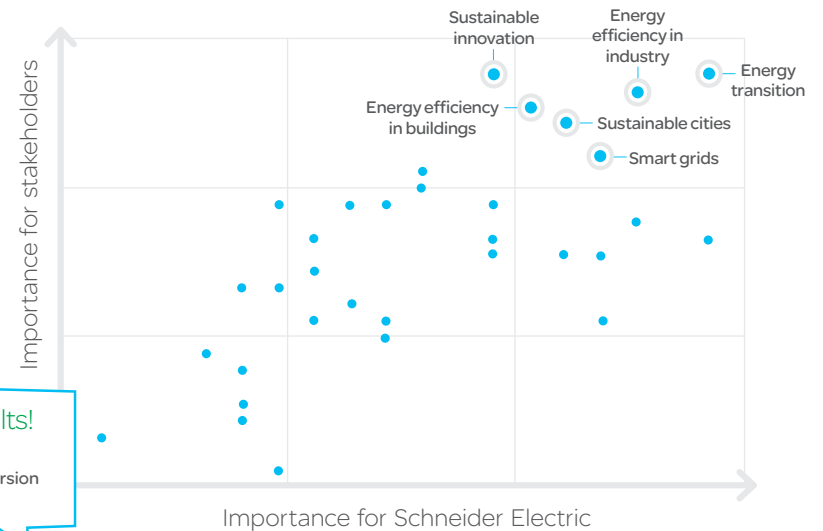
Since 2011, sustainable development components, which are linked directly to Planet & Society Barometer targets, have been part of the personal-performance incentives of all members of the Executive Committee. They are personalized according to the areas of involvement for each member.

Engaging stakeholder dialogue and feedback

Transparency and dialogue are drivers of innovation and performance. Schneider Electric welcomes and facilitates ongoing stakeholder conversations as an integral part of our sustainability commitment. In 2013, we conducted a materiality review with relevant external stakeholders (e.g. clients, suppliers, public authorities, experts), and top and senior managers within our organization. With the help of the Utopies consulting firm, we sought to report the most important economic, social, and environmental issues; identify current and future opportunities and risks for our business; and update our sustainability agenda with our key stakeholders' expectations. Participants assessed the significance of each issue according to a quantitative scoring scale, and they were interviewed for qualitative evaluation and feedback about the process.

Materiality matrix outcomes (extract)

Top material issues include energy transition, energy efficiency, sustainable innovation, and resource scarcity.



+ Get full results!
Discover all topics and outcomes in the full version of this chart online.

Sharing our voice as a trusted energy management advisor

As government efforts across the globe seek to partner with and leverage the private sector to accelerate their nation's energy efficiency and environmental-sustainability agendas, Schneider Electric is there — actively driving market recognition and thought leadership — as a leading trusted advisor to the public sector in helping them manage their energy challenge.

- In the European Union, Schneider Electric is a strong content contributor to, and vocal supporter of, the Energy Efficiency Directive and has been chosen to lead the UPS (Uninterruptible Power Supply) category in the pilot phase of the drafting of a Product Environmental Footprint methodology led by the European Commission.
- In the US, Schneider Electric is contributing to national energy efficiency legislation and climate regulations; in the state of California, we worked proactively with government and industry colleagues to support Proposition 39, which dedicates a percentage of tax revenue to performance-based energy efficiency and education.
- Recognizing the liberating values for building owners when they understand their property's energy efficiency as compared with peers, Schneider Electric continues to support varied government efforts in this area; such as in India, where we support the national benchmarking and star labelling initiative for commercial buildings as well as the implementation of Energy Conservation Building Code in India.

As the collaboration between industry and governments accelerates, Schneider Electric will continue to help lead this global dialogue.



France's energy dialogue

2013 was the year of the energy transition debate in France. Schneider Electric contributed in a collaborative manner by engaging its stakeholders in forums called 'Enercamps' to facilitate national debate. Schneider Electric presented a summary to the French government, highlighting the individual's role in France's energy management efforts and the need for a proactive and flexible legislative framework.

Enercamp discussions resulted in 12 energy-reduction proposals to the French government.

Compliance with international law and other commitments

Schneider Electric confirms its commitment to promote sustainability and participation in society-wide efforts to foster sustainable development.

In May 2013, Jean-Pascal Tricoire became Chairman of the United Nations Global Compact French branch.

Topics

Involvements

Sustainable governance	World Business Council For Sustainable Development (WBCSD), United Nations Global Compact
Energy efficiency	Alliance to Save Energy, Clinton Climate Initiative, Green Grid, EpE (Entreprises pour l'Environnement)
Smart grid	Cleantech Cluster, Tenerrdis Energy Cluster Smart Grid
Smart cities	European Innovation Partnership for Smart Cities and Communities, WBCSD Urban Infrastructure Initiative
Access to energy	WBCSD Energy Access chair
Biodiversity	Livelihoods Fund

+ Where else are we?

See the full list of our involvements.

FROM THE FIELD



Jean-Pascal Tricoire joined the St. Petersburg International Economic Forum conversation in sessions such as the round table called 'Accessible grids: an attractive investment case for social infrastructure'. Together with Russian Minister of Energy, Alexander Novak, and General Director of Rosatom, Sergey Kiriyyenko, our Chairman and CEO discussed trends in the energy industry during the panel session named 'Overcoming Energy Sector Bottlenecks to Gain Sustainability'.



Shareholders' Advisory Committee members gather at Schneider Electric in France, to engage in dialogue and share their concerns.

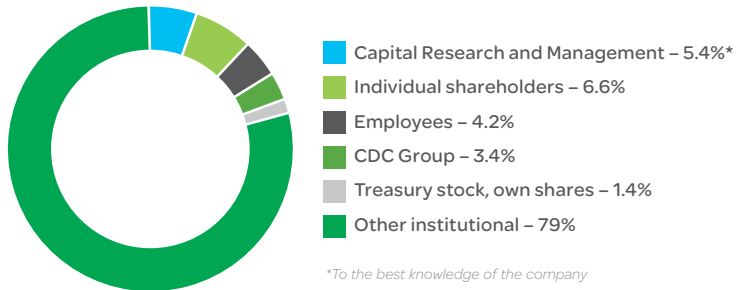
Listening to our shareholders

The Shareholders' Advisory Committee is designed to provide a communications channel between our shareholders and the company. The committee's geographic and professional diversity aligns with that of the company's shareholder base. Up to eight independent volunteers are appointed by Schneider Electric for a three-year term.

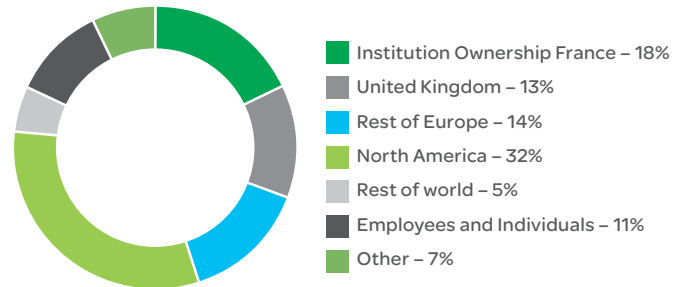
The Advisory Committee meets several times a year to discuss various topics, including ways to strengthen the company's strategy for individual shareholders and the committee's participation in the Q&A session with the Chairman of the Board at the Annual Shareholders Meeting.

Shareholder ownership structure (as of December 2013)

By type

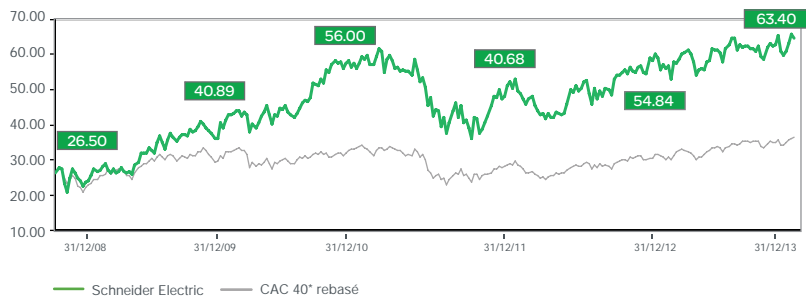


By region



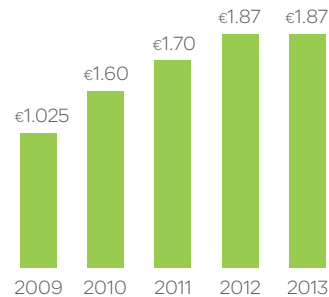
€36 billion
market capitalization
of Schneider Electric as of
31 December 2013

Evolution of share price



* Cotation Assistée en Continu

Dividend per share



Schneider Electric policy is to pay out 50% of net income in dividend.

2014 Financial and Extra-financial Calendar

- 20 February 2013 Annual Results
- 24 April Q1 2014 Sales
- 6 May 2014 Annual Shareholders' Meeting
- 30 July Half-year Results
- 29 October Q3 2014 Sales

Tracking sustainability efforts

The Planet & Society Barometer



Since 2005, we have provided an ongoing measure and report on our sustainability efforts based on the key performance indicators in our Planet & Society Barometer. Our aim is to bring together the corporate community around sustainable development objectives, communicate efforts transparently, and share improvement plans with stakeholders.

A sound audit process

In 2013, all the indicators of the Planet & Society Barometer, along with a selection of environmental, social, and societal indicators, received a limited assurance without qualifications or observations from Ernst & Young independent verifiers.¹

		2012 Results	2013 Results	2014 Target
PLANET				
Carbon	10% CO ₂ savings on transportation	6.42/10	7.51/10	8/10
Products & Solutions	75% of our products revenue achieved with Green Premium products	14.80%	16.7%	10%
Energy	10% energy consumption savings	65.50%	68.7%	75%
		6.10%	8%	10%
PROFIT				
Green Growth	7-point growth revenue with EcoXpert™ programme above total growth revenue	7.6	1.28	7
Access to Energy	1,000,000 households at the Base of the Pyramid have access to energy	344,441	695,685	1,000,000
Suppliers	90% of preferred suppliers embrace ISO 26000 guidelines	7.80%	18.8%	90%
Governance	3 major ethical stock market indexes select Schneider Electric	3	3	3
Best Practises	300 sites recognized as 'Great places to work – cool site' *	N/A	224	300
PEOPLE				
Safety	30% reduction of the Medical Incident Rate (MIR)	23%	47%	30%
Engagement	63% score in the Employee Engagement Index **	55%	60%	63%
Diversity	30% women in the talent pool (~2,500 people)	27%	28%	30%
Training	1 day of training for each employee every year *	N/A	67%	100%
Access to Energy	30,000 people at the Base of the Pyramid trained in energy management	10,517	32,602	30,000
Communities	300 missions by the 'Schneider Electric Teachers' NGO	66	228	300

* This indicator did not start to be reported until 2013.

** A new objective was defined in January 2014 for the Engagement indicator: 63% for the Employee Engagement Index instead of 70% initially set at the end of 2013. With this new target of 63%, Schneider Electric has the ambition to exceed the average of its sector by 10 points. For this type of indicator that measures the engagement of employees, every point is a stake. For the record, Schneider Electric started the measurement of this indicator in 2012 with 55%.

¹ As stated in the verifier's report published in the registration document

Meeting the energy challenge today through efficiency solutions

'Immediate efficiency measures are needed to buy precious time while international climate negotiations are determining global policies'.

Dr. Fatih Birol
Chief Economist,
International Energy Agency



'Current trends suggest that long-term average temperatures are likely to increase between 3.6 °C and 5.3 °C, which would have catastrophic consequences for all of us. The energy sector is responsible for two-thirds of global greenhouse-gas emissions; therefore, its engagement is at the heart of solving this problem. To keep open a realistic chance of meeting the 2 °C target, intensive action is required before 2020, the date by which a new international climate agreement is due to come into force.

There are four key areas where stronger policy action is necessary: energy efficiency measures in the industry, buildings, and transport sectors; limits to the use and construction of inefficient coal-fired power plants; minimization of methane emissions in upstream oil and gas production; and a partial phase out of fossil-fuel subsidies to end users. These measures could buy precious time while international climate negotiations continue towards the important COP 21 in Paris in 2015'.

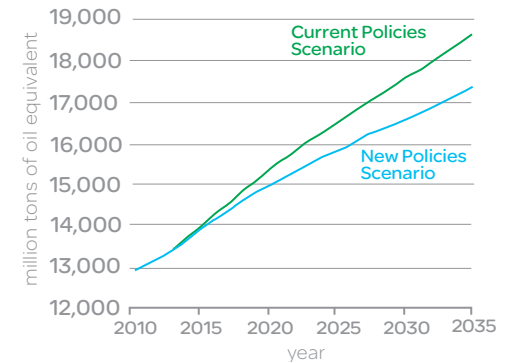
Schneider Electric believes that the way to address the escalating and critical energy demand is to focus on energy consumption and efficiency.

We provide innovative and cost-saving solutions to curb energy use across key energy-intensive markets – from industry to urban infrastructure – as our answer to the global energy challenge.

Change in global energy demand by scenario

Energy-intensive sectors worldwide account for 70% of industrial energy use.*

*Source: International Energy Agency, World Energy Outlook 2013



Integrated Performance Measurement

Here you will discover some key performance indicators that the company uses to track its progress on business, financial, environmental, social, and societal dimensions.*

- Additional growth made by EcoXpert contractors, selected intermediaries trained to sell simple solutions with environmental benefits
- Additional growth made through services activity, from maintenance and repair to advanced consulting services and performance contracting
- Percentage of our revenue made with Green Premium products, giving customers all the environmental information they need (See Page 33 for more details.)

*This is a non-exhaustive list. Read a complete overview online.

2013 Start



EcoXpert contractors revenue growth above organic growth: 7.6 points

Services growth above organic growth: 5 points



Product revenue made with Green Premium products: 65.5%



Efficiency in action!
See more ways Schneider Electric has decreased enterprise energy use.

Danone Dairy operates more efficiently with the energy monitoring UPMS solution.

Saving energy through active efficiency

Danone is one of the fastest-growing food and beverage companies in the world. Its mission is to bring health through food to as many people as possible. At Danone, energy represents a key cost driver of its operations. Between 2008 and 2012, Danone reduced its CO₂ emissions by 35 per cent.

Schneider Electric recently signed a three-year global agreement with Danone Dairy, one of the company's four business units, to help Danone meet its ambition of implementing a Utilities Performance Monitoring System (UPMS) solution. The goal is to monitor and analyse energy consumption at every stage of the manufacturing process, crossing energy and plant data, and to quickly identify optimization opportunities at every dairy factory. UPMS represents a standard solution (without technical deviations) based on our sensor audit, StruxureWare software platform, and project management.

Better serving the most energy-intensive industries

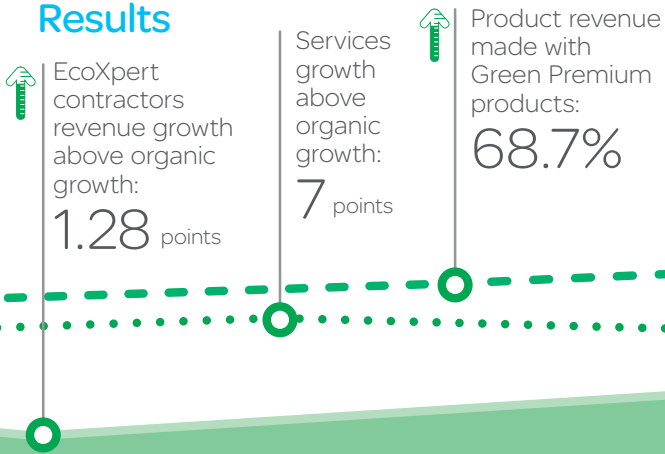
In January 2014, Schneider Electric completed its acquisition of Invensys™, a global automation player. With a large installed base, strong brands and a solid software presence, this acquisition improves our integrated solutions capabilities for key energy intensive segments. It also grows our software portfolio on operational efficiency, and strengthens our global footprint.



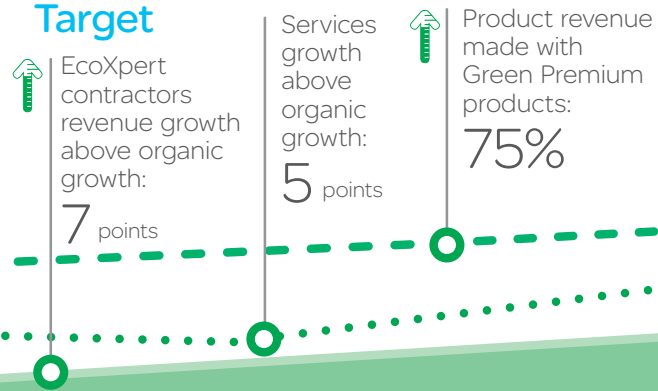
See more!
Get the details about the Invensys acquisition.

Invensys employees in Indonesia welcome Schneider Electric.

2013 Results



2014 Target



2/3+ increase in world electricity demand

from 2011 – 2035 in the New Policies Scenario

Source: International Energy Agency, World Energy Outlook 2013 Factsheet

40% of global investment in power sector

(through 2035) in transmission and distribution networks

Source: International Energy Agency, World Energy Outlook 2013 Factsheet

82% of unrealized energy efficiency

potential in buildings and data centres (until 2035)

Source: World Energy Outlook 2012, OECD/IEA, Internal analysis

Sharing energy across smart grids and smart cities



Burbank Water and Power has adopted smart grid solutions to help customers realize efficiency savings.

Smart grid solutions simplify and streamline a city's operations

Utility grid demand, especially peak demand, is growing everywhere while electricity infrastructure faces acute constraints. Schneider Electric smart grid solutions combine electricity and IT infrastructure to integrate and inter-connect all users (producers, operators, marketers, consumers, etc.) in order to continue to efficiently balance demand and supply over an increasingly complex network.

Schneider Electric worked with the City of Burbank, California in the US, to provide expertise in customer-side energy processes, as well as reliable, safe, and efficient power in the presence of highly variable renewable resources. The company's smart grid solutions will help Burbank reach its 33 per cent renewable portfolio standard by 2020.

'Burbank Water and Power is a forward-thinking municipal utility in southern California. We enjoy significant interaction with our customers in the area of energy efficiency and are working to enhance our portfolio of programmes to build on our smart grid investment. Schneider Electric is a true partner in helping us realize our goals ... As such, we consider our partnership with Schneider Electric a critical success factor to our business'.

Fred Fletcher

*Assistant General Manager – Power Supply,
Burbank Water and Power*

LIFE IS ON: *Wiser homes throughout France*



Wiser home management allows homeowners to run smarter, more efficient homes. Schneider Electric launched a social media campaign throughout France to illustrate Wiser's intelligent heating and appliance control.

Demand response for Japan

Energy Pool, Schneider Electric, Sojitz, and TEPCO were selected by METI to initiate the deployment of industrial demand response in Japan with a target of 50 mW in 2014. The project will study the entire value chain of the demand response (regulatory, financial, operations, IT ...) to build a sustainable model of industrial demand response deployment in Japan.



Hear from experts

Read more from our demand response specialists.

FROM THE FIELD



Scott Henneberry

Vice President, Smart Grid Strategy, Schneider Electric

'Smart Grid-technology solutions are being purchased by utilities today, and they are expected to become a larger share of their total spend in the future. Many of these solutions will require new interactions between suppliers and consumers of electricity. Indeed, the line between suppliers and consumers will become quite blurred with the addition of many new actors, including marketers, prosumers, aggregators, and others. Schneider Electric is one of only a few companies on the planet with expertise in both sides of this new equation, from all forms of production to all forms of consumption. We therefore are well-positioned to enable and facilitate these new interactions and, in so doing, capture a significant piece of this large market'.



Schneider Electric is working with Rio de Janeiro, Brazil, to make it a smart city through our smart water, smart mobility, and smart integration solutions.

\$526.3 billion smart cities market

forecasted to double by 2016

Source: Markets and Markets, Smart Cities Market, May 2012



Boston is working toward streamlining urban operations through integrated management.

[+ Read more!](#)

Discover how our solutions can help Boston save energy costs and improve operations!

Anticipating the urban influx through efficient smart city solutions

By 2050, 70 per cent of the global population will live in cities.* This urban inundation will overburden city infrastructure. Schneider Electric is anticipating this influx by delivering urban efficiency solutions that help cities become more resilient and smart, meaning efficient, liveable, and sustainable.

We take a five-step approach (vision, foundations, integration, collaboration, and innovation) that delivers up to 30 per cent energy savings, up to 15 per cent reduction of water losses, and up to 20 per cent reduction of travel time and travel delays. Social and economic benefits emerge as well.

*Source: United Nations World Urbanization Prospects, 2011



Charbel Aoun
Senior Vice
President,
Smart Cities,
Schneider Electric

'It is natural that Schneider Electric be a member of New Cities Foundation*. It is an ideal environment to help cities progress toward "smart" thought-leading initiatives'.

*New Cities Foundation is a global non-profit organization dedicated to making cities across the world more inclusive, dynamic, and creative. It engages collaborative partnerships between government, business, academia, and civil society.

The efficient city of Boston, Massachusetts

In 2011, then Boston Mayor, Thomas M. Menino, set a critical goal for the city: get all Bostonians involved in reducing the city's greenhouse-gas emissions by 25 per cent by 2020, and by 80 per cent by 2050. To help achieve such ambitious sustainability goals, the city integrated Schneider Electric StruxureWare Web-based software offerings, Energy Operation and Resource Advisor, to find patterns of energy waste and savings; deliver up-to-date energy and greenhouse gas emissions data to a simple-to-use dashboard; and track fuel consumption and other vehicle fleet data.

'Boston now can make performance improvements over the long term. This is due in part to the analytical tools that help identify where we can make cost-effective energy efficiency investments'.

Brian Swett

Chief of Environment and Energy, City of Boston

Welcoming a sustainable data revolution



With 50 per cent of its sites powered by renewable energy sources, Interxion leads the sustainable data-centre movement.

[▶ Learn more!](#)

Discover in our video how Interxion achieves sustainability and efficiency.

The new world of 'big data'

Properly harnessed, big data has enormous potential for improving operations, increasing efficiency, and reducing our energy and resource consumption. Data can be mined to perform diagnostics, make intelligent recommendations, and detect anomalies and inefficiencies to reduce or optimize energy consumption. Yet storing data in enterprise and co-location data centres can be a costly endeavour unless energy and sustainability are at the core of operations.

With over 80,000 square metres of white space throughout 11 countries, co-location provider, Interxion, is a model of energy efficiency and sustainability. Schneider Electric has helped Interxion save energy through efficient UPS units, Uniflair™ air conditioners, and StruxureWare software.

The digital universe by 2020

300 x

growth of digital data from 2005 to 2020

40%

of digital information by 2020 will be 'touched' by cloud computing providers

62%

share of new economies in data production vs. 36% today

Source: IDC: Digital Universe Study, sponsored by EMC, December 2012



Lex Coors
Chief Engineering Officer and Vice President, Interxion

'If you think about our business, we have to be committed to managing our resources responsibly, constantly improving the way we operate our data centres. From that perspective, sustainability – especially with energy prices in Europe – makes sense. You need to save energy'.

Moving toward the 'Internet of Things'



'The installed base of the Internet of Things (IoT) will be approximately 212 billion "things" globally by the end of 2020, largely driven by intelligent systems that will be installed and collecting data – across both consumer and enterprise applications. Schneider Electric is ideally positioned to grasp the new opportunities brought by the IoT, starting now'.*

[+ Big Data 101](#)

Learn more about cloud computing and the 'Internet of Things' online.

Data centres that support business

Microsoft® Technology Centers (MTCs) are collaborative environments where innovators go to conceive breakthrough, customized solutions. Since 2000, Schneider Electric has supported MTC's high-demand data centres. MTC in Paris can adapt quickly to its business through integrated Schneider Electric data centre physical infrastructure.

Microsoft Technology Centers throughout the US use Schneider Electric Remote Monitoring Services for constant monitoring of the mission-critical facilities to ensure business continuity and uptime.



Today's data centres can balance availability and efficiency.

[▶ Watch now!](#)

Discover how we transform data centres through efficiency.

*Source: IDC, Worldwide Internet of Things (IoT) 2013 – 2020 Forecast, October 2013.

Sharing energy knowledge worldwide



Our ELE Initiative supports forward-thinking students who can drive energy's future through innovation and expertise.

+ Future innovators!

See real, efficient, solar-powered houses designed by college students.



Energy
Leaders'
Education

Each Solar Decathlon draws
200,000 to 300,000 visitors

Promoting educational opportunities for current and future leaders

Through the Energy Leaders' Education (ELE) Initiative, Schneider Electric engages partners, students, and the public in the development of sustainable solutions. ELE leverages a series of courses, competitions, and programmes, including Solar Decathlon and Energy University™, to drive awareness about energy issues. The ELE Initiative actively enables stakeholders to become future leaders in their environment.



Richard King
Director of the
U.S. Department of
Energy Solar Decathlon

'The sponsorship provided by Schneider Electric helps ensure that the Solar Decathlon provides a rich learning experience for the student decathletes, and educates the public about the money-saving opportunities and environmental benefits presented by clean-energy products and design solutions'.

Proud sponsor of Solar Decathlon all over the world

Once again, Schneider Electric supported Solar Decathlon by sponsoring the US and Chinese editions in 2013. Created by the US Department of Energy, the Solar Decathlon aims to challenge students from worldwide universities on two-year-long projects where they design, build, and operate real energy-efficient, solar-powered houses. The houses are built over a 10-day period in a solar village open freely to the public and are showcased by students in 10 contests. The winner of the competition is the team that best blends affordability and design excellence with optimal energy production and maximum efficiency.

Solar Decathlon China 2013

Datong (China), 2 – 11 August 2013

As one of the three global sponsors of the first Solar Decathlon China, Schneider Electric also sponsored the top three winners of the competition:

- (#1) University of Wollongong, Australia;
- (#2) South China University of Technology, China;
- (#3) Chalmers University of Technology, Sweden.

Solar Decathlon US 2013

Irvin (CA, United States), 3 – 13 October 2013

As a Sustaining Sponsor of the competition, Schneider Electric supported 10 of the 20 teams by supplying energy management products for use in the houses. Schneider Electric also provided technology and engineering services required to implement the fully-functioning micro-grid solution.

Solar Decathlon Europe 2014

Versailles (France), 27 June – 14 July 2014

TODAY AND TOMORROW

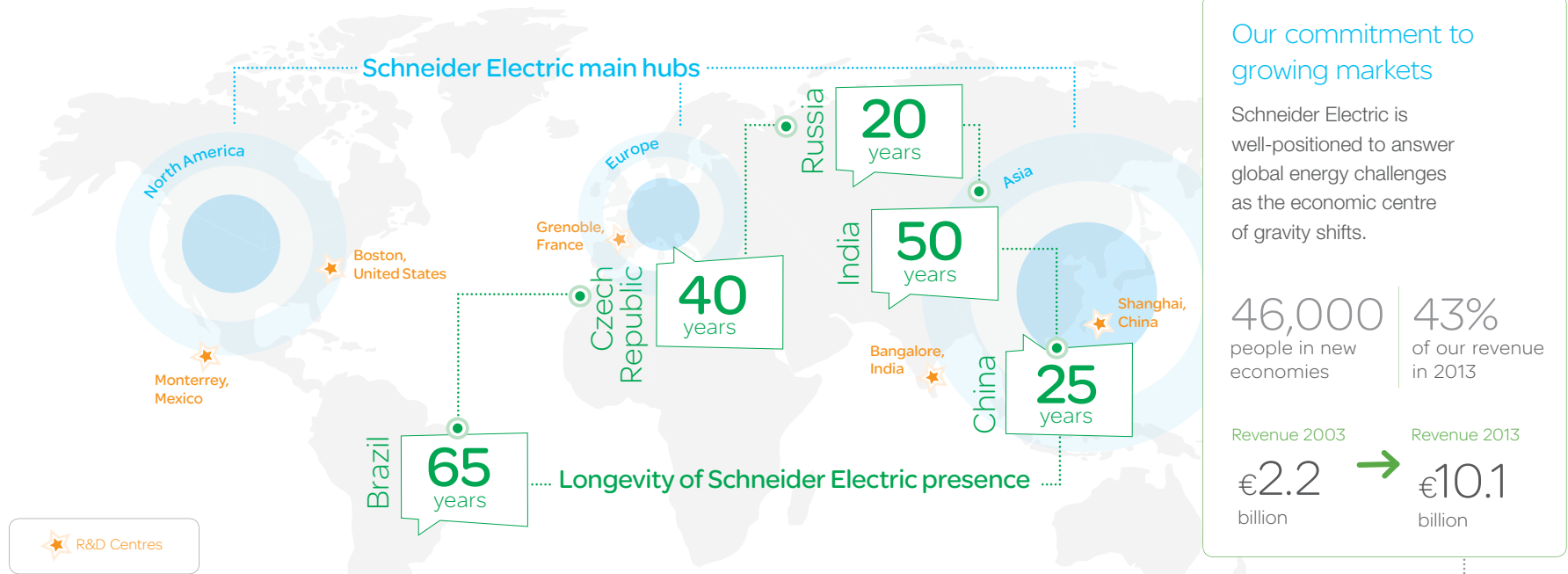


A closer look at Energy University

Energy University offers over 200 energy efficiency courses that are available around the clock, in over 13 languages. The courses are used worldwide by over 350,000 people. They provide product-neutral, critical information, and guidance on improving energy efficiency in any organization. Data Center Certified Associate (DCCA) and Professional Energy Manager (PEM) certifications provide the training and skills to build resumes and expand career options.

Facilitating efficiency in emerging economies

The company's long-term presence



Our geographical approach to new economies

The engine of energy demand growth is moving to Asia and other new economies. While China is the primary source of escalating energy demand today, in 2035, India will take over as the main driver.* With local offices, worldwide hubs, and a global industrial and logistics footprint — including our R&D centres — Schneider Electric can respond effectively to this growth by being close to the markets we serve. In China, for example, we have broad, trusted networks of integrators and distributors, enabling Schneider Electric to be locally present in 300 Chinese cities throughout this vast country.

Our presence in emerging economies at large has more than doubled, growing from 20 per cent in 2000 to 43 per cent in 2013.** The Russian market is now the company's fourth market.** And in Brazil, we have 5,500 employees. Schneider Electric will draw on this long-term presence to help meet the energy challenge.

* International Energy Agency, World Energy Outlook 2013
** Schneider Electric 2013 Annual Report

Celebrating 50 years of Schneider Electric in India with 50 m kWh energy savings



With 460 employees, the Global Technology Centre in Bangalore, India, is one of five Schneider Electric R&D Centres. It was established in 2003.

To celebrate its 50 years of presence in India, Schneider Electric launched a '50 years 50 m kWh' campaign. Schneider Electric representatives toured the whole country in order to meet customers and garner ideas to save electricity. Customers also shared their ideas via the Web and social media. The objective was to save 50 m kWh. The result? 51,236,800 kWh saved through 2,500 ideas.



In March 2013, Schneider Electric took full ownership of Electroshield - TM Samara. Since Schneider Electric originally acquired 50 per cent stake in 2010, Electroshield - TM Samara has generated average annual sales of about €500 million.

Broadening our energy-intensive market industries

Schneider Electric acquired 100% ownership of Electroshield – TM Samara™, one of the leading Russian players in medium voltage with a strong presence in key end markets such as oil & gas, utilities, mining, and other electro-intensive industries. Electroshield – TM Samara has operations in Russia and Central Asia, employing around 10,000 people in four industrial sites (in Russia and Uzbekistan).



Jean-Louis Stasi
Zone President,
Russia & CIS,
Schneider Electric

‘This strategic investment reinforces our worldwide presence in the technologies for energy, mining, and urban infrastructure, confirming Schneider Electric Russia as an essential component of our company’.

Energy Efficient Houses Project serves as a model

Several companies signed a letter of intent to cooperate in Russia to develop the Energy Efficient Houses project: Lafarge, the global leader in the production of cement, aggregates, and concrete; Saint-Gobain, a world leader in the habitat and construction markets; the Russian project company A_PRIORI; and Schneider Electric. Each will contribute know-how and materials to bring the project to fruition. The pilot project is one of the first in the Moscow region to achieve energy consumption lower than 35 kWh/m².yr. Construction started in May 2013. The second project within the framework of the Energy Efficient Houses is a multi-storey house.

FROM THE FIELD



The Perdana Putra Complex in Putrajaya

‘Greening’ the Prime Minister’s building in Malaysia

‘KFM Holdings SDN BHD is a solution provider for Green Smart and Connected built environment. We manage approximately 10 million square feet of GFA of assets worth about 1 billion USD. KFM recently undertook the development of the Prime Minister’s Office (Perdana Putra Complex) High Performance Green Building Project as a benchmark to encourage more businesses in Malaysia to achieve greater heights in energy efficiency. In order to help reach our target of 40 per cent in energy savings, we decided that this building retrofit project should be supported by the Schneider Electric Building Management System (BMS).

The world needs efficiency, and Schneider Electric has everything necessary to provide it’.

Khairol Nizam Abd Muen
Director of Business Development, KFM Holdings SDN BHD

Cultivating best-in-class Research & Development

Energy efficiency and beyond

Schneider Electric is committed to supporting an efficient and sustainable economy by leveraging technology, innovation, and a deep understanding of the industries we serve. We combine long-term innovation programmes and focused, segment-specific developments to deliver high-performance solutions. We base our R&D success on:

ANTICIPATION

Schneider Electric R&D leverages its participation in Aster Capital and a broad network of research partners to identify the emerging trends and technologies that will shape tomorrow's efficiency solutions. These insights feed the 'innovation funnel' to flow into future solutions.

36

investments
in cutting-edge start-ups
since 2009

COLLABORATION

Our engineers collaborate daily with development partners – from start-ups to multi-nationals – to develop end-to-end solutions that can address the toughest issues our customers face to efficiently operate their businesses.

200+

collaborations
with innovative SMEs,
including 60 start-ups and
10 leading universities

EXPERTISE

Worldwide networks of experts systematically develop the company's intellectual capital, both in terms of critical technologies and industry processes.

500+ patents
in 2013

AGILITY

R&D centres leverage state-of-the-art tools to support agile yet robust development processes. Our engineers master the latest techniques such as modeling, multi-physics simulation, and early prototyping to shorten innovation cycles.

800

distinguished
technical experts



Our R&D engineers at our Technopole site in Grenoble, France, are committed to innovations in energy efficiency.

+ Discover more!

Learn how we support
breakthrough R&D.

The rise of 'Operational Intelligence'

In their quest for efficiency, companies across industries have invested heavily in:

- Information Technology, the powerful ERP systems that run modern businesses, from finance to sales. These systems manage 'what needs to be done'.
- Operation Technology, the control systems Schneider Electric is a leader of across many industries. These systems manage 'how it is being done'.

Schneider Electric is a leader in making its automation systems seamlessly communicate with information systems, using IT standards. We are now reaping the benefits of these investments, as such emerging technologies like 'big data' allow flexibility to manage the combined data and finely mine it for insights on how to improve operations. It gives customers fine, granular optimization of their operations. Along with other industry leaders, Schneider Electric has coined the term 'Operational Intelligence', and this domain is a key area of R&D in the coming years.



'Schneider Electric is leveraging digital technologies to provide more than energy efficiency to our customers, connecting our products and systems into 'Operational Intelligence' applications. We will deliver efficiency to our customers across industries'.

Pascal Brosset

Chief Technology Officer,
Schneider Electric



A software engineer tests cyber security of our mission-critical and other applications.

Technologies for efficiency

While we leverage more and more software to make and deliver efficiency solutions, significant innovation keeps flowing into products and systems, with simplicity and flexibility as key objectives. A few examples:

- **Digital Services:** Systematically connecting products to the Internet allows a host of new solutions and services. Doing so affordably and securely requires specific research and development.
- **Pervasive Sensing:** Self-powered sensors, deployed in large low-cost networks, become key components of modern control systems. Schneider Electric is one of the leaders in applying 'Internet of Things' technologies to control systems.
- **Next Generation User Interface:** Resolving the paradox of more and more complex systems and new usage patterns created by smartphones actually offers brand new possibilities, which are explored by a number of projects.

FROM THE FIELD



Vincent Mazaauric

Principal Scientist and Patent Policy Director, Schneider Electric

Currently in charge of Scientific Affairs and Patent Policy, Vincent Mazaauric won the 2013 Applied Electromagnetics and Mechanics Award. His outstanding thermodynamic-oriented theory of electromagnetism, especially suitable for energy efficiency challenges, was honoured by the International Award Committee of the Japanese Society of Applied Electromagnetics and Mechanics, including prestigious scientists and technological leaders from the USA, the UK, France, Italy, China, and Japan.

Leveraging analytics to deliver efficiency

Harnessing the power of cloud computing and big data to apply large-scale analytics can bring significant benefits at multiple levels:

- The ability to constantly monitor products to optimize their performance and anticipate failures
- The use of large networks of sensors to further optimize existing systems, such as water networks
- The capability of optimizing 'systems of systems', such as districts or even entire cities

Efficiency solutions for smart water



Water networks lose up to 30 per cent of the water they are supposed to distribute due to the difficulty in detecting leaks and costly repair.

Advances in long-range networks have made large-scale deployment of pressure and flow sensors economically viable. The resulting information allows the ability to constantly adjust pressure in the network segments to actual demand, thus reducing leaks by up to 30 per cent.

Better energy flow management



Through the Ambassador programme, Schneider Electric and 14 partners are developing a District Energy Management and Information System (DEMIS) that addresses the question of energy-flow management at the district level. The DEMIS will control buildings, electrical vehicle charging stations, district hot/cold water networks, local production and storage resources, and public lighting.

Maintaining a competitive supply chain through efficiency and agility

'We are using the voice of our customer to tailor our supply chains to not only be responsive and flexible, but to be sustainable as well'.

Annette Clayton

Executive Vice President, Global Supply Chain, Schneider Electric



'Schneider Electric has embarked on a major transformation of its supply chain to increase customer satisfaction and improve the financial viability of the company. We also hold our commitment to sustainability and responsibility in the highest regard. In 2013, we improved our product regulatory-compliance goals with respect to the environment, and we reduced the company's carbon footprint across our network of sites. We launched a specific programme to better

understand water usage and address ways to reduce its consumption, accomplishing some excellent results to date. The opportunity that we have in 2014 and beyond is to extend our efforts more broadly. We will work with the company's supplier community to continue embracing ISO 26000. We are proud of our environmental practises and accomplishments, and know we must continue to make strides to enhance our position as a sustainable, world-class supply chain company'.

The Global Supply Chain organization strives to simplify the way the company works, while improving customer service, business performance, and working practises.

An in-depth reorganization in 2012 created a competitive supply chain that eliminates over-servicing and under-servicing customers. As a result, we have boosted overall customer satisfaction, optimized how we use cash, leveraged productivity, and improved the company's financial performance.

With about 75,000 employees, the Global Supply Chain organization spans more than 250 factories and 100 logistics centres in nearly 50 countries. The efficient and agile supply chain enables Schneider Electric to succeed across key markets to take advantage of the Global Supply Chain's scale while creating supply chains that meet customers' specific buying behaviours, including local and regional considerations.

Integrated Performance Measurement

Here you will discover some key performance indicators that the company tracks to measure its progress toward an efficient and sustainable supply chain.*

- The reduction of inventory, demonstrating the Global Supply Chain's effectiveness and productivity
- The energy consumption savings achieved through the implementation of its own StruxureWare software solutions
- The alignment of its recommended suppliers with the ISO 26000 standard on corporate social responsibility
- The reduction of CO₂ emissions linked with transportation

*This is a non-exhaustive list. Read a complete overview online.

2012 Start

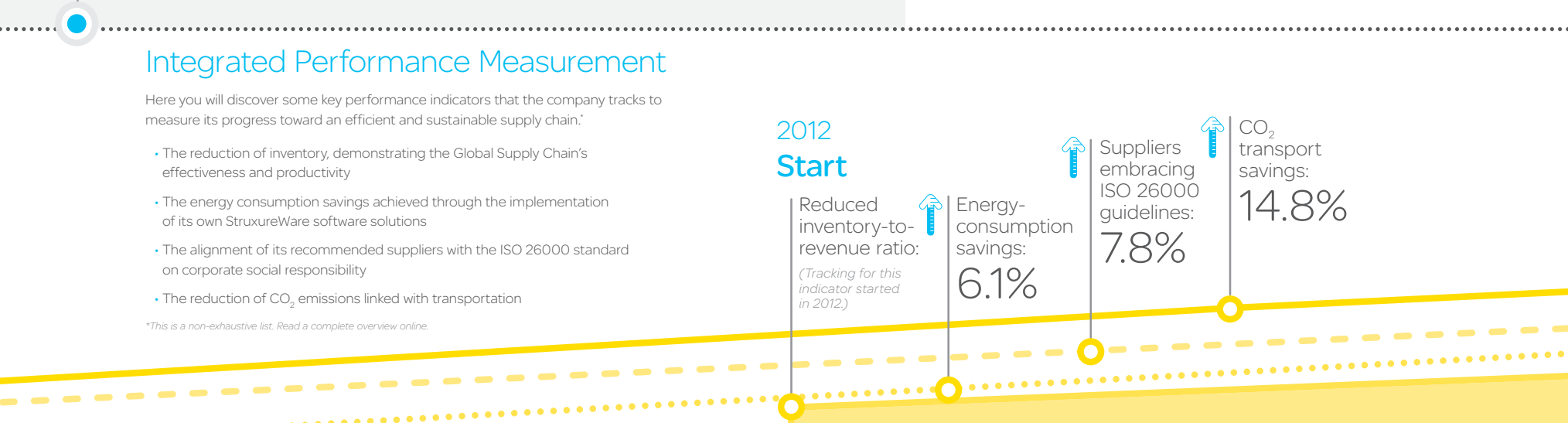
Reduced inventory-to-revenue ratio:

(Tracking for this indicator started in 2012)

Energy-consumption savings: 6.1%

Suppliers embracing ISO 26000 guidelines: 7.8%

CO₂ transport savings: 14.8%





Accessing and monitoring energy data digitally has enhanced efficiency improvements at the Schneider Electric Hyderabad plant in India.

A customer-centric, digital global supply chain

Customer voice is at the core of the Schneider Electric tailored supply chain, which provides customers with what they value and need in the most efficient way. Within four key customer segments (distributors and retailers, consumers, partners, and end users), we continuously identify customer needs and plan, configure, and deliver accordingly. Even delivery methods are tailored.

In 2013, Schneider Electric emphasized digitization as a way to accelerate and intensify its transformation. For the supply chain, this approach aims to synchronize suppliers and factories through distribution centres and carriers to improve service to our customers. Our approach has resulted in enhanced customer satisfaction, increased sales, better cash management, and delivery speed.

A flexible supply chain with strong fundamentals

The impact of improvements on productivity, customer satisfaction, and the company's carbon footprint:

Customer satisfaction	Carbon footprint	Productivity
Increase net customer promoter score*	Intensity per employee*	Industrial productivity savings of €1.0 billion to €1.1 billion by 2014*
+5.9 pts vs. 2011	47 tons vs. 49 in 2011	€0.65 billion year end 2013

*Revised targets
Source: Schneider Electric 2013 Annual Report



Jens Andersen
Managing Director,
Solar Danmark A/S

'For the Solar Group, shared upstream planning with our suppliers is an important step forward. It's important to us that our vendors share our digital strategy. You can have a very good product, but good digital processes are key, not only for Schneider Electric, but for all manufacturers'.

A digitally oriented company, the Solar Group is a leading international distributor of electronic components and a Schneider Electric partner. Instead of simply reacting to customer demands, the Solar Group takes a proactive approach to be even closer to customers' needs, in turn allowing them to be more efficient in the market.

● **14**
billion
euros spent on
purchasing in 2013*

● **50%**
of the cost of goods
sold (COGS) for the
company is made in
new economies*

● **75,000**
employees
support our Global
Supply Chain,
representing +50%
of our total workforce
(pro-forma including
Delixi and Invensys)*

*Source: The Schneider Electric 2013 Annual Report

2013 Results

Reduced inventory-to-revenue ratio:
1.5

Energy-consumption savings:
8%

Suppliers embracing ISO 26000 guidelines:
18.8%

CO₂ transport savings:
16.7%

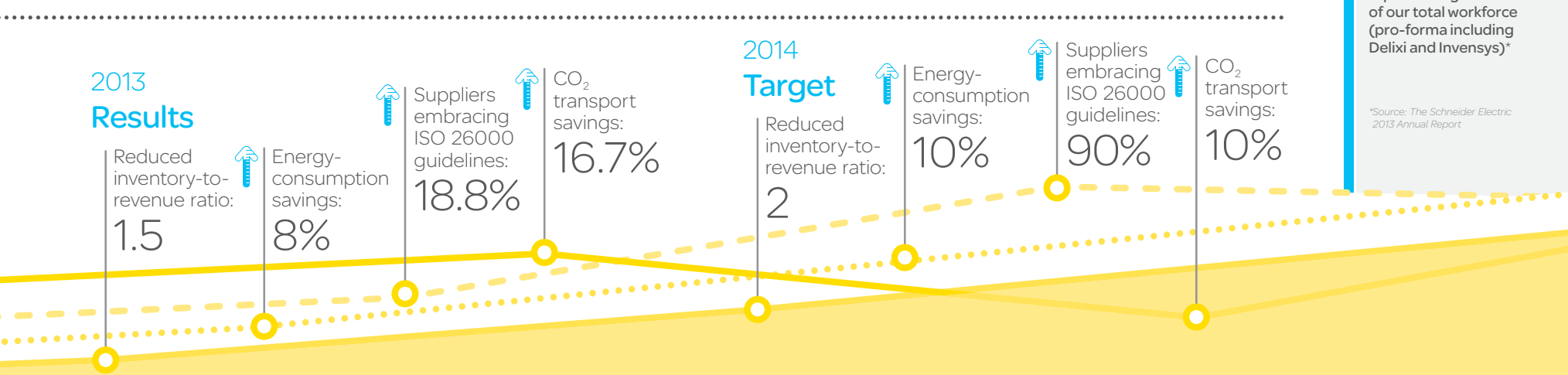
2014 Target

Reduced inventory-to-revenue ratio:
2

Energy-consumption savings:
10%

Suppliers embracing ISO 26000 guidelines:
90%

CO₂ transport savings:
10%



Mastering our carbon footprint

Schneider Electric conducts regular carbon assessments to know not only how much the company emits but, exactly what the main contributors are and, in turn, where we can gain efficiency.

Since the last assessment, Schneider Electric has been able to improve the coverage of the company's carbon impacts, in particular thanks to a better accuracy in the measurement of real estate and purchases. As a result of this wider coverage, the raw emissions of these two items have increased on a current basis. Schneider Electric set action plans and raw emission targets based on three items, all of which decreased between 2011 and 2013: transportation paid by Schneider Electric (-12%), waste (-10%), and SF₆ leaks in industrial processes (-36%).

Facilitating sustainability through purchasing

As part of its programme to optimize purchasing, Schneider Electric sources a significant portion of its purchases from the top-performing suppliers ('recommended' suppliers). As a signatory to the United Nations Global Compact, Schneider Electric encourages its suppliers to join this sustainable development process and its continuous improvement, and by evaluating them against the ISO 26000 sustainability standard. In 2013, 18.8 per cent of our preferred suppliers have been assessed and evaluated. The objective is to reach 90 per cent by the end of 2014.

18.8%

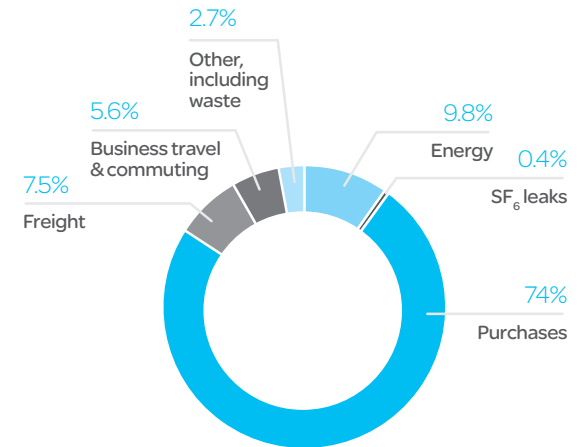
of our preferred suppliers are compliant with ISO 26000 standards

Reported in 2013

Learn more!
Hear from our supplier how UPS has improved its sustainability practises.

Schneider Electric carbon emissions 2013

This chart breaks down the company's carbon footprint:



Focus on energy: Walking the talk through the Energy Action Programme

Through the global Energy Action Programme, Schneider Electric has achieved an 8 per cent reduction in energy consumption since 2011 while also reducing CO₂ emissions. The main objectives of this programme are to:

- Achieve continuous overall reduction of electricity, gas, and oil consumption
- Implement the company's own solutions across all of its sites
- Raise employees' ongoing awareness of our new energy efficiency offers, and help them understand how they can contribute to the development of these offers

8%
energy savings since 2011

65
sites certified ISO 50001

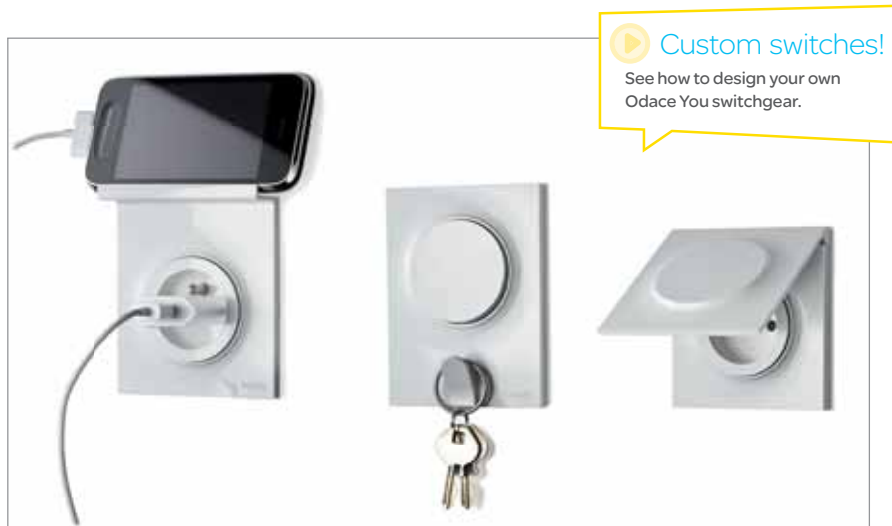
See cool sites!
Discover the Energy Action Programme in action!



Jean-Marc Jancovici
Founder and CEO, Carbone 4

'Since the COP 15 of Copenhagen in 2009, the energy-climate context has become more complex for large corporations'.

As a consequence, large corporations have developed very different behaviours regarding carbon. Some have reinforced — sometimes drastically — their efforts to 'de-carbonate' their activity; some have significantly disengaged from this question. Overall, large global corporations still have a huge potential of initiatives and innovations to bring answers at the level of the challenge ahead of us, even for the most committed'.



▶ Custom switches!

See how to design your own Odace You switchgear.



Odace You switchgear provides comfort and energy savings with wired or wireless technology. It is fully compliant with Green Premium products.

Green Premium products: a quick way for customers to maintain environmental policies

Schneider Electric provides an easy way for customers to assure that they are buying 'green' from us. Specifically, Green Premium™ products are identified accordingly. An online check-a-product tool lets users quickly access the following information about each of the Schneider Electric Green Premium products, based on its date code:

- Environmental product profile (including life-cycle assessments)
- End-of-life instruction manual
- The list of substances of concern according to the European REACH regulation
- Confirmation that the product does not contain substances above the threshold set by the European RoHS directive

Now, customers can track their carbon footprints while also validating regulation compliance. All this information is available online free.

68.7%

of our product revenue is from Green Premium products*

*Source: The Schneider Electric 2013 Annual Report

TODAY AND TOMORROW

+ Read more!

Learn more about our eco-design products and how we track their environmental information.

Reducing water consumption

Even though Schneider Electric is not a big water consumer, this matter concerns everyone living on our planet. In 2012, Schneider Electric launched the Everblue project to better understand the uses of water within the company, expose water-related risks, and reduce consumption. We exceeded our goal of 11 per cent reduction by four per cent.

15%

decrease of water consumption since 2011 baseline

(after data normalization)

Tracking product footprints

Schneider Electric pushes for standardization efforts in the field of eco-design and environmental information. The company was appointed leader of the UPS (Uninterruptible Power Supply) category in the pilot phase of the drafting process of a Product Environmental Footprint methodology led by the European Commission.

Enabling our strongest asset to embrace challenge and change

'We empower employees to learn and grow through a streamlined set of human resource offers.'

Karen Ferguson
Executive Vice President,
Global Human Resources, Schneider Electric



'The lifeblood of a truly sustainable business lies in the quality of the workforce that powers it and the ability of that workforce to meet current and future business needs.

Our focus is firmly placed on detecting and developing the best possible talent so that we have a pipeline of talent ready to seek out

opportunities for growth and build the future for a sustainable business.

To this end, we provide access to learning and career development for all employees'.

The business environment in which Schneider Electric operates is ever-changing. We aim to equip our people to be able to adapt and take advantage of these changes – seeing change and challenges as opportunities

We are committed to attracting, developing, and motivating the best possible talent so that the Schneider Electric workforce remains competitive, skilled, and engaged.

Through our Total Employee Experience, each employee is guided through each stage of their life cycle with us, supported by a range of digitized tools to facilitate this process for employees and their managers.

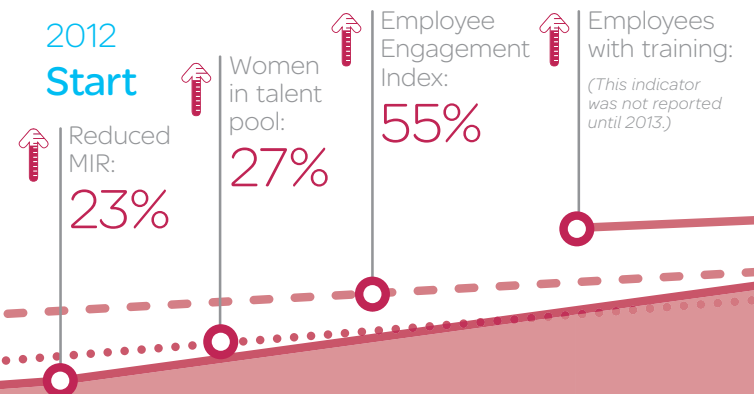
All of this is done in a work place that is made safe, welcoming, and inspiring to ensure optimum motivation and engagement, which, in turn, will be felt by our customers.

Integrated Performance Measurement

Here you will discover some key performance indicators that the company tracks to measure its progress on human capital:

- The reduction of the medical incident rate (MIR) to track safety progress
- The percentage of women in the pool of talent identified in the company, representing around 2,500 people
- The engagement of employees, shown through the composite indicator called Employee Engagement Index
- The number of employees that had at least one day of training over the year

**This is a non-exhaustive list. Read a complete overview online.*





Engage with us!
Watch what Schneider Electric means to employees.

The HR digital platform has simplified and streamlined processes for employees worldwide.



Louis-Pierre Guillaume
Knowledge Management Officer, Schneider Electric

'Your competition of today is not the one of tomorrow (e.g. Amazon® selling electrical distribution parts). If you want your company to be agile, you need the vision, the tools, and the management engagement to facilitate transversal conversations where anybody can contribute, be "liked", or build upon others' ideas, whatever his or her position in the organization and geographical location. This is a business driver and a fantastic talent attraction and retention factor'.

Digital offers enhance Total Employee Experience initiative

2012 marked a move towards digitization in the form of a robust, fully integrated, and global set of HR information systems to more efficiently and effectively deploy a consistent and high-quality set of HR offers to our employees regardless of where they operate around the globe. Collectively, the HR digital platform provides a set of tools combined with analytics and a user-friendly experience so that we can fully empower and leverage more efficient and effective decision-making at all levels within the organization. Continuous improvements were made throughout 2013 on tool deployment and functionality with a view toward providing an improved overall experience for employees, enabling them to fully take advantage of the available HR offers through the Total Employee Experience initiative.

Social media: a new lever for customer satisfaction, performance, and engagement

Schneider Electric launched its social network platform, Spice, in 2012. In 2013, Spice was extended to all connected employees, around 95,000 people from 100 countries. More than 100 'communities of practise' have already been created on Spice. From customer problem-solving to exchange of best practises, polls, and even virtual events, Spice is now used by 45 per cent of employees, with an objective of 60 per cent by the end of 2014.

#1
challenge
faced by business leaders is human capital

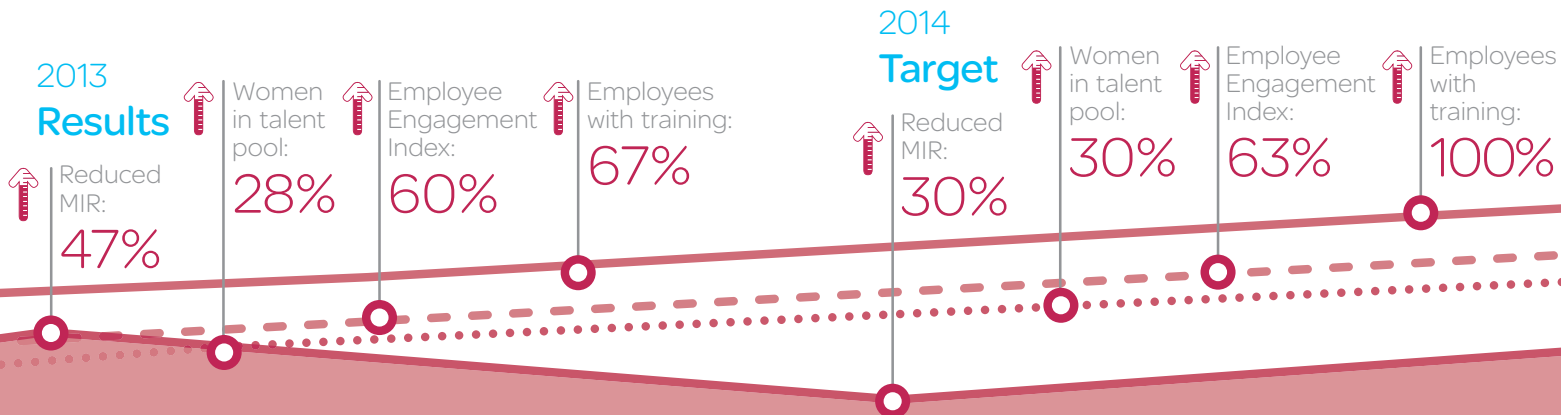
Source: Conference Board's CEO Survey 2014

22%
higher productivity
in organizations with higher levels of engagement

Source: Gallup's Q12 meta-analysis of 14 million employees, 2012

65%
of employees are digitally connected

Source: Schneider Electric



+ A top employer!

See the full list of the Universum Top 50 Attractive Employers rankings.

45th Most Attractive Employer

Universum announced Schneider Electric among Global Top 50 World's Most Attractive Employers 2013, as ranked by engineering students.



As shown here in Canada at one of our customer's sites, safety is our number one priority.

Ensuring the highest levels of safety

All Schneider Electric employees and contractors must benefit from the highest possible standards for health and safety. The company conducts frequent and ongoing safety awareness and training campaigns. We include safety criteria in the performance incentives of all plant and logistics centre managers.

One of the company's priorities is commuter safety, as commuting is a top cause of severe or fatal accidents. In 2013, a Global Safety Day was organized to celebrate achievements and reinforce the awareness of each and every employee of safety at work and while commuting.

+ Read more!

Check online to see how we're doing with our safety-requirement indicators.

LOOKING AHEAD: *Fostering future energy management leaders*



With Schneider Electric mentoring components, 'Go Green in the City' is an international business-case challenge for university business and engineering students to find innovative urban energy management solutions.

▶ The winner is ...

See the many new urban energy innovations from around the world.



Regular feedback sessions are organized after OneVoice survey results to ensure that employees and their concerns are heard.

The pulse of the company through employee voices

Schneider Electric regards employee engagement as the emotional and intellectual feeling a person has toward its company — i.e. whether they regularly speak positively about the organization or advance extra efforts to enable company success. Schneider Electric consistently has improved its employee engagement rate since 2011, as determined by 'OneVoice' surveys administered twice a year.

A closer look at survey details:

87,000
people reached
via e-mails

53,000
people reached
'kiosks' in 288
production sites

2,500
managers receiving
a dedicated report
of the results



Learning opportunities enable employees to advance successfully along their career paths.

Living our 'Learn & Grow' strategy

Schneider Electric contributes to provide employees with opportunities to develop themselves, their careers, and their competencies in a diverse and rich environment. To this end, we have created the 'Learn & Grow' initiative. Its vision is to build a learning culture where employees, regardless of their background, feel empowered to take the initiative to grow their competencies and drive their career development.*

53% of employees agreed that they have the appropriate opportunities for personal and professional growth

5,000 people in 17 countries have been trained in Solutions

*Source: Schneider Electric OneVoice survey

'We would like each employee to grow and develop while working with Schneider Electric, and give them several professional development experiences, new exciting projects, new techniques, and ways to improve skills'.



Xavier d'Esquerre
Senior Vice President,
Workforce Planning
& Learning Solutions,
Schneider Electric

'Nobody should be left aside. This is what we call the "I Learn" philosophy. Each employee should enjoy at least one day of training every year. It creates a dynamic that encourages us to take time for our own education and to develop our competencies, fostering career development and a more agile organization.

At the end of 2013, our results are encouraging as we see that already 67 per cent of employees achieved this one-day training goal'.

VIEW FROM THE UNIONS

At Schneider Electric, freedom of association and collective negotiations are fundamental rights. Part of the main Schneider Electric social dialogue is with the European Works Council (EWC), which covers most of Europe.



Thierry Jacquet
Commercial Engineer,
Infrastructure Business,
Schneider Electric and
Secretary of the European
Works Council

'The European Works Council is informed and consulted on the economic and social aspects of the company's strategy, as well as on all the major projects with transnational range. Its role was reinforced with the participation of members of the top management of Schneider Electric (including the CEO) in some of our meetings. The potential change of Schneider Electric's corporate form into a European company outlines the importance of social dialogue at the European level. We also have a yearly follow-up on the implementation of Schneider Electric's Anticipation of Change Agreement, highlighting the best practises and the improvement in terms of social dialogue in European countries'.

Addressing global energy poverty within our business strategy

'UNIDO seeks to partner with leaders in the industry to promote sustainable energy solutions.'

Pradeep Monga, Ph.D

Director, Energy and Climate Change,
United Nations Industrial Development Organization



'Access to energy remains a major stumbling block to economic growth and development for 1.3 billion people in developing countries around the world. UNIDO seeks to partner with leaders in the industry to promote sustainable energy solutions for enhancing access, and to reduce energy poverty in these countries. Such energy solutions need to be environmentally friendly, affordable, and reliable. We are excited to join hands with Schneider Electric

on its innovative MiCROSOL technology, which has the potential to foster local development, promote employment creation, and reduce poverty.'

UNIDO is the specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization, and environmental sustainability.

Through the global BipBop Programme (Business, Innovation, and People at the Base of the Pyramid), Schneider Electric develops collective solutions for comprehensive village electrification, domestic solutions for energy-related needs, and the business models that make these solutions sustainable.

The goal of the BipBop Programme is to bring safe, clean electricity to the 1.3 billion people worldwide who have limited or no access to energy. With a strong willingness to involve local communities and local stakeholders in each country, the BipBop Programme addresses three key issues to provide sustainable access to electricity:

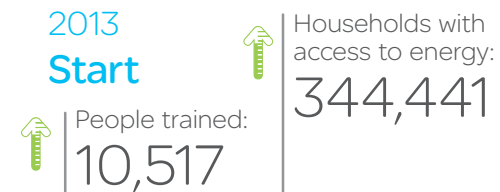
- Lack of financial resources available for innovative energy entrepreneurs through funding
- Lack of appropriate equipment through the development of an adequate offer
- The skills and expertise shortage through technical and business training

Integrated Performance Measurement

Here you will discover some key performance indicators that the company tracks to measure its progress in fostering access to reliable, affordable, and clean energy:

- The number of underprivileged people supported in training in energy-related trades
- The number of households benefitting from energy access products and/or solutions

*This is a non-exhaustive list. Read a complete overview online.





BipBop in action!

Discover BipBop around the globe on Schneider Electric TV.

Pitti-Gare, Cameroon, has been transformed since Schneider Electric equipped the village with the solar micropower plant, Villasol.

Access to energy products and solutions

Schneider Electric develops solutions adapted to the means and needs of populations in remote, primarily off-grid communities. We offer reliable, affordable, and clean solutions to enable these communities to replace expensive, fossil-fuel-based energy sources that are harmful for health, safety, and the environment. Through local partnerships, we also find and support the right business models for sustainability.

One way Schneider Electric advances its efforts to eliminate energy poverty is through decentralized electrification projects. Last year, Schneider Electric deployed the solar micropower plant, Villasol, in the village of Pitti-Gare, Cameroon. This facility supplies domestic, entrepreneurial, and community needs such as schools, health centres, water supply, and public lighting — all without connection to the national grid.



Co-designed with Total, the adaptable Mobiya TS 120S lamp brings solar-powered light to off-grid communities. It won a design award from the International Council of Societies of Industrial Design.

Innovative solar thermal energy for micro-industries



MICROSOL's thermal storage design uses only environmentally friendly products.

A collaborative effort between Schneider Electric and eight other industrial partners and research organizations, the MICROSOL project aims to develop a single, modular, standard technology for producing electricity, drinking water, and heat simultaneously. This innovation benefits primarily micro-industries located in rural areas of countries with high levels of sunshine, especially in Africa. It is based on the principle of cogeneration of electricity and heat, applying a new approach to solar thermodynamics.

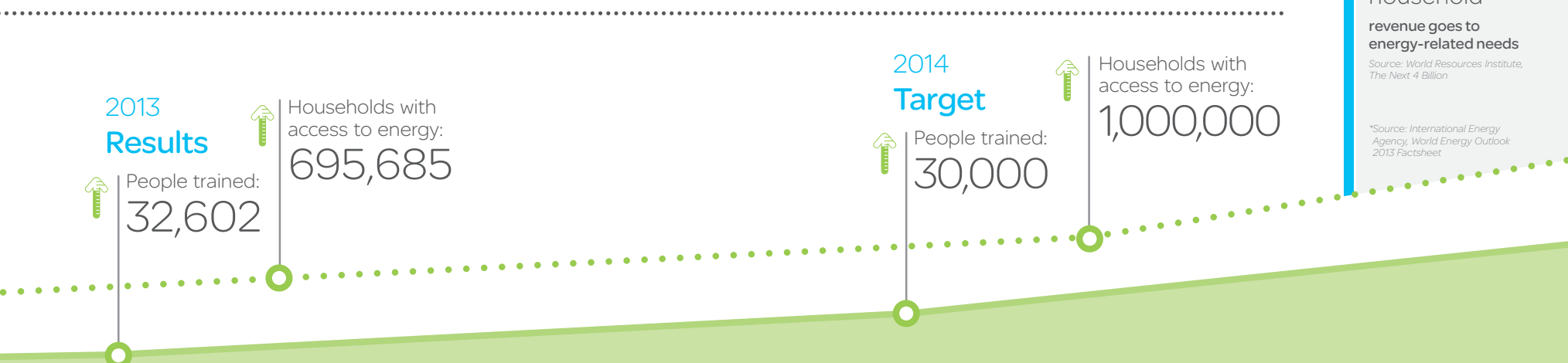
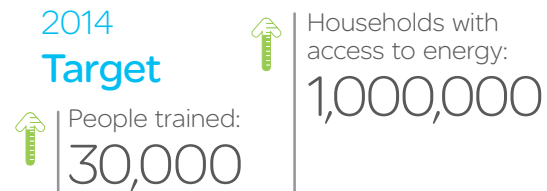
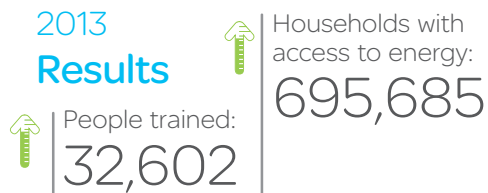
1.3 billion people (roughly the equivalent to Europe and US populations combined) still do not have access to energy*

2.6 billion people (roughly the populations of US + Europe + China) without cooking facilities*

Up to 30% of BOP household revenue goes to energy-related needs

Source: World Resources Institute, The Next 4 Billion

*Source: International Energy Agency, World Energy Outlook 2013 Factsheet





One Degree Solar's BrightBox powers phones, radios, and lights for thousands of households and small businesses across Africa.

Investing in entrepreneurial innovations

Within BipBop, there is an impact-investment fund to support small and medium companies that contribute in innovative ways to our access to energy journey. This Schneider Electric Energy Access fund recently invested in three companies developing effective solutions in Africa:

- One Degree Solar, which designs, produces, and distributes solar products in off-grid communities
- Fenix International, a social enterprise that develops access to energy solutions in partnership with mobile operators
- Nova Lumos, which designs remote solar electricity production systems

▶ Introducing BrightBox!

Discover One Degree Solar's innovative solar kit.

THE POWER OF THE SUN: lessening a daily burden

▶ Action: Sun!

See how our solar-powered Villasol hub helps daily living.

In remote areas, people can spend 1/3 of their time collecting and carrying water from its source.* With the Villaya Water of the Sun™, remote villages can pump water in a well at up to 7.5 horsepower without any battery, completely solar powered.

*Source: www.water.org

TWO YEARS LATER IN NIGERIA ...

Supporting rural electrification

Schneider Electric Nigeria electrified the first Nigerian village, Asore, in 2011. The company has continued to pursue its journey of fostering access to energy throughout this country, where 85 million people* do not have access to the grid.

As part of the government's 'Light Up Nigeria' initiative, the Federal Ministry of Power and Schneider Electric Nigeria have partnered to provide solar-power-based electricity to over 1,000 households in Durumi, as well as a 4,800 watt-peak (Wp) energy hub for the school and health centre.



About half of Nigeria's population lacks access to electricity* our solar-powered solutions help close the gap.

'The "Light Up Nigeria" programme will promote the use of renewable energy to enhance access to electricity and to achieve a balanced energy mix as well as tackle the challenge of climate change'.

Goodluck Ebele Jonathan

President, Federal Republic of Nigeria

*Source: Data.worldbank.org



The SENAI electricity course in Brazil is taught on nights and weekends.

Vocational training as first step to energy access

BipBop has proven that cultivating competence in a trade or the management of a system leads to autonomy and sustainability for beneficiary communities and long-term closure of the energy gap. To that end, Schneider Electric has fostered 100 training partnerships in 26 countries, creating a training scale that reached 32,000 students in 2013 (and 45,000 since 2009).

Since July 2008, Schneider Electric Brazil, in partnership with the SENAI (National Industrial Training Service), has developed an 80-hour training programme for underprivileged young people in Brazil. The course provides an introduction to elementary residential electricity. So far, more than 13,500 students have been trained at 32 of SENAI's Education Units in 14 Regional Departments.



Sharing energy skills
Sustainability through training – see how we do it around the world.

Boro Energy Training College launches energy management opportunities.

Training college helps improve energy management

A joint initiative between the Nigerian government and Schneider Electric Nigeria, the Isaac Boro Energy Training College was inaugurated in February 2014 in Grenoble, France. So far, the school has welcomed 30 Nigerian students from the Niger Delta region to receive training in energy management. This training offers the opportunity to gain not only electrical certification, but also complementary qualifications, such as languages and IT.

The impact of BipBop training

1.9 million
households gained access to energy in 12 countries, including 80% in Africa.

45,000
people have been trained in energy trades.

'Thanks to the very active commitment of many Schneider Electric countries and the mobilization of many employees around the world, we have trained more than four times the people we trained in 2009'.



François Milioni
Training Director, BipBop Access to Energy Programme, Schneider Electric

'For all the young people trained, that success opens the door to employment, and above all, for all the families it is a first step out of the poverty that prevails at the base of the pyramid. What we now have to do is develop synergies with the other two components of the BipBop Programme and create the conditions to greatly increase ambitions for coming years'.

FROM THE FIELD



'Cambodia emerged from a long period of war having lost nearly all of its skilled human resources. One of its needs was economic recovery, which could only be based on competitive technology. Center Kram Ngoy (CKN) provides training in electrical and electronic skills, as well as rural electricity and automation of industrial maintenance ... The partnership we have had with Schneider Electric since 2007 is particularly close to our heart. I greatly appreciate that the help provided in the BipBop Programme offers a flexibility that has allowed us to adapt the programme to local conditions'.

Saroeun Im
Founder and President of CKN

Visit CKN!
'Stroll through' this comprehensive training centre online.

Building sustainable communities through energy knowledge and leadership

'The Foundation's ambition is to make a difference for disadvantaged populations through contributions that only Schneider Electric can make'.

Patricia Benchenna
Schneider Electric Foundation,
Programmes Director



'All over the world, we've observed a huge energy gap, which has become more pronounced during the economic turmoil of these last few years. While one third of the world's population benefits from safe and affordable energy, 1.3 billion people, by contrast, still have no access to electricity. Similarly, hundreds of millions more live in fuel poverty.

For Schneider Electric, the global specialist in energy management and a committed player within

the communities in which it operates, providing innovative and efficient solutions to resolve the entire energy equation is both a responsibility and an opportunity. The Schneider Electric Foundation strongly participates in a global ecosystem adapted to local and regional contexts. Together with its partners, the Foundation contributes to providing solutions that address the energy stakes of the most underprivileged populations all over the world'.

The Schneider Electric Foundation's aim is to contribute to the development of people and societies through education, awareness-raising, and vocational training related to energy.

Created in 1998 under the aegis of Fondation de France, the Schneider Electric Foundation acts anywhere in the world where the company is present, with four programme initiatives:

- Fostering access to energy through vocational training in energy management trades for the most disadvantaged
- Tackling fuel poverty through awareness campaigns, targeting households facing this type of poverty
- Raising awareness of sustainability with innovative, ambitious projects
- Supporting local initiatives within the framework of mobilization campaigns

The Schneider Electric Foundation carries out its work through a network of 130 employee volunteers, known as delegates, covering 75 countries. They are responsible for identifying local partnerships, presenting them to employees in their units and to the Foundation, and tracking projects once they are launched. Each proposed project is subject to a review process based on administrative and financial data by the Schneider Electric Foundation and by Fondation de France before funds are released.

Integrated Performance Measurement

Here you will discover some key performance indicators that the company tracks to measure its progress on its societal involvement.*

- The number of employees that contributed financially or gave their time to community-related actions
- The number of missions performed by employees and/or retirees via the Schneider Electric Teachers NGO to support the Foundation partners

*This is a non-exhaustive list. Read a complete overview online.

2013
Start

Employees who contributed to community-related actions:
30,000



Missions by volunteer employees:
66



On the way to sustainability through training... students prepare for energy-related fields.

▶ Watch more!
See the launch of Schneider Electric Teachers in India.

Bridging the energy gap through training

To promote social integration of the most disadvantaged young people, the Schneider Electric Foundation has been providing long-term support to national and international organizations and centres that provide training in energy management-related trades. Through the training pillar of the BipBop access to energy programme, these actions provide sustainable access to electricity by developing the skills and expertise shortage through technical and business training. 70 per cent of the Foundation budget is dedicated to this BipBop commitment.

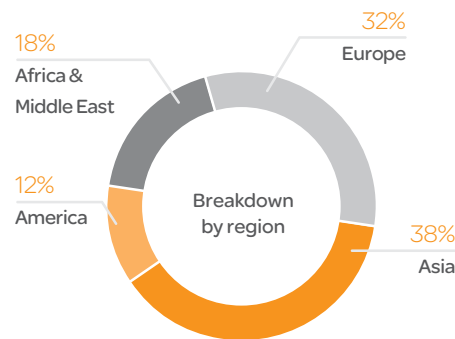
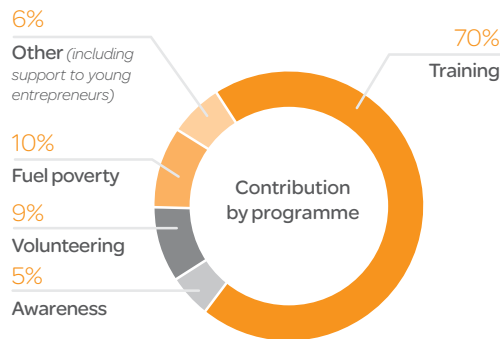
A core part of training efforts is carried out by the 'Schneider Electric Teachers' NGO, which was created in 2012 to support voluntary work of current and retired Schneider Electric employees in teaching and professional training programmes. The ambition has been to support 300 missions in three years. So far, 228 missions have been conducted.



'Thanks to the Schneider Electric Foundation for providing an opportunity to play the role of a teacher'.

Shruthi Nag
Project Leader-Verification & Validation,
Schneider Electric, Bangalore, India

Schneider Electric Foundation Contributions in 2013



2013 Results

Employees who contributed to community-related actions:
38,600

Missions by volunteer employees:
228

2014 Target

Employees contributing to community-related actions:
40,000

Missions by volunteer employees:
300

130 Foundation delegates
lead our community actions in 75 countries

Source: Schneider Electric Foundation and The Schneider Electric 2013 Annual Report

€6.5 million in-kind and financial donations from Schneider Electric employees, entities, and partners in 2013

Source: The Schneider Electric 2013 Annual Report

€4 million Schneider Electric Foundation budget in 2013



See how ...

Schneider Electric is helping to fight fuel poverty in developed countries.

The main initiatives of the 'les Mediaterrées' programme, lead by Unis Cité and young people in civic service, is to reduce the impact on the environment as well as the energy costs of disadvantaged households.

Fighting fuel poverty

To address the energy gap all over the world, the Schneider Electric Foundation launched a programme in 2013 to fight against fuel poverty by developing partnerships to directly support the most disadvantaged households facing this particular energy challenge. This effort in mature economies follows a similar approach to the one launched in 2009 for access to energy in new economies (See Pages 38 – 41). This programme develops energy awareness and training of underprivileged populations. Some initiatives already have been launched with NGOs such as Habitat et Humanisme and Unis-Cité in France as well as Caritas in Germany.

What does fuel poverty mean?

A household is said to be in fuel poverty when its members cannot afford to keep adequately warm at a reasonable cost, given their income. The concept applies everywhere in the world where poverty may be present.

63 million
people in Europe living
in fuel poverty

Source: Ashoka-Accenture 2013

A SUSTAINABILITY HAVEN: Inauguration of Refuge du Goûter

Refuge du Goûter, an iconic destination for mountaineers, inaugurated a sustainable shelter below Mont Blanc's summit in France. The Foundation supported this ambitious project to help deploy EcoStruxure solutions to monitor and control energy production and consumption.

Read more!

Discover what makes the refuge sustainable.

Raising awareness about sustainable development

By supporting innovative projects, the Schneider Electric Foundation helps raise awareness of the challenges of climate change. The Foundation donates equipment, resources, and knowledge in emblematic and international programmes, especially in energy-systems management. The Schneider Electric Foundation wants to emphasize the desire to contribute and provide solutions, the ability to build together to break down barriers, and the commitment of setting an example.

Raising awareness and engagement of employees

Schneider Electric also raises awareness among our own people. In 2013, the company launched a community called the 'Sustainability Fellows', aimed at educating employees on the stakes of sustainability, its own commitment, and ways individuals can contribute.

The impact of employee involvement

6,100
Sustainability
Fellows

38,600
employee-participants
in community-related
actions in 2013

30%
increase in employee
community actions
(compared to 2012)





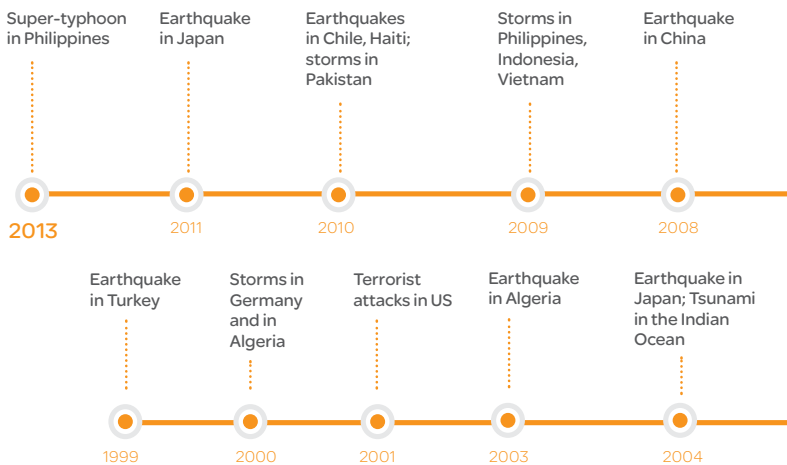
The immediate step of helping to mobilize employees is critical when natural disasters such as the super-typhoon in the Philippines strike.

Taking action: mobilization campaigns and volunteering

The Foundation mobilizes employees by acting as an intermediary in rallying its employees to bring support during natural disasters. The Foundation above all wishes to maintain long-term involvement. During the emergency, the teams mobilize immediately to support the specialized NGOs and to meet the initial needs of the populations. The second long-term stage is then implemented.

In November 2013, the super-typhoon Yolanda/Haiyan devastated the Philippines. The Foundation quickly coordinated actions with Gawad Kalinga, the largest NGO in Philippines, to provide emergency help. We launched a €250,000 emergency and rebuilding programme as well as an international call for donations. Part of this support included a €70,000 donation to fund food packs for 20,000 families (100,000 people).

Initiating relief efforts for more than a decade



'The partnership we have with Schneider Electric is very timely. We are grateful to Schneider Electric for being the first to provide relief goods'.



Tony Meloto
Founder and President of Gawad Kalinga

'The generosity of friends from both the Philippines and the global community has been overwhelming and has allowed us to mobilize resources immediately. The help that you have given will certainly go a long way in bringing hope to the survivors. We assure you that your contribution is handled with utmost accountability and transparency.

Again, we thank you for responding to the call of caring and sharing with such compassion and generosity. We look forward to working with you in bringing long-term solutions to rebuild sustainable communities for the survivors, especially the poor'.

TODAY AND TOMORROW



The winning team, Ecuador, had record results of 5,868 km!

The latest Luli Campaign: Use Your Legs!

For the past 13 years, the Foundation has organized an annual mobilization week of all the company's employees to raise awareness and money for local communities. In 2013, the campaign was named 'Use Your Legs', and engaged people to run, cycle, and walk up and down stairs at different sites — and even climb Mount Kilimanjaro. The adventure brought together employees from all over the world. Employees raised impressive funds for local associations thanks to their contribution: 1 km = €0.5.

Achievements & Perspectives



'Investments in the new economies, in services, and in the supply chain helped drive a solid performance'.

Emmanuel Babeau

Deputy CEO, in charge of Finance and Legal matters, Schneider Electric

'We delivered growth in all key financial metrics, thanks to focused execution. Organic revenue growth was 0.4 per cent, driven by new economies and services that grew at 4.6 per cent and 9 per cent respectively. We delivered €3.4 billion adjusted EBITA* and improved the adjusted EBITA margin by 0.3 point on an organic basis. Net profit was up 4 per cent to €1.9 billion and free cash flow reached another all-time high of €2.2 billion. Lastly, we further strengthened our balance sheet with a net financial debt down to €3.3 billion from €4.4 billion in 2012. This will allow us to propose, in line with our dividend policy, another strong dividend to our shareholders of €1.87. This solid performance was achieved thanks to a number of investments in the new economies, in services and in the supply chain, deployed under the Connect company program.

2014 should be another year of progress of our financial performance. Recent trends indicate that North America should continue to grow despite the affect of severe weather in the first quarter. Western Europe is showing initial signs of stabilization with potential for improvement in the second half. End-market trends in China continue to be solid. Uncertainty remains in several new economies due to currency volatility. Based on this, the company targets low, single-digit organic growth in revenue and 0.4 point to 0.8 point improvement of the adjusted EBITA margin vs. the 2013 proforma level** excluding the negative currency impact, currently estimated at around 0.4 point'.

'2014 should be another year of progress of our financial performance'.

Key Figures	Full Year 2012	Full Year 2013	% Change
Sales <i>(in millions of euros)</i>	23,946	23,551	-2%
<i>Organic growth</i>		0.4%	
Adjusted EBITA* <i>(in millions of euros, before acquisition and integration costs)</i>	3,515	3,412	-3% <i>(+3% in organic)</i>
<i>% of sales</i>	14.7%	14.5%	-0.2 pt <i>(+0.3 in organic)</i>
Net income (Group share) <i>(in millions of euros)</i>	1,813	1,888	
<i>Earnings per share in euros</i>	3.34	3.43	+3%

**NB: 2012 figures restated for the application of IAS19 Revised (pension accounting).*

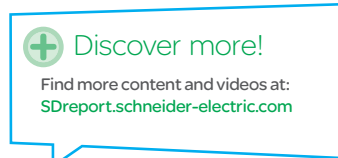
* Adjusted EBITA is an EBIT adjusted for certain items in order to provide a more relevant basis for the underlying operating performance of the Group. It is defined as: EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill, and before Restructuring charges and Other operating income & expenses.

** The 2013 proforma adjusted EBITA margin including the last 12 months of Invensys to September 2013 (excluding the Appliance division) and the full consolidation of Electroshield - TM Samara is -14.0%.

Sustainable management of this document

This document reflects our commitment to sustainability. We have tried to keep its carbon footprint as low as possible by:

- Printing with vegetable oil-based ink on 100 per cent FSC®-certified recycled paper, manufactured using a chlorine-free process
- Printing on Arjowiggins Graphic Cocoon Offset paper: 140 g/m₂ text and 250 g/m₂ cover
- The year-over-year printed quantities have been reduced by 53 per cent



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Web



Mobile app



Poster

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The Registration Document filed with France's Autorité des Marchés Financiers (AMF) is available by request on the Finance page of our corporate website: www.schneider-electric.com/company

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Also available:

The Schneider Electric 2013 Annual Report

www.schneider-electric.com/annualreport




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