> 1. Sustainable development at the heart of our strategy

Social and environmental commitments, governance, reducing CO_2 emissions, launching solutions that respect the planet, social changes, local and regional positioning, corporate citizenship, ethics, business and poverty – the challenges of sustainable development have never been as significant to Schneider Electric's customers and stakeholders as they are today.

The Group is committed to meeting energy challenges while acting civically and responsibly at all its locations, with measured progress plans, based on international standards for corporate social responsibility, whose results are audited and shared openly internally and externally.

Since the Sustainable Development Department was founded more than 10 years ago, the Group's commitment to sustainable development has evolved in line with the Group's continuing innovation. The Group's sustainable development policy initially focused on internal issues, teamed with initiatives for the professional integration of French youth; now it also includes solutions that help meet today's main energy challenges (energy efficiency and access to energy) as well as global social responsibility.

Schneider Electric's commitment to offering sustainable and responsible solutions for its customers aims to:

- bring products and solutions to the market that waste less energy and promote environmentally sound production and consumption;
- provide energy to the 1.3 billion[1] people who have no access to electricity and provide sustainable economic development.

Schneider Electric's corporate commitment means dynamic social responsibility, based on the Group's employees:

- principles governing ethics and responsibility;
- sites and products that respect the environment;
- employee development;
- policies that support and develop the communities in which Schneider Electric operates.

Schneider Electric uses its global Human Resources policies (see pages 76-90), external commitments (see page 53), ethical code of conduct and the associated professional alert program (see pages 62-65) to strive for the respect of **Human Rights** in every aspect: non-discrimination, abolition of forced labor, prohibition of child labor, freedom of association and the right to collective bargaining, health and safety, training, remuneration, social coverage, etc.

Schneider Electric extends this commitment to civil society through its community support and development program (see pages 91-100): the right to decent living standards (access to energy program and Foundation emergency relief programs), the right to education and training (training program for underprivileged people and integration program in France), local economic development (social investment funds and entrepreneurship support).

Schneider Electric works to share this vision with its partners (see pages 61-62), starting with its suppliers by encouraging as many of them as possible to sign the United Nations Global Compact and adopt the guidelines of ISO 26000.

(1) Source: International Energy Agency – World Energy Outlook 2013.

# 1.1 Prioritizing actions with a materiality matrix

Materiality Analysis

In 2013, Schneider Electric conducted a materiality[1] analysis by questioning relevant external stakeholders (*e.g.* clients, media, distributors, international organizations, experts, etc.), and top and senior managers within the Group (Environment, Global Supply Chain, Finance, Human Resources, Business, etc.). The participants represented six different nationalities and 37% of the respondents were women, 63% were men. Participants were asked to assess the significance of each issue according to a quantitative scoring scale, and then were interviewed for qualitative evaluation and feedback about the process. With the help of consulting firm Utopies, the aim is to ensure that Schneider Electric reports against the most important economic, social and environmental issues; identifies current and future opportunities and risks for the business; and updates its sustainability agenda with the key stakeholders' expectations. In particular, the materiality matrix was one of the sources used to design the 2015-2017 Planet & Society Barometer and confirm the topics to be addressed in the 2014 registration document.

Key Learnings

The materiality matrix below displays the results of the analysis. The most material challenges include energy transition, energy efficiency in industry and buildings, sustainable cities, smart grids, sustainable innovation, access to energy, eco-design, sustainable purchases, employee engagement and attraction, resource scarcity, and the digital economy.

The Planet & Society Barometer, over the period 2012-2014, using quantitative indicators and three-year objectives, partly covers the issues identified as significant by this analysis: energy efficiency, access to energy, developing countries, eco-design, sustainable purchases, employee engagement and attraction, raising awareness of sustainable development, resource scarcity and climate change. It does not directly address the following subjects: sustainable innovation, renewable energy, green IT, eco-efficient manufacturing, the circular economy, human rights, and certain matters related to the business of Schneider Electric (energy transition, energy efficiency in industry, in buildings and in the residential market, sustainable cities, smart mobility, smart grids, urbanization, the digital economy, energy storage). document de référenceThese subjects are, however, addressed in communications through other channels (the registration document, for example).

For further details, please visit the Schneider Electric website.
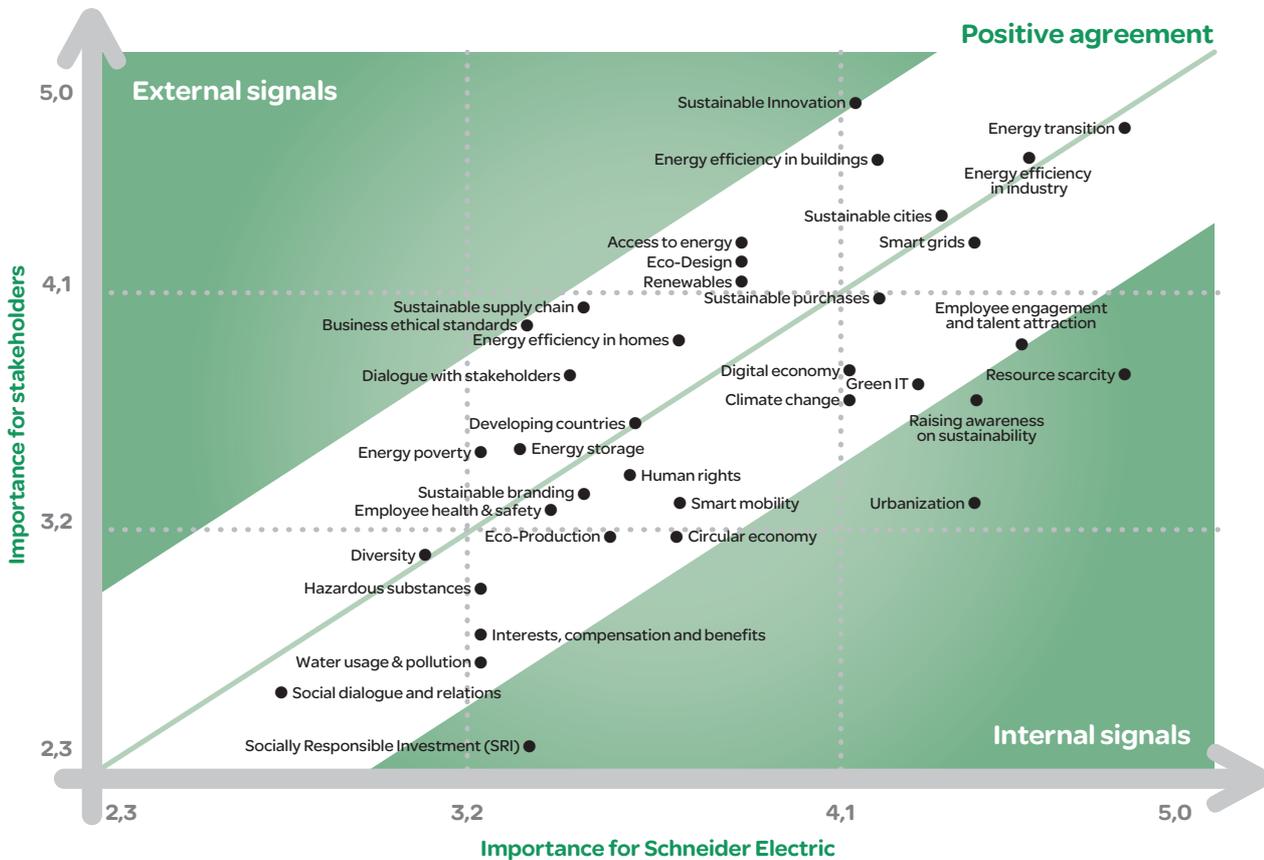
(1) *Definition is based on AA 1000 Assurance Standard's materiality principle as well as the G4 Sustainability Reporting Guidelines.*

1.2 The Planet & Society Barometer, a regular and objective measure of the Group's actions

Stakes	Progress plans and targets at year-end 2014	2014	2013	2012	2011
	Overall performance of the Barometer (score out of 10)	9.52	7.51	6.42	3.00
	Planet				
Carbon	1. **10**% CO$_2$ savings on transportation	16% ▲	16.7%	14.8%	-
Products & Solutions	2. **75**% of our product revenue achieved with Green Premium	79% ▲	68.7%	65.5%	63%
Energy	3. **10**% energy consumption savings	13% ▲	8%	6.1%	-
	Profit				
Green Growth	4. **7 points** growth revenue with « EcoXperts » partners above Group growth revenue	10.48 pts	1.28 pt	7.6 pts	-
Access to Energy	5. **1 million** households at the Base of the Pyramid have access to energy	1,095,806 ▲	695,685	344,441	-
Suppliers	6. **90**% of our recommended suppliers embrace ISO 26000 guidelines	63% ▲	18.8%	7.8%	-
Rating	7. **3** major ethical stock market indices choose Schneider Electric	3 ▲	3	3	3
Workplace	8. **300** sites recognized as « Cool sites »	355 ▲	224	-	-
	People				
Safety	9. **30**% reduction in the « Medical Incident Rate » (MIR)	- 61% ▲	- 47%	- 23%	-
Engagement	10. **63**% result in our « Employee Engagement Index »	61% ▲	60%	55%	-
Diversity	11. **30**% women in our talent pool (~ 2,500 people)	28% ▲	28%	27%	23%
Training	12. **1 day** of training for each employee every year	79% ▲	67%	-	-
Access to Energy	13. **30,000** people at the BoP trained in energy management	60,232 ▲	32,602	10,517	-
Communities	14. **300** missions with the « Schneider Electric Teachers » NGO	460 ▲	228	66	-

The 2011 performance serves as a starting value for the Planet & Society barometer of the Connect company program between 2012 and 2014.
▲ 2014 audited indicators.

Process to select and prioritize commitments

Schneider Electric has used the Planet & Society Barometer as its sustainable development dashboard since 2005. To have a significant impact and initiate lasting change, a performance measure is required. That is why Schneider Electric defines specific objectives and measures its results each quarter. The action plans of the barometer are carried out at the Group level.

There are no recognized standards that define an organization's sustainable development performance. The Planet & Society Barometer is Schneider Electric's response to this matter. It allows the Group to meet its sustainability challenges and advance on the three pillars (Planet, Profit and People). The barometer uses a scoring scale of 10 and provides an overall measure of Group improvement in sustainable development.

The aim of the Planet & Society Barometer is to:

- mobilize the corporate community around sustainable development objectives;
- share the Group's progress plans with stakeholders.

On a daily basis, the Group seeks to prove that economic, environmental and social interests are convergent.

For each company program, the Group defines a new Planet & Society Barometer. The progress plans are elaborated following an internal exercise to identify sustainability issues based on external inputs, primarily the assessments and ratings received along with the materiality matrix, and a consultation with the departments directly concerned by the progress plans. In 2014, this also included a company-internal consultation with the sustainability fellows » (see page 49) and the « sustainability leaders » appointed by each member of the Executive Committee.

The Sustainable Development Department presents the draft version of the Planet & Society Barometer to the Sustainability Executive Committee for approval before the launch of the Company program. This Committee includes three members of the Executive Committee: Strategy, Human Resources and Global Supply Chain.

Four cases may be included from one barometer to the next:

- the progress plans are maintained in the barometer and their targets are renewed or increased;
- the progress plans change, new and more innovative or better adapted indicators that cover the same subject are implemented; the old indicators continue to be monitored internally if necessary;
- the progress plans are removed from the barometer; this is also the case with indicators that have reached a threshold; they continue to be monitored internally if necessary;
- progress plans that respond to new issues are implemented.

Operation and monitoring of the Planet & Society Barometer

The Planet & Society Barometer 2012-2014 is part of the Connect company program. It comprises 14 key performance indicators scored out of 10. The average of the scores, with each indicator weighted equally, provides the overall performance of the barometer. Departments directly affected by the progress plans (Human Resources, Environment, Access to Energy, etc.), each represented by a project leader, implement measures to achieve the objectives of the plans. This project leader works directly with local managers in their respective areas.

The quarterly results of the barometer are supervised by the Sustainability Executive Committee, which makes decisions on any corrective actions that may be necessary to achieve the objectives. This Committee meets two to three times a year.

See also the **Planet & Society Barometer criteria in variable compensation page 88**.

The table above shows Schneider Electric's sustainable development performance in 2014. When the barometer was launched on January 1, 2012 the overall score was 3.00/10. At the end of 2014, the Company exceeded its target of 8/10 and attained 9.52/10.

Communicating the results of the Planet & Society Barometer

The Planet & Society Barometer is published through the following channels:

- the quarterly non-financial press releases and the quarterly financial and non-financial Group results;
- Schneider Electric website and intranet;

- the « Webradios », which informs the sustainability fellows (see page 49) on sustainability performance and achievements for the quarter and an update on key sustainability topics.

The non-financial annual results are presented together with the Group's financial results by Jean-Pascal Tricoire, in order to demonstrate the Group's commitment to making sustainable development part of the Company's long-term strategy. In addition, from 2014, the quarterly barometer results are presented together with the quarterly financial information by Emmanuel Babeau to institutional investors.

The publication of objectives and quarterly results is a way for Schneider Electric to engage with its internal and external stakeholders with regard to the objectives, to publicly disclose its sustainable development challenges through the choice of indicators, and to share progress made or difficulties encountered in a transparent manner.

The Planet & Society Barometer is a tool that enables the Group to anticipate and effectively manage its sustainability risks by mobilizing key stakeholders around specific, measured objectives and reliable results. The barometer's indicators are audited annually by an external auditor (limited assurance).

1.3 Open dialogue with stakeholders

Focused dialogue with clearly identified stakeholders

The diagram below is an overview of sector stakeholders proposed in France by Gimélec[1], the French trade association for electrical equipment, automation and related services.

Schneider Electric engages in an open and continuous dialogue with each of its stakeholders. In particular, the Sustainable Development Department takes into account the comments, ratings and evaluations from stakeholders on the Group's sustainable development policy and programs. This feedback is integrated into the drawing up of the registration document and the Group corporate brochure (strategy and sustainable development report), new progress plans throughout the Company program as well as during the design of the Planet & Society Barometer every three years.

(1) Source: CSR Sector Reporting Guide, 2013.

The table below presents the major dialogue channels with stakeholders. It is not exhaustive.

Stakeholder	Dialogue	Department
Customers	● Quarterly customer satisfaction surveys ● Co-innovation programs ● Online publication of environmental information on products	Quality, Customer Satisfaction, R&D, Sales, Eco-design
Financial	● Quarterly conference calls to present financial and non-financial information, meetings and plenary meetings ● Regular meetings with individual shareholders ● Quarterly newsletters to shareholders ● Response to non-financial rating questionnaires ● Individual meetings with SRI analysts ● Response to SRI analysts' questions	Finance, Board's Secretary, Sustainable Development
Partners	● Purchaser/supplier meetings ● Supplier's day ● Supplier qualification process ● Awareness raising about the Global Compact and ISO 26000 ● Participation in the commissions and working groups on sustainable development of professional groups	Purchasing, Environment, R&D, Activities, Sustainable Development
Social	● Half-yearly employee satisfaction surveys ● Social dialogue with employee representation bodies ● Sustainablility Webradios	Human Resources, Sustainable Development
Technical	● Collaborative approach, creation and participation in competitiveness cluster initiatives, R&D programs, university chairs and professional associations ● Active participation in international standardization bodies ● PEP Ecopassport Program	R&D, Activities, Environment
Institutional	● Adhesion to and promotion of the Global Compact ● Relationships with public authorities, legislators and the European Commission, especially in the field of energy efficiency	Sustainable Development, Purchasing, Influence
Civil society	● Participation in working groups and local and international organizations on challenges within our industry ● Community programs ● Partnerships with local NGOs	According to subject and audience, Foundation and Access to Energy program

Engaging employees in sustainable development: the Sustainability Fellows community

Schneider Electric reckons that all of its employees should be aware of the major sustainability issues and be ambassadors of its sustainability commitment. To achieve this goal, a new initiative was launched in January 2013: The Sustainability Fellows. Relying on the recently created internal social network « Spice », the community's objective is to make all employees aware of what sustainable development is, what the main challenges linked with this topic are, inside and outside the Company, and what Schneider Electric's commitment in this field is. The ultimate goal is to make sure that employees can use the sustainability efforts to make a positive impression in their interactions with various stakeholders, share their views to improve the company's policies

and actions, and also be aware of the different ways through which they can get involved in sustainable development. The community is moderated by a central team within the corporate Sustainable Development Department and relayed by local employees in their entity and/or country. From simple posts of polls on the Spice platform to ask employees for their input on company's policies or achievements, to quarterly Wabradio broadcasts focusing on sustainable development performance and related topics, the Sustainability Fellows grew from a few hundred people in early 2013 to 6,500 at the end of 2014.

The implementation of this community demonstrated that employees are willing to attend events or give some of their time. The first measurement also showed that the Employee Engagement Index is 5 points higher for Sustainability Fellows than the Company average, and their recommendation score is 10 points higher (2013 data).

Global and local external commitments to move forward collectively

Schneider Electric works with different local and international organizations and associations on economic, social and environmental issues to foster sustainable development in cooperation with various players from society. Schneider Electric confirms its commitment and participation in discussions on challenges related to climate change.

Theme	Commitment
Sustainable governance	**International:** World Business Council for Sustainable Development (WBCSD), United Nations Global Compact, International Chamber of Commerce (Environmental Commission).
	France: member of the board of directors of ORSE (French study center for corporate social responsibility) and of the Global Compact France Forum. Since 2013, Jean-Pascal Tricoire has been Chairman of the Global Compact France.
Energy/Energy efficiency	**International:** Alliance to Save Energy (Energy Efficiency), Clinton Climate Initiative (Buildings), Green Grid (Information Technology), The 2°C Challenge Communiqué (Corporate Leaders Network for Climate Action, CLN), eu.bac (the European association for building automation and controls – energy efficiency in buildings), Caring for climate (Global Compact).
	France: EpE *(Entreprises pour l'environnement)*, National Council of the energy transition, signatory of the Green Building Plan Charter, Shift project, Promodule, Financing company for the energy transition, member of the board of directors of Avere (Electric Vehicle Association), IFPEB *(Institut français pour la performance énergétique du bâtiment)*, *Pacte écologique de Nicolas Hulot*, *Grenelle de l'Environnement*.
Smart grids	Research Triangle Cleantech Cluster (Raleigh, North Carolina), Grid Edge Executive Council (Greentech Media), Fort Collins (Colorado) Cleantech Cluster, Tenerrdis Energy Cluster (France), OpenADR Alliance, Smart Energy Demand Coalition (SEDC), Peak Load Management Alliance, North American Electric Reliability Council (NERC) Functional Model Demand Response Advisory Team, NEMA Smart Grid Council, IEEE (T&D and Power and Electronics Society), Association of Energy Service Professionals (AESP), Association for an Energy Efficient Economy (AEEE), Pacific Northwest Demand Response Program, Smart grid project group of Capiel (European Coordinating Committee of Manufacturers of Electrical Switchgear and Controlgear), Infrastructure task force of Orgalime, Electric Drive Transportation Association (EDTA), Bay Area Climate Collaborative (SF Bay), NEMA Distribution Automation Section 8DA, Smart grid task force of T&D Europe (European Association of the Electricity Transmission and Distribution Equipment and Services Industry), European Smart grid task force led by the European Commission.
Smart cities	**International:** European Innovation Partnership for Smart Cities and Communities, Urban Infrastructure Initiative led by the WBCSD.
	France: Smart cities task force of AFEP (French Association of Private Sector Companies).
Access to energy	**International:** co-signatory of a white paper for the WBCSD (World Business Council for Sustainable Development) on business solutions for access to energy for all, the first major publication of the Access to Energy initiative of the WBCSD, Co-pilot of the « Low carbon electrification in remote areas » group, Sustainable Energy for all (Nations unies), Club ER, Alliance for rural electrification.
	France: supporting partner of the Social Business/Enterprise and Poverty Chair at HEC.
Diversity	**International:** signatory of the Women's Empowerment Principles (WEP) of the United Nations.
	France: Diversity Charter, Agreement for professional gender equality, Professional gender equality Label, Parenthood Charter, Disability Agreement, Agreement on inter-generational mechanism, Apprenticeship Agreement, Framework Convention on Jobs for the Future *(Emplois d'Avenir)*, Businesses and Neighborhoods *(Entreprises et Quartiers)* Convention.
Social policy	*Observatoire Social International.*
Education	**International:** training program in energy management for disadvantaged people, in partnership with local vocational training centres and/or national or international NGOs.
	France: School Paul-Louis Merlin, framework agreements with the Ministry of National Education, Higher Education and Research, partnerships with the continuing education network of UIMM, *Ingénieurs Pour l'École* network (IPE), selected by the Ministry of Education for the Digital School project.
Ethics	**International:** Transparency International, *Cercle éthique des affaires* (Business ethics club).
Biodiversity	Livelihoods: Carbon offset fund for biodiversity and rural communities.
Philanthropy	For many years, Schneider Electric has actively supported ADMICAL (*Association pour le développement du mécénat industriel et commercial*, member of the European network CERES) and *IMS-Entreprendre pour la Cité*.

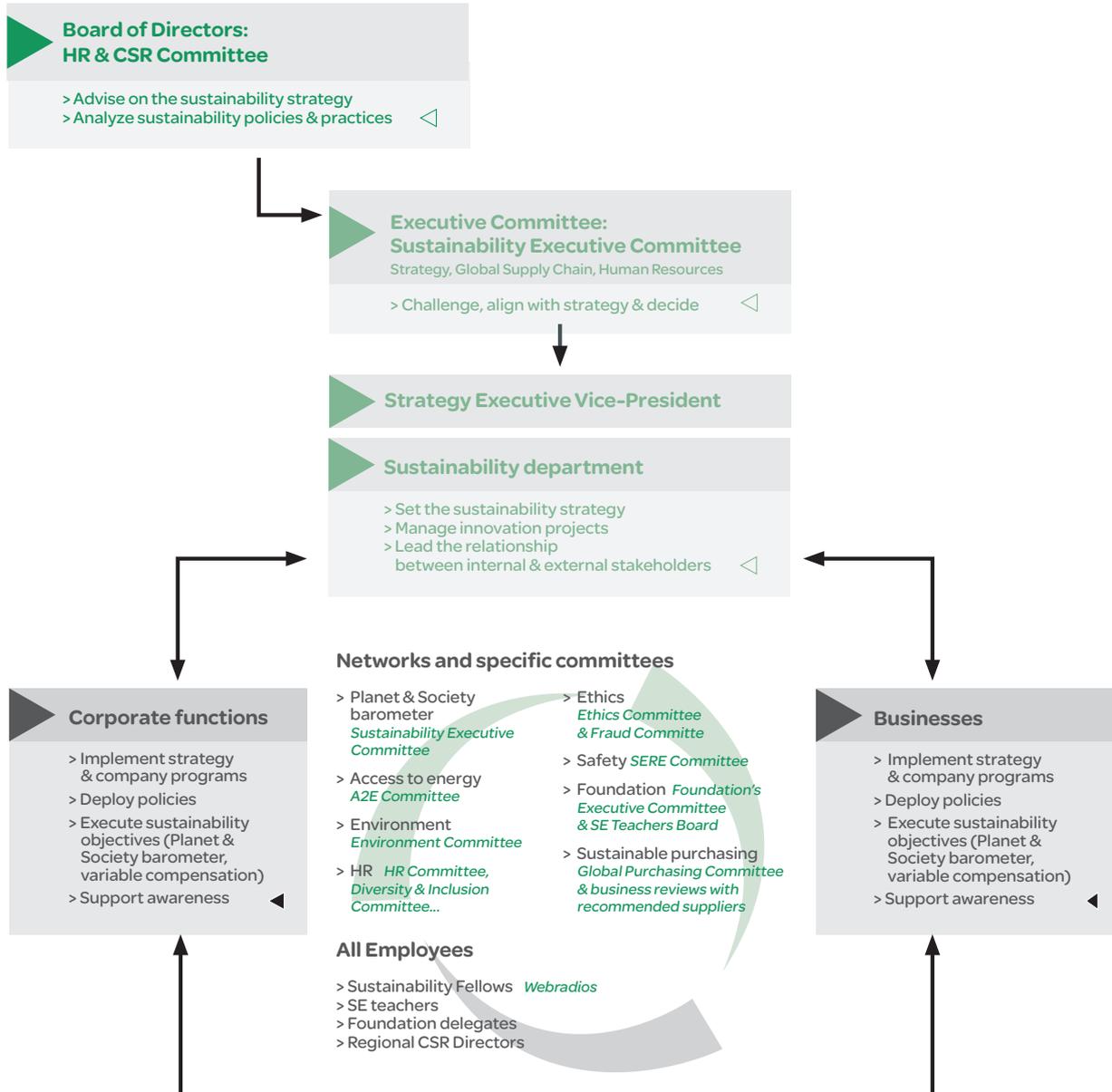| Theme	Commitment
Standardization	With more than 100 experts actively participating in international standardization bodies, Schneider Electric is making, in particular, a decisive contribution to the elaboration of standards that ensure the reliability of electric installations and equipment and transparency of the work on environmental issues. In particular, it ensures the presidencies of the French Electrotechnical Committee; it is member of CEI (International Electrotechnical Commission), participates actively including in the roadmap for smart grids standards, and contributes to CEI standardization for smart grids, especially in the domain of Power Utility Automation; it is member of Cenelec (European Committee for Electrotechnical Standardization) where it has the convener's role for standardizing the interface between smart buildings and the smart grids; it leads a group in charge of defining the set of standards and the standardization roadmap, under the umbrella of CEN-CENELEC-ETSI Smart Energy Grid Co-ordination Group and under the mandate of the European Commission; it is also member of de French Committee for environmental standardization. It is member of the Council Board, the Conformity Assessment Board and the IECEE system of CEI. It chairs several Technical Committees in ISO (International Standardization Organization). Schneider Electric chairs many French standardization committees hosted by AFNOR (French Standards Organization). It is particularly strongly involved in the working group on sustainable development and in the work on the rational use of energy. Since February 2007, Schneider Electric has represented France on the IEC's Advisory Committee for Environmental Aspects (ACEA). The ACEA works to advise and coordinate the CEI's efforts to tackle environmental issues. The Group also participates in the Advisory Committee for Energy Efficiency (ACEE) created in 2013.

2

1.4   Integrated and transverse governance of sustainable development

Overall operation

The following diagram illustrates the relationships between the different levels of decision-making on the subjects of sustainable development within Schneider Electric, and how sustainability is integrated in the processes and bodies that design and execute the Group strategy.

See also **the Planet & Society Barometer criteria in variable compensation page 88**.

Board of Directors:
HR & CSR Committee

> Advise on the sustainability strategy
> Analyze sustainability policies & practices ◁

Executive Committee:
Sustainability Executive Committee
Strategy, Global Supply Chain, Human Resources

> Challenge, align with strategy & decide ◁

Strategy Executive Vice-President

Sustainability department

> Set the sustainability strategy
> Manage innovation projects
> Lead the relationship
  between internal & external stakeholders ◁

Corporate functions

> Implement strategy
  & company programs
> Deploy policies
> Execute sustainability
  objectives (Planet &
  Society barometer,
  variable compensation)
> Support awareness ◀

Networks and specific committees

> Planet & Society
  barometer
  *Sustainability Executive
  Committee*

> Access to energy
  A2E Committee

> Environment
  Environment Committee

> HR   *HR Committee,
  Diversity & Inclusion
  Committee...*

> Ethics
  *Ethics Committee
  & Fraud Committe*

> Safety *SERE Committee*

> Foundation *Foundation's
  Executive Committee
  & SE Teachers Board*

> Sustainable purchasing
  *Global Purchasing Committee
  & business reviews with
  recommended suppliers*

All Employees

> Sustainability Fellows   *Webradios*
> SE teachers
> Foundation delegates
> Regional CSR Directors

Businesses

> Implement strategy
  & company programs
> Deploy policies
> Execute sustainability
  objectives (Planet &
  Society barometer,
  variable compensation)
> Support awareness ◀

The Sustainable Development Department

The Sustainable Development Department, created in 2002, has been part of the Strategy Department since 2008. It has the following responsibilities:

- defining Schneider Electric's sustainable development strategy and rolling out action plans at the Group level with the concerned entities;
- developing and managing Schneider Electric's innovative community projects to ensure continuing improvements in the Group's performance in this area.

In 2010, the Sustainable Development Department was adapted to better meet the Company's present and future challenges as well as the requirements of its stakeholders. It is organized around four areas:

- ethics, steering the Responsibility & Ethics Dynamics program (see pages 62-65);
- social responsibility, specifically with the Schneider Electric Foundation as well as local economic and social development programs (see pages 95-100);
- access to energy, with responsibility for the Access to Energy program (see pages 91-95);
- supporting and developing the Group's performance, in particular by steering the Planet & Society Barometer and the strategy and sustainability report (see pages 46-47).

Global Supply Chain organization, with responsibilities including Safety and the Environment

(see page 67).

Human Resources organization

(see page 77).

The board of directors

In 2013, the board of directors decided to extend the powers of the remuneration committee to issues of corporate social responsibility. Since 2014 there has been a specific committee for CSR: the human resources and CSR committee (see p. 141)

The Sustainable Development Executive Committee

Since 2010, the three members of the Executive Committee in charge of Human Resources, Global Supply Chain and Strategy have met two to three times per year with the Sustainable Development Director to monitor and steer the Group's action plans in this area.

The Ethics Committees

(see page 64).

1.5 External and internal referentials for a solid framework

External referentials

The United Nations Global Compact

The Global Compact was launched in 1999 by UN Secretary-General Kofi Annan. It brings companies and non-governmental organizations together under the aegis of the United Nations to « unite the power of markets with the authority of universal ideals ».

Parties signing the Global Compact commit to 10 fundamental principles in four areas: human rights, labor rights, the environment and anti-corruption.

By signing the Global Compact in December 2002, Schneider Electric made a public commitment to these universal values. The Group has primarily worked to share this commitment with its partners since 2003 (see page 61 « Relations with sub-contractors and suppliers »).

In line with the requirements of the Global Compact, Schneider Electric publishes an annual Communication on Progress (COP). This publication reports on the Group's different action plans and monitoring indicators for the 10 principles of the Global Compact. Schneider Electric meets the requirements of the Advanced Level of the Global Compact with this report for COP.

ISO 26000

In 2010, the ISO (International Organization for Standardization) published its guidelines on organizations' social responsibility (ISO standard 26000). ISO 26000 is a compromise that gets different players from the public, private and non-profit sectors from around 100 countries involved, and a vision of how an organization should view societal responsibility. Schneider Electric's actions towards sustainable development are completely in line with ISO 26000. This standard legitimizes the sustainable development actions undertaken by the Group since the early 2000s and provides an educational support and framework for its actions in the field. The Group has worked to promote the adoption of the principles of ISO 26000 with its suppliers since 2012 (see page 61 « Relations with sub-contractors and suppliers »).

The Global Reporting Initiative

The Global Reporting Initiative (GRI) was established in 1997 as a mission to develop globally applicable directives to report on economic, environmental and social performances; it was initially intended for companies and subsequently for any governmental or non-governmental organization.

Brought about by the Coalition for Environmentally Responsible Economies (CERES) in association with the United Nations Environmental Program (UNEP), the GRI integrates the active participation of companies, NGOs, accounting bodies, business associations and other stakeholders from across the globe.

Schneider Electric aligns its non-financial reporting with the GRI and, until 2013, scored a B+ with respect to GRI 3.1. In 2014, the Group began to align itself with GRI 4. A reference table with these indicators and the indicators proposed by the GRI is available on Schneider Electric website.

Internal referentials

The Group has written referentials that promote an ethical framework and strategic roadmap in which the activities of Schneider Electric are carried out: the *Principles of Responsibility*, which are supplemented by guidelines and related policies. Consequently, the Group's desire to dynamically implement its

commitments gave rise to the Responsibility & Ethics Dynamics program in 2010 (R&ED program).

Our Principles of Responsibility

As a global corporation, Schneider Electric continuously interacts with local and international partners. The Group's borders are expanding, its environment is constantly changing, and its societal responsibilities and activities are growing. In this international context, reprehensible behavior may be seen when the ethics inspection and prevention processes are fragile. The Group is responsible for implementing its resources to support employees in the event of an ethical dilemma.

Our Principles of Responsibility, published for the first time in 2002 and updated in 2009 and again in 2013, is a summary document inspired by the 10 principles of the Global Compact, the Universal Declaration of Human Rights and standards issued by the International Labour Organisation and the Organization for Economic Cooperation and Development. The document is available in 30 languages and is distributed to all employees.

By adopting *Our Principles of Responsibility* in 2002, the Group has an individual and collective reference point. This document outlines the Group's commitments to all of its stakeholders: the Company's employees, its business partners (mainly clients and suppliers), shareholders, the civil society and the planet.

In 2009 and in 2013, the Group updated *Our Principles of Responsibility* to set out its standards on ethics. This document incorporates updated Group and employee commitments on the following:

- the respect of law, the limits established by each employee to ensure full compliance with the laws of all the countries in which Schneider Electric is present;
- the code of ethics that all employees must follow in line with the professional regulations of the Group;
- Group social responsibility – what all employees must do to act responsibly towards society and the planet.

In 2010, the Responsibility & Ethics Dynamics program put these ambitions into practice by setting up an organization, procedures and tools for the Group, so that its employees could:

- provide team members with effective support in their daily actions and decision-making, primarily through access to the necessary resources (policies, procedures, tools & best practices);
- help team members identify the appropriate individuals to guide them in their eco-citizen approach and in each of the areas covered by the principles;
- know how to notify the authorities of breaches of ethics, with respect to current laws and regulations.

See pages 62-65 for more details on Ethics & Responsibility.

Global policies

In order to implement these principles, Schneider Electric has published a series of global policies. These reference documents are distributed throughout the Group so that all team members can embrace Schneider Electric's eco-citizen approach and apply it in line with local culture and legislation: Quality Policy, Environmental Policy, Human Resources Policies (Political Diversity, Health and Wellness Policy, Travel Policy), Security Policy, Safety Policy, Web Policy (Social Media Policy, Web Usage Policy), Competition Law Policy, stock-market code of ethics.

Environment

The first version of Schneider Electric's environmental policy was published in 1992, modified in 2004 and confirmed in October 2007. It aims to improve industrial processes, reinforce product eco-design and incorporate Group customers' concerns for environmental protection by providing them with product and service solutions. It applies to the Group and is accompanied by global action plans.

Social

The Group's Human Resources policies cover the following: diversity, employee engagement, recruiting, international mobility, training, human capital development, talent identification, total remuneration, social benefits and health and safety. These apply to the Group and are accompanied by global processes.

1.6 Ratings and awards

The evaluations by the leading sustainability ratings agencies and by a number of ethical fund managers indicate the Company's performance in its sector. The evaluations and awards underline external recognition of the Group's sustainable development programs.

In the Ipreo report SRI Leaders Index Fall 2014, Schneider Electric was listed as joint third for the global company with the most SRI funds in its capital (148 funds).

Ethical stock market indices

A key performance indicator was set in the Planet & Society Barometer for the duration of the 2012-2014 Connect program: to ensure Schneider Electric's presence in the three major SRI (Socially Responsible Investing) indices – the DJSI World, the DJSI Europe, and since 2013, the CDP (CPLI index and/or CDLI) to replace the ASPI, which is no longer published.

At the end of 2014, Schneider Electric is included in the three ethical stock market indices covered by the barometer, its rating in the CDP index is improving, and it has the highest rating in its sector on the DJSI indices for the second year in a row.

Dow Jones Sustainability (DJSI) World and Europe indices: Industry Leader

Schneider Electric is part of the 2014-2015 edition of DJSI World and DJSI Europe. Evaluation for this family of indices is provided by RobecoSAM, an independent asset manager headquartered in Switzerland.

For the second year in a row, Schneider Electric ranks first of its sector.

Climate Performance Leadership Index (CPLI): member of « The A list »

Schneider Electric remains in the CPLI for the fourth consecutive year as one of 187 companies chosen for their commitment and action plans to fight climate change. It is one of ten French companies to be included.

Climate Disclosure Leadership Index (CDLI): 99/100

With a rating of 99/100, Schneider Electric was one of the companies of the CDLI this year; these companies were chosen for their understanding of climate change challenges, and include 24 French companies.

Euronext Vigeo Indices

At the end of 2012, Euronext and Vigeo jointly launched a range of indices singling out the exchange-listed companies that have the best corporate social responsibility performances. The composition of the indices is updated twice per year, in June and December, based on the opinions of Vigeo conducted approximately every 18 months. As of December 1, 2012 Schneider Electric was selected in three indices: Euronext Vigeo World 120, Euronext Vigeo Europe 120 and Euronext Vigeo France 20. Schneider Electric was evaluated again in late 2013. Since December 1, 2014, Schneider Electric has been part of the Euronext Vigeo Europe 120 Index, the new Euronext Vigeo Eurozone 120 Index, and the Euronext Vigeo France 20 Index.

Other indices

In 2014, Schneider Electric was part of the following indices in particular:

- MSCI Global Sustainability, MSCI Global SRI, MSCI Global Environment and MSCI Global Climate;
- STOXX Global ESG Leaders, STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders, STOXX Global ESG Governance Leaders, EURO STOXX ESG Leaders 50 and STOXX Europe ESG Leaders 50 by Sustainalytics;

- STOXX Europe Sustainability, STOXX Europe Sustainability 40, EURO STOXX Sustainability and EURO STOXX Sustainability 40 by Bank Sarasin;
- Ethibel Sustainability Index (ESI) Excellence Europe and Ethibel Sustainability Index (ESI) Excellence Global;
- ECPI Global Carbon Equity, ECPI Euro Ethical Equity, ECPI Global Ethical Equity, ECPI EMU Ethical Equity, ECPI Global Renewable Energy Equity and two other indices recently developed by ECPI, ECPI Global ESG Best in Class Equity and ECPI Global Megatrend.

Awards 2014

Among the recognitions for sustainable development received in 2014, the Group highlights the following:

- **Global 100 most sustainable corporations:** Schneider Electric reached 9th place in January 2015 in the ranking by Corporate Knights Inc., versus 10th in January 2014 and 13th in January 2013.
- **Ethisphere:** Schneider Electric was one of the 100 most ethical companies following ranking by Ethisphere in March 2014, for the fourth consecutive year (and in March 2015 for the fifth year).
- **Universum rankings – Global top 50 World's Most Attractive Employers**: in 2014, Schneider Electric was one of 50 global companies rated most attractive to engineering students.
- **World's Most Admired Companies:** Schneider Electric ranked 7th place in its sector (Electronics) in the list published by *Fortune* magazine.
- **Newsweek Green Ranking 2014:** Schneider Electric was the 10th greenest company in the world, as ranked by Newsweek.
- **Responsible supplier relations label**: on May 6, 2014, Schneider Electric France obtained this label for a period of three years (subject to satisfying the annual monitoring assessments).
- **National awards:** In Mexico, CSR 2014 Prize from the Mexican Center for Philanthropy (CEMEFI), inclusive company prize from the Ministry of Labor for two plants, recognized by Forbes Mexico among the 36 most environmentally friendly companies; In Brazil Top 3 in its sector in the Exame magazine Sustainable Development Guide, the most widely read Brazilian business magazine, among 200 companies in the competition, and the most responsible supplier award from CEMIG, the second largest power company in Brazil, among 80 finalists, thanks to the company's project that helps SMEs identify emission reductions in their facilities; Top Employer 2014 and 2015 in France; in China, China's most respected enterprises 2013-2014 award (from Economic Observer Chinese newspaper) in recognition of its CSR, its promotion of China's green economy, and its business development with energy efficiency and innovative technology, Best environmental technology award for the eighth « Global Responsibility - China Action » (by China Business News).