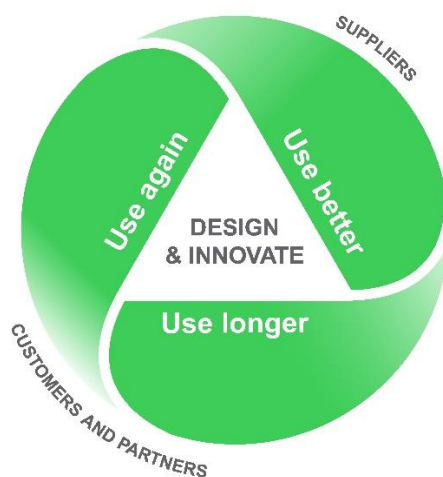


## Circularity at Schneider Electric

The goal of circularity is to eliminate waste and make the most of resources by keeping products, components, and materials in use for as long as possible. It proposes a framework in which outputs from every lifecycle stage become inputs to another, eliminating the need for virgin materials.

There is no net-zero emissions world or nature-positive world without a circular economy. Our approach is highlighted below.

### The foundation of circularity at Schneider



**Vision:** decouple business growth from resource extraction while meeting our Net-Zero target and contributing towards a nature-positive world

**Mission:** adopt end-to-end circularity by 1) changing our offer creation, product design and manufacturing to make the most of resources and eliminate the use of virgin, non-renewable, materials 2) extending the useful life of our products, parts, and materials 3) keeping products, parts, and materials in circulation at their highest functional value as long as possible

Figure 1: Foundation of circularity at Schneider Electric

### Strategic layers

- **‘Design & innovate’** consists of two levers:
  - 1) applying EcoDesign principles to product development (e.g., designing for reliability and lifetime extension)
  - 2) business innovation to offer development (e.g., moving from transactional sales to as-a-Service)
- **‘Use better’** is about optimizing the use of resources, sourcing the materials with the lowest environmental impact, and manufacturing products efficiently. Example measures include sourcing materials with high recycled content and minimizing manufacturing scrap.
- **‘Use longer’** involves providing services to keep products in use for as long as possible. This includes on-site and workshop repair, digitally enabled maintenance, as well as equipment modernization services and spare parts.
- **‘Use again’** relates to recirculating products, parts, and materials in the economy. For example, take back, refurbishment, and resale of assets reaching end of use.

There is a hierarchy to this approach. Value retention is the highest in the design & innovation phase, and cost to recover value increases as the product lifecycle journey matures. For example, it is far more efficient to optimize the use of copper during manufacturing in design ('use better') than it is to recover copper from products at the end of their use ('use again'), but both are required. Schneider's approach is centered on maximizing value retention through the asset lifecycle.

### Walking the talk on circularity

Schneider Electric is today seen as an industry leader in circularity as it delivers efficient manufacturing sites and products with clear environmental impact, both recognized by awards. Several of our manufacturing sites have gained WEF [lighthouse status](#):

Moreover, Schneider's unique offer and brand have set the company up for a significant first-mover advantage that is critical to success. Sustainability and circularity are not only at the core of its [product offering](#) but also its branding position as an [impact company](#). Additionally, its integrated ecosystem offer consisting of connected products, open digital solutions, and on-site expertise breakdown typical circularity barriers like traceability, life extension and take back.

Additionally, we are a sought-after voice on circularity. For example, Barbara Frei, EVP of Industrial Automation is an executive sponsor of the World Economic Forum,

### Circling back to environmental commitments

In a circular economy, circular-by-design products are circulated in the economy at their highest value. This reduces the need for virgin raw material extraction from the earth and minimizes negative ecological impacts from waste. This in turn, leads to lesser environmental impacts and more space for nature regeneration and wilderness preservation.

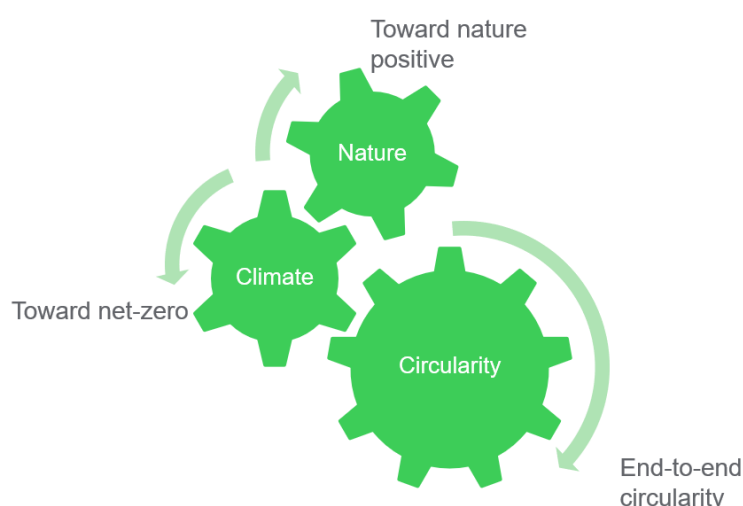


Figure 2: Circularity is an important lever for a net-zero and nature-positive future

The reduction in environmental emissions links directly to Schneider achieving its [Schneider Sustainability Impact \(SSI\) targets](#) 1 to 5 by 2025 and its [Net-Zero target](#) by 2050. Circularity is a non-negotiable for Net-Zero because most efforts to tackle the crisis have focused on a transition to renewable energy, complemented by energy efficiency, but these measures can only address 55% of emissions. The remaining [45%](#) of emissions come from the production of products<sup>1</sup>. Beyond this corporate level, circularity principles also guide product sustainability, for example EcoDesign and [Green Premium](#); efficient manufacturing, for example, waste to resource sites; and component and material securitization, for example, copper circularity. Schneider is committed to achieving [no net biodiversity loss in its direct operations](#) by 2030<sup>2</sup>.

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<sup>1</sup> [Completing the Picture - How the circular economy tackles climate change.pdf \(thirdlight.com\)](#)

<sup>2</sup> [Schneider Electric details pledge to fight global biodiversity loss | Schneider Electric Global \(se.com\)](#)