December 31, 2023

Name: Schneider Electric SE Unsponsored ADR	*Country:* France
Ticker: SBGSY-US	*Sector:* Industrials
Market Cap ($mm): $109,175	*Industry:* Electrical Equipment

Sector Outlook

Industrials companies tend to be smaller and economically sensitive. An inverted yield curve and slowing loan growth present impediments, but we expect some offset as the market shifts toward cyclical value categories in the early cycle. Within the sector, we prefer companies tied to machinery, factory automation, rail freight, non-residential construction and consumer spending, as well as larger, diversified industrial conglomerates.

Company Description

Schneider Electric SE engages in the digital transformation of energy management and automation. It operates through the following segments: Energy Management, Industrial Automation, and Central Functions and Digital Costs. The Energy Management segment leverages a complete end-to-end technology offering enabled by EcoStruxure. The Industrial Automation segment is composed of industrial automation and industrial control activities, across discrete, process, and hybrid industries. The company was founded by Adolphe Schneider and Joseph-Eugène Schneider in 1836 and is headquartered in Rueil-Malmaison, France.

Financial Snapshot

Revenue by Product Segment	%
Energy Management	77%
Industrial Automation	23%

Revenue by Geographic Segment	%
France	6%
United States	28%
Western Europe	18%
Asia-Pacific	15%
China	15%
North America	4%
Rest of the World	13%

Company & Sustainability Analysis

Schneider Electric, the French electric company, and top 10 largest French company by market cap is well positioned to benefit from its market share leadership in energy efficiency and industrial automation. Schneider is the only company providing a value chain with all the critical components to build secular growth within datacentres, building automation, and smart grids. Moving forward, Schneider Electric should benefit from better than expected construction activity and automation demand amidst a continued economic expansion. Its diverse portfolio of products, high gross margins and brand equity should position Schneider well to benefit from investment in energy and labor efficiencies as companies seek to increase industrial productivity.

Sustainability Analysis

Schneider Electric has an MSCI ESG rating of AAA. The company's focus on clean energy within its clean technology initiatives provides a diversified mix of exposure in energy management solutions for solar, EV charging and industrial automation. The company is a key beneficiary of the energy transition as one of the largest industrial companies with most of their current revenue deriving from green technologies during a time where carbon footprints are an increasingly global concern. Schneider has long-term goals to achieve net-zero emissions from both its operations and supply chains by 2050 with interim goals, most notably its 2025 goals.

Schneider released six long-term commitments consisting of climate, resources, trust, equality, generational transition, and local with large strides in three areas. 1) Climate—Schneider will grow green revenue to 80% meanwhile reducing CO2 emissions from suppliers operations by 50%, delivering saved and avoided CO2 emissions to their consumers. 2) Resources—Schneider will increase green material content to their products to 50% and all packaging with be free from single use plastics eliminating excess waste. 3) Equality—Schneider will increase the opportunities for interns, apprentices, and graduate hires by 2x while training 1m underprivileged people in energy management.

Schneider Electric's focus on clean technology puts it in direct alignment with SDG 7 (Affordable and Clean Energy) meant to *"Ensure access to affordable, reliable, sustainable and modern energy for all".*

Schneider Electric is categorized as a Sustainable Investment aligned with the environmental objectives of the EU's Sustainable Finance Disclosure Regulation (SFDR) as defined by Fisher Investments. In order for a company to be considered a sustainable investment, it must be assessed by Fisher Investments as meeting the following criteria: (i) it must contribute to an environmental or social objective; (ii) it must do no significant harm (DNSH) to any other environmental or social objective; and (iii) it must follow good governance practices.

***This write-up is provided to fulfil the requirements of the Austrian Ecolabel and should be considered an 'example point in time analysis'. There is no guarantee that the security remains in the relevant strategy or the analysis remains current beyond the date of analysis.*

*****Sources: Fisher Investments Research, FactSet Research Systems, Company Investor Relations***

Investment in securities involves the risk of loss. Past performance is no guarantee of future returns. Other methods may produce different results, and the results for different periods may vary depending on market conditions and the composition of a portfolio or index. This information should not be considered a recommendation to purchase or sell the security for you or anyone else. We provide our general comments to meet the requirements of the Austrian Ecolabel, based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; and we may change our views at any time based on new information, analysis or reconsideration. Some of the information we have produced may have been obtained from a third party source that is not affiliated with Fisher Investments and we cannot guarantee it's accuracy. Fisher Investments requests that this information not be shared with any other party and is intended for confidential and personal use only.