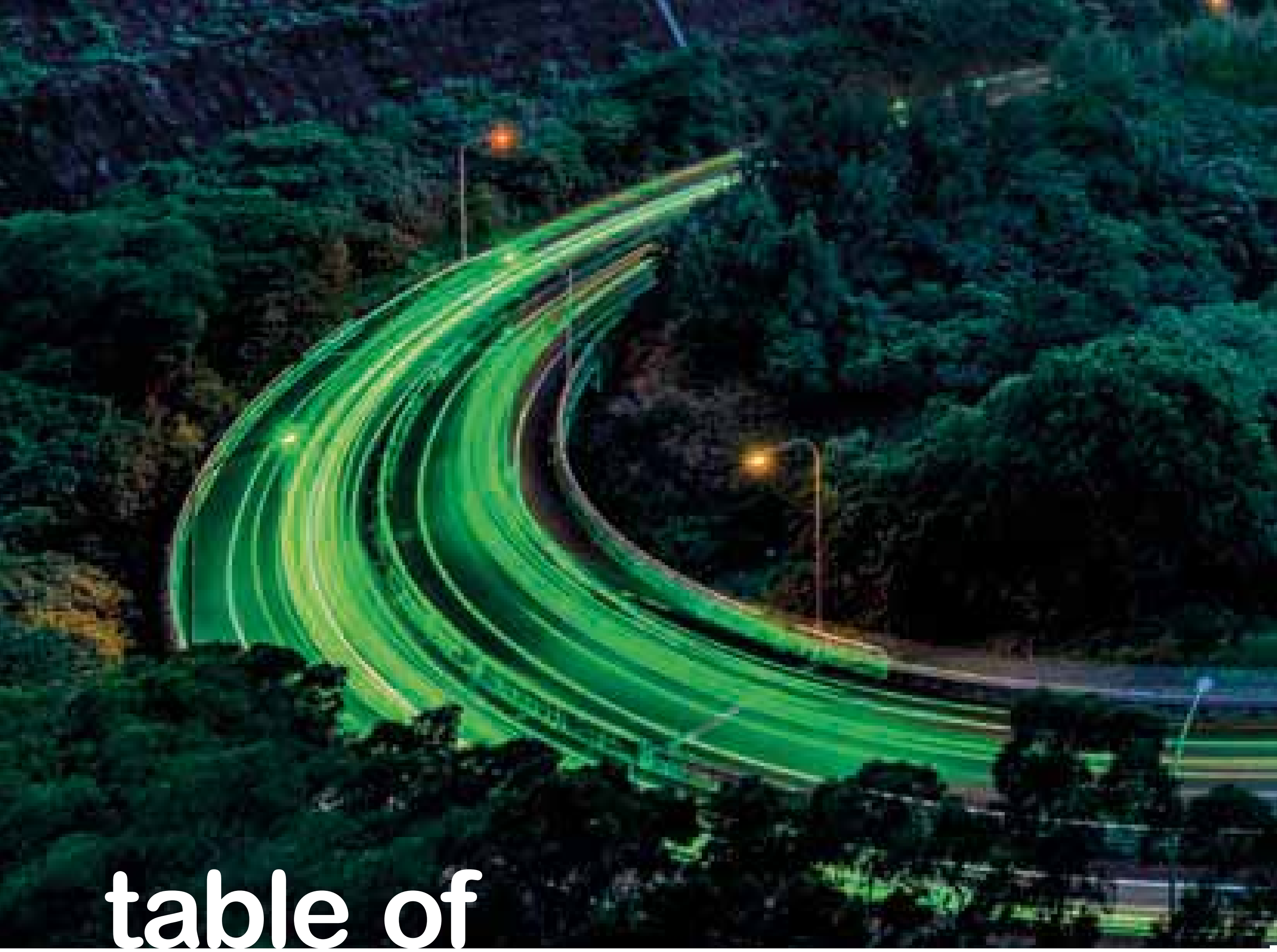
2021 Universal Registration Document

Financial and Sustainable Development Report

se.com

Life Is On | Schneider Electric



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Strategic Report

Corporate Governance Report

Financial Statements

RFA Annual Financial Report elements are clearly identified in this table of contents with the sign RFA.

Shareholder Information

The Universal Registration Document was filed on March 29, 2022 with the Autorité des Marchés Financiers (AMF), as the competent authority under Commission regulation 1129/2017/EU, without prior approval in compliance with Article 9 of this regulation.

The Universal Registration Document may be used for purposes of a public offer of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is then approved by the AMF in accordance with Regulation (EU) 2017/1129.

This Universal Registration Document is a free translation into English of the official version of the Universal Registration Document which has been prepared in French and in ESEF format (European Single Electronic Format) and which includes the Annual Financial Report for the fiscal year ended December 31, 2021 and is available on the AMF's website (www.amf-france.org) and on the Company's website (www.se.com).

Our purpose is to **empower all to make the most of our energy and resources,** bridging progress and sustainability for all.

At Schneider, we call this

Life Is On

Our mission is to be
your digital partner for
Sustainability and Efficiency.

At a glance

Our performance

2021 was a record year, setting the foundation for ongoing sustainable growth. In addition, the Group continued to raise the bar in launching new and ambitious sustainability commitments, covering 2021-25.

Financial KPIs

€28.9B

Revenues — +12.7% organic

17.3%

Adjusted EBITA margin — +140 bps organic

€3.2B

Net Income (Group share) — +51%

€2.8B

Free Cash Flow — 87% conversion rate

€6.13

Adjusted Earnings per Share — +30%

€2.90

Proposed Dividend per Share — +12%

Extra-financial KPIs

#1

World's Most Sustainable Corporation in 2021

3.92/10

Schneider Sustainability Impact score, outperforming 2021 3.75/10 target

347 million

Tonnes of saved and avoided CO_2 emissions to our customers since 2018

1,000

Suppliers committed to the Zero Carbon Project

+4 million

People have access to green electricity in 2021

71%

Highest Employee Engagement Index of all time

Our business

● Total employees by geography in 2021

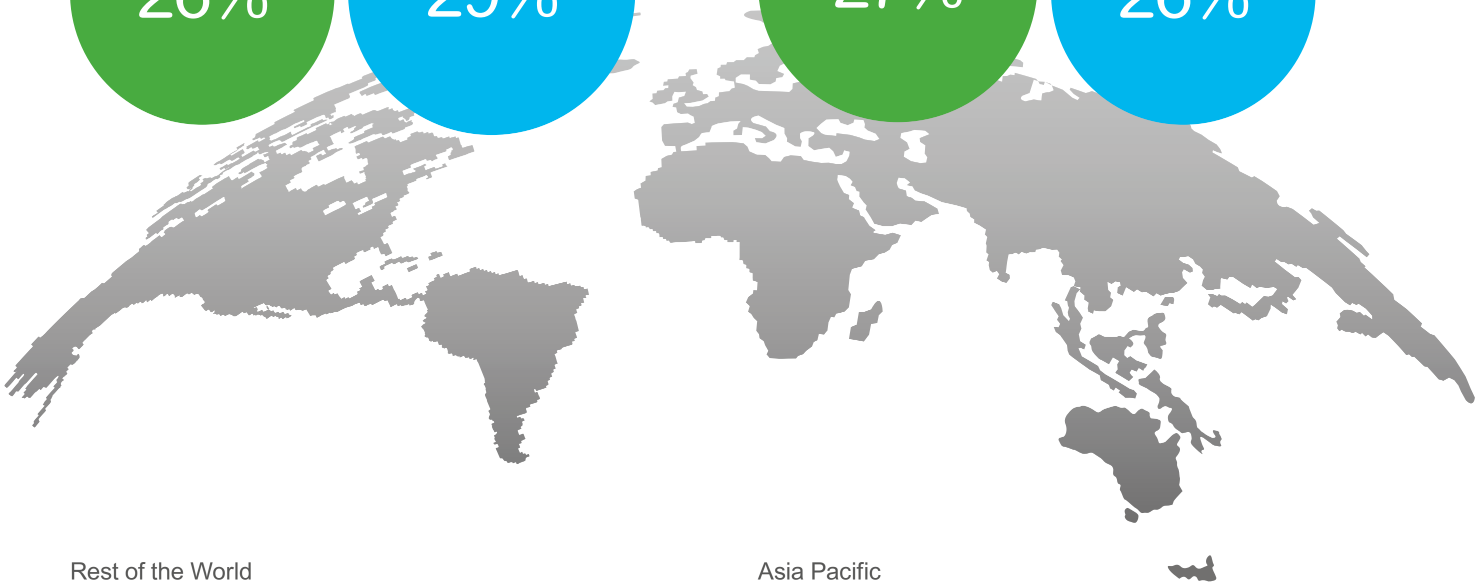
● Revenue by geography in 2021

North America

26% | 29%

Western Europe

27% | 26%



Rest of the World

16% | 14%

Asia Pacific

31% | 31%

128,000+

Employees in over 100 countries

A statement from Chairman and CEO, Jean-Pascal Tricoire

The past two years have seen challenges, changes and uncertainties that few of us could have imagined back in 2019. The COVID-19 pandemic, the multiple and diverse responses to it, the rapid restart of the economy, a host of climate change-linked disasters, and numerous other disruptions have shaken up supply chains and unsettled business plans the world over.

Many of these developments will stay with us in 2022, and even beyond.

But the world has also had time to learn, to change, and to adapt. Climate action, efficiency, sustainability, digital innovation, and resilience to disruption, uncertainty and change are now top of the agenda for policy makers, businesses and even households around the globe, in a way that was simply not the case just two or three years ago.

Of course, Schneider Electric hasn't been immune to these upheavals. But our efforts, over the past 15 years, to embrace sustainability, digitization and electrification, and to empower all to make the most of our energy and resources, have stood us in good stead.

In fact, if anything, our corporate purpose and positioning have been reinforced and vindicated by what the world has experienced since late 2019. It's never been more important to bridge progress and sustainability for all.

A business model built to support a sustainable future

Schneider Electric received welcome, high-profile external recognition in January 2021, when Corporate Knights ranked us the world's most sustainable corporation for the year. The recognition is a testament to the commitment of our people, our customers, partners and suppliers, who have, year after year, raised the bar, to make a positive impact on our organization, our business and community ecosystem, and on the entire world.

Still, the science is clear: humanity is not acting fast enough to avert climate catastrophe. We all need to do more, and much faster, to leverage the technologies that already exist, and develop new ones for the future.

That's why, also in January 2021, we announced the most ambitious set of sustainability commitments in our history, spanning 2021-2025: to show that even companies that are already sustainability leaders have a responsibility to do even more.

In late 2021, we also committed to being an *Impact Company*. We define that as a company that embraces environmental, social and governance (ESG) values into every dimension of its business. A company that aligns its mission to contribute these values, and that operates with a model that creates local impact, close to the communities it's supporting.

One of the guiding principles of this model is that acting on these principles, and on our purpose, also cements our financial performance. And that's what makes us confident in our long-term sustainable growth.

Accelerating core markets, and new pillars of growth

Two technologies underpin the global economy's transition to a sustainable, more resilient and lower-carbon future: **digitization** and **electrification**.

It's in these areas that we've built our expertise and leadership over the past years – and we're feeling the accelerating demand for these technologies across end-markets ranging from buildings and industry, to data centers and infrastructure.

In addition, to support future growth, we've supplemented this with three incremental growth drivers.

Our **services** offer allows us to provide more value on our installed base, and to better serve our customers across the entire lifecycle.

Our **software portfolio** provides unmatched capabilities in bridging the physical and digital world, allowing customers to reap the benefits of efficiency. Most recently, 2021 saw the finalization of our strategic acquisition of ETAP, as well as the closure of AVEVA's acquisition of OSIsoft. Our next step is the development of a new category of software, through integrating our full portfolio across two core dimensions: the lifecycle and the operational domains. This is the first offer of its kind and has huge potential to support our customers by removing common operational frictions.

"Two technologies underpin the global economy's transition to a sustainable, more resilient and lower-carbon future: digitization and electrification"

Jean-Pascal Tricoire
Chairman and CEO

And then there's our **sustainability business**. Companies all over the world are increasingly eager to become more sustainable, and to reduce their carbon footprints. Our expertise on these fronts has allowed us to develop a full-service offering, spanning ESG consulting services, right through to digital technologies that can bolster energy and operational efficiency, to support customers at all stages of their journey.

Unique operating model to support the transition

All of these growth opportunities are supported by our operating model.

We've strategically built and scaled this around four distinct characteristics: the **integration** of all aspects of our business operations, from sales, to supply chain, to marketing and software; the nurturing of the **largest, open ecosystem of partners**; the principle of having **ESG** values at the heart of everything we do – both by being leaders in our own ecosystem, and by helping our customers along their ESG journeys.

And lastly, our **multi-hub model**. With four regional hubs around the world (North America, Europe, China and India), our local teams can adapt and respond quickly to changing circumstances. It also helps us to attract the best talent anywhere in the world.

Of course, none of this would be possible without our **SE Great People**, who participate and believe in our purpose and mission. Throughout 2021, our 128,000 colleagues demonstrated their adaptability, and their openness to collaboration and innovation, as we all learned and grew in this new, hybrid-working world.

They're also central to the trust we've built with our entire ecosystem. This trust has ensured our resilience through tough times, and strengthened our relationships for the future. Trust is our highest value, reinforced by the establishment of our **Trust Charter** in 2021.

A sustainable future built on trust

Inevitably, many of the challenges of 2020 and 2021 will continue in 2022. But our strategic positioning, our operating model, and our guiding principles make us confident in our future.

Around the globe, companies, governments and people have realized that humanity needs to act fast to make the world both fairer and cleaner – that we need to avert the worst effects of the looming climate crisis. The tools to do so exist: digitization and electrification can help us get towards net-zero. What we need to do now is act. Fast.

Jean-Pascal Tricoire,
Chairman and CEO

Read more about our strategy on **page 22** →

An interview with Chief Financial Officer, Hilary Maxson

Schneider Electric delivered a strong performance in 2021, what were the highlights?

In 2021 the key theme was growth, driven both by strong market dynamics and our strategic choices and positioning. Our revenues of EUR 28.9 billion were an all-time high, up +12.7% organically. We delivered a strong improvement in our adjusted EBITA margin which increased by +1.4pts organically, reaching 17.3%, a new record, and surpassing our target of 'around 17%' one year early. We achieved this through good leverage on the higher volumes of 2021, a strong focus on price in the face of inflationary pressures, and continued progress on our operational efficiency plans. The strong operational performance coupled with a reduction in restructuring costs resulted in net income of EUR 3.2 billion, an increase of +51% over 2020.

We delivered Free Cash Flow of EUR 2.8 billion, reflecting strong operational cash flow but also increased working capital requirements at the end of the year due to the strong external demand environment and some supply chain shortages. We retain a strong focus on shareholder returns, and we continue our track-record of progressive dividends for a 12th year, increasing our proposed dividend by +12% to EUR 2.90 per share.

What were the biggest challenges you faced in 2021 and what do you expect in 2022?

Global supply chains came under pressure in 2021, impacting not just Schneider, but across multiple industries and geographies. While the heightened external demand is supportive of future growth, it did present some temporal challenges in customer deliveries for the year and came with associated higher costs both in freight and the sourcing of some components. Our unique global supply chain set-up helped us to navigate these challenges with agility, using lessons learned from 2020, and leveraging our multi-hub model. We also faced the ongoing challenge of a global health crisis, which limited our ability to access customer sites, impacting our Services organization. I want to take the opportunity to thank our customer facing teams, and those working in our factories and distribution centers, for all they did in putting our customers first in these challenging times.

For 2022, we expect these challenges to persist, with cost inflation the new reality and pressures on global supply chains not yet over. We endeavor to meet these challenges with agility, always putting customers at the forefront of our thinking.

What is the outlook for Schneider Electric in 2022?

In 2022, we start-out on the scalable growth journey outlined in our Capital Markets Day. We expect 2022 Adjusted EBITA growth of between +9% and +13% organic. This strong and sustainable performance would be achieved through a combination of topline organic growth, targeted at between +7% and +9%, and Adjusted EBITA margin up +30 bps to +60 bps organic. This implies Adjusted EBITA margin of around 17.6% to 17.9% for 2022.

You held a Capital Markets Day in 2021. What will drive shareholder value in the coming years?

At the CMD, we set our 2022-2024 targets and longer-term ambitions. Between 2022 and 2024 we expect organic revenue growth of between +5% to +8%, on average, and a continued improvement of our adjusted EBITA margin of between +30bps to +70bps organic, annually. We expect this to translate into a step-up in our Free Cash Flow, over-time, to around EUR 4 billion by 2024. We upgraded our longer-term ambitions to at least 5% organic growth in revenues on average across the economic cycle with an opportunity to further expand adjusted EBITA margin and Free Cash Flow beyond 2024.

These ambitions represent a step-change in performance from past years, driven by long-term trends of digitization for efficiency, and electrification for sustainability that are pervasive across the end-markets we serve. We expect opportunities in these end-markets to remain dynamic, and for growth to be augmented by our focus on Software, Services and Sustainability. As we move into a period of scalable and sustainable growth, our revenue profile is shifting; becoming more digital and more resilient. We expect an evolution in contribution from our Digital Flywheel, moving towards c.60% of Group revenues by 2025, from c.50% today. Within this, our strategic focus on more Software & Services is expected to drive an increase of +5pts on these elements, to c.23% of Group revenues by 2025. Software & Services also presents an opportunity for revenues to be more sticky, more resilient and with a greater proportion to be recurring in nature, increasing by +15pts to c.45% recurring by 2025.

As CFO, I am excited with the opportunities that lie ahead of us, we have the portfolio, the technologies and the great people required to enable sustainable growth for years to come, as we remain committed to generating further value for all of our stakeholders.

Hilary Maxson,
Chief Financial Officer

2021 Financial Performance Highlights

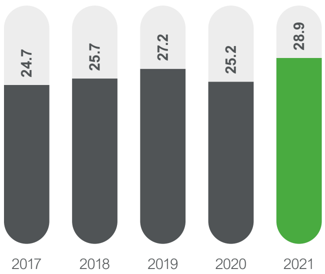
2021 was a record year setting the foundation for ongoing sustainable growth. The Group generated all-time high revenues, adjusted EBITA margin and Net Income. Free Cash Flow was impacted by working capital requirements, while operating cash flows remained strong.

Demand for the Group's products, systems, software and services remained at high levels throughout 2021. As with all companies, the Group faced pressure from tightness in global supply chains, but responded with agility, leveraging its unique, digitized model for the benefit of customers.

Revenue

In billions of euros

€28.9B

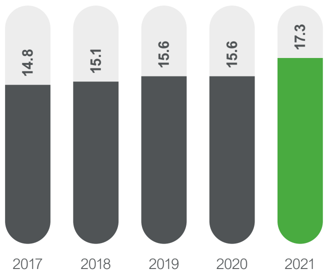


Revenues were up +12.7% organic (+14.9% reported) with strong growth from both businesses and across all four regions. There was strong demand across the Group's four end-markets, as revenues rebounded to above 2019 levels on an organic basis. FX impacts were negative -1.3% due to the strengthening of the EUR against the USD. There was positive scope impact of +3.5% from recent acquisitions.

Adjusted EBITA margin

In % of Group revenues

17.3%

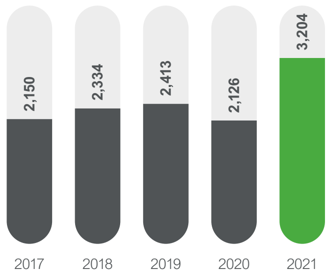


Adjusted EBITA reached EUR 5.0 billion, a margin of 17.3%, expanding organically by +140 basis points. The margin expansion was driven through a combination of pricing actions to compensate for inflationary costs, industrial productivity, and execution on the Group's operational efficiency plan. Both businesses contributed to the margin expansion.

Net Income (Group share)

In millions of euros

€3,204M

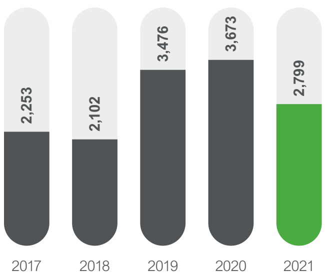


Net Income (Group share) reached EUR 3.2 billion, up +51% on last year. Restructuring costs were -EUR 225 million, down EUR 196 million on last year. Other Operating Income and Expenses were -EUR 21 million, mainly consisting of some disposal gains offset by M&A and integration costs. Net financial expenses reduced by EUR 102 million, while the Group's effective tax rate was 23.2%, in line with expectations.

Free Cash Flow

In millions of euros

€2,799M

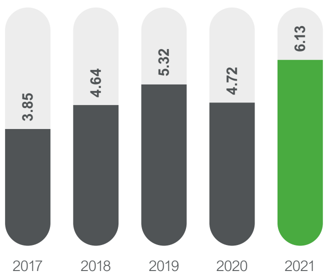


The Group generated EUR 2.8 billion of Free Cash Flow, reflective of the strong operating cash result of EUR 4.5 billion. Working capital evolution was negative EUR 853 million, reflective of the strong external demand environment. Net capital expenditure of EUR 817 million remained stable as a percentage of sales at around 3%.

Adjusted Earnings Per Share

In euros

€6.13

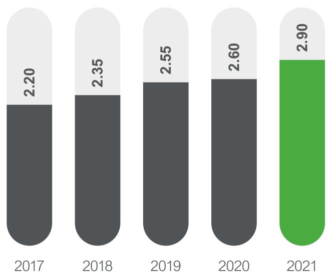


Adjusted Earnings Per Share was EUR 6.13, up 30% on last year, mostly driven by the strong operating performance. The weighted average number of shares in issue remained broadly stable compared to last year.

Dividend Per Share

In euros

€2.90



The proposed dividend is EUR 2.90 per share, up 12% on last year, subject to approval at the Annual Shareholder's Meeting to be held on May 5, 2022. The proposed dividend would be paid on May 19, 2022, and represents a continuation for the twelfth year of the Group's progressive dividend policy.

Key Achievements of 2021

January

Schneider Electric announced as the world's most sustainable corporation, achieving the number one position on Corporate Knights' 2021 Global 100 Most Sustainable Corporations in the World ranking, out of more than 8,000 companies assessed. The jump from 29th place in the 2020 ranking reflects Schneider's consistent progress towards and commitment to sustainability excellence.

2021 Most Sustainable Corporations in the World GLOBAL 100

February

Schneider Electric introduced its vision for "Industries of the Future" at the ARC Industry Forum. Renewing its commitment to transforming the industrial sector through open, sustainable technology, its next-generation framework and winning formula for industrial settings is founded around three core pillars: universal automation, sustainable efficiency, and software-centric automation. EcoStruxure™ Automation Expert is Schneider Electric's first offer based on the universal automation vision, capable of unlocking step-change improvements in efficiency and sustainability impossible a decade ago.

OSIsoft is now part of AVEVA

March

Schneider Electric's majority owned subsidiary AVEVA successfully completed the acquisition of OSIsoft, a global leader in real-time industrial data software and services. OSIsoft's PI System is a leading platform for data acquisition and data structuring for its customers, specialized on the mission-critical applications on which AVEVA and Schneider are focused.

April

Schneider Electric launches the Zero Carbon Project. Under the new initiative, the Company will partner with its top 1,000 suppliers – which represent 70% of Schneider's suppliers emissions – to halve their operations' CO_2 emissions by 2025. The initiative is part of Schneider's 2021-2025 sustainability goals and is a concrete step towards limiting the rise in average global temperatures to 1.5°C or less by 2100, as targeted by the Paris Agreement.

May

Schneider Electric ranked 4th in Gartner's Top 25 Supply Chain Award, for the second consecutive year, and 1st in Europe. The inclusion is the 6th time that Schneider has featured on the Top 25 list, and it underlines the Company's consistent efforts to strengthen and digitize its supply chain operations.

Gartner

etap®

June

Schneider Electric successfully completed the acquisition of Operation Technology, Inc. (ETAP), the leading software provider in electrical network design and simulation. The closing of this transaction will further enhance the Group's software capabilities in the "Design" phase of lifecycle digitization.

July

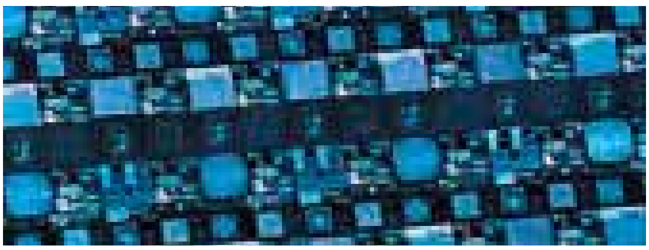
Schneider Electric is recognized by Microsoft as the company's 2021 Sustainability Changemaker Partner of the Year Award winner. The award recognizes the impact Schneider has had helping its customers set and achieve decarbonization goals using its flagship EcoStruxure™ software solutions, which are underpinned by Microsoft technologies.

September

Schneider Electric's Lexington, Kentucky plant is recognized by the World Economic Forum as a Sustainability Lighthouse – one of only three worldwide. The World Economic Forum has also recognized the Company's Smart Factory in Wuxi, China as an Advanced Lighthouse – the fourth Schneider Electric factory to receive this distinction to date, joining the Lexington, Kentucky; Batam, Indonesia; and Le Vaudreuil, France factories.

November

Schneider Electric joined other industrial leaders and pioneers to form UniversalAutomation.org (UAO), an independent, not-for-profit association managing the reference implementation of a shared source runtime. For the first time, IT and OT software vendors, industrial end users, OEMs, and academics will share a common automation software layer across their automation technology – regardless of brand. The organization seeks to create an entirely new category of industrial automation and unleash the full potential of Industry 4.0.



August

Schneider Electric received top ranking by Vigeo Eiris, the principal European environmental, social, and governance (ESG) rating agency and part of the Moody's Group. Schneider has also been included among the world's top ESG performers in the mid-year reviews of the FTSE4Good Index and Euronext Vigeo Eiris indices.

EURONEXT vigeo eiris INDICES WORLD 120

October

Schneider Electric announced the launch of new state-of-the-art connected PrismaSeT Active switchboards, ComPacT™ molded-case circuit breakers, and PowerLogic™ HeatTag sensors for its EcoStruxure™ Power architecture. These innovative offers, poised to revolutionize electrical distribution, pave the way for the 100% connected building, where efficiency is maximized, and facility staff can foresee power loss and electrical fire risks.

December

Schneider Electric wins four awards for Sustainability and Smart Home leadership at the CES 2022 Innovation Awards, recognizing its commitment to sustainability and innovation. The company's Wiser Energy Center receives recognition in both the Sustainability and Smart Home categories for redefining home energy management and resiliency. Merten Ocean Plastic receives praise as the first home energy solution made from recycled ocean plastics, while the new Odace Sustainable collection made from recycled materials is named as a Sustainability category honoree.

CES INNOVATION AWARDS 2022

Proud of 2021's Sustainability Achievements

The Schneider Sustainability Impact is a scorecard demonstrating that rapid, disruptive changes for a more sustainable world are possible across diverse, complex topics.

We are committed to taking urgent action to co-create a brighter future aligned with the United Nations Sustainable Development Goals (SDGs), consisting of 17 objectives and measuring our impact with transparency. The SDGs are about protecting the planet, alleviating poverty, and achieving worldwide peace and justice.

SCHNEIDER SUSTAINABILITY IMPACT

3.92/10

outperforming 3.75/10 target for 2021

In 2021, the Schneider Sustainability Impact (SSI) achieved a great score of 3.92/10[1] exceeding its 3.75/10 target for the year. Schneider Electric also received top ESG recognitions and is on track to achieve its 2025 ambition.

6 Long-term Commitments	11+1 targets for 2021-2025	Baseline[2]	2021 Progress[3]	2025 Target
Climate	1. Grow Schneider Impact revenues[4]	70%	71%	80%
	2. Help our customers save and avoid millions of tonnes of CO_2 emissions	263M	347M	800M
	3. Reduce CO_2 emissions from top 1,000 suppliers' operations	0%	1%	50%
Resources	4. Increase green material content in our products	7%	11%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	21%	100%
Trust	6. Strategic suppliers who provide decent work to their employees[1]	--	In progress	100%
	7. Level of confidence of our employees to report unethical conduct[1]	81%	+0pts	+10pts
Equal	8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/25/24	41/27/26	50/40/30
	9. Provide access to green electricity to 50M people	30M	+4.2M	50M
Generations	10. Double hiring opportunities for interns, apprentices and fresh graduates	4,939	x1.25	x2.00
	11. Train people in energy management	281,737	328,359	1M
Local	+1. Country and Zone Presidents with local commitments that impact their communities	0%	100%	100%

(1) The SSI provides an overall measure of the Group's progress on its sustainability goals on a scoring scale of 10. This is achieved by converting each KPI's performance on a 10-point scale, considering that base year performance receives a 3/10 score and the 2025 objective translates to a 10/10 score. The overall score of the tool is the average of each KPI's score with equal weight excluding the local commitment (SSI #+1). As an exception, in 2021, two other KPIs are excluded: SSI #6, as the program is still in development, and SSI #7, because 2021 is the baseline year.

(2) Generally, the 2020 performance serves as a baseline for SSI programs, except for two programs measured against a 2019 baseline to mitigate COVID-19 impacts (SSI #1 Impact revenues and SSI #10 opportunities for the next generation).

(3) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all of the SSI indicators, in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in each section of this report.

(4) For the reporting requirements under the European Taxonomy Regulation, please refer to page 68 and page 216.

Climate

Schneider is on the CDP Climate Change A List for the 11th year in a row.

Collectively, Schneider Electric's PPA advisory clients have contracted for more than 10,000 megawatts of wind and solar power globally, a volume equivalent to over 300,000,000 metric tons of CO_2.

Resources

Schneider was recognized as the Best Global Sustainable Supply Chain Organization by GSSC in 2021.

First company in the world to publish its biodiversity footprint followed by bold commitments to fight biodiversity loss.

Trust

Schneider awarded the Ethisphere 'most ethical company in the world' recognition for the 10th consecutive year.

Schneider awarded the 'Grand Prix de la Transparence' in the ESG information category.

Equal

The Financial Times awarded Schneider Electric the title of 'Diversity leader'.

Successful projects such as opening the biggest fish farm in West Africa in Senegal, equipped with renewable electricity and supporting local communities.

Generations

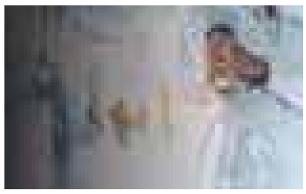
Committed to train 10,000 underprivileged young adults in Africa through the newly created French Southern African Schneider Electric Education Center.

25,000+ students up for a sustainable challenge – a record number of registrations to our global Go Green competition.

Local

100% of countries committed to act for communities: launching 200+ local initiatives.

Joining forces to support COVID-19 relief in India thanks to 6,500+ contributors from 48 countries taking actions to support emergency needs and recovery for education thanks to the Tomorrow Rising Fund.



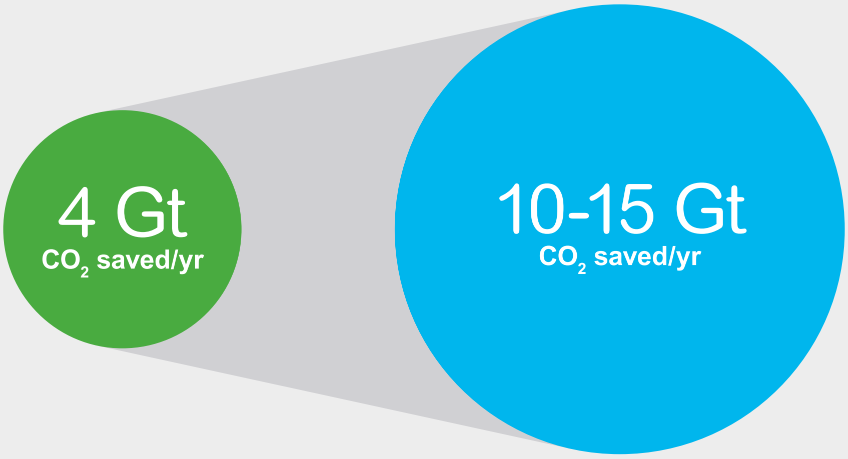
Read more about our long-term commitments on page 61 →

Business

Market trends – All electric, all digital

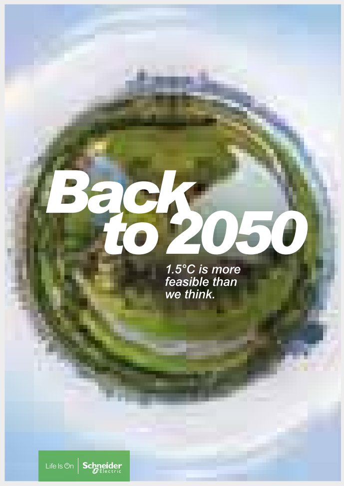
At Schneider Electric, we believe a more electric and digital world is key to reaching the 1.5°C increase trajectory needed to slow climate change and enable a resilient future. The disruption caused by the events of the past two years highlight how we need to build a more sustainable and resilient world.

We need to save 3x more CO_2 emissions by 2030



Current pledged savings, post COP26, by 2030 leading to ~2.7º rise

Minimum required savings by 2030 to limit to 1.5º rise



Source: Schneider Electric™ Research Institute Scenario: Back to 2050

Solutions to increase sustainability and resilience exist and are available today. Three megatrends highlight the shift to a world becoming all-electric and all-digital:

- **Electricity makes energy greener**: electricity is the most efficient energy and offers the best path for decarbonization.
- **Digitization builds a smart future:** digital tools make the invisible visible, enabling more effective waste reduction and efficiency improvements.
- **Digitization creates resilience:** data analytics and insights enable more agile operations and continuity.

All electric

Decarbonization of power supply by increasing electricity in the energy mix from 25% in 2018 to 80% by 2050

Increased electrification in mobility, industrial processes, homes and buildings

All digital

Growing need to aggregate exponential amount of data

Expansion of Internet of Things (IoT) in industrial processes driving abundance of data

New business models with artificial intelligence (AI), algorithms and digital platforms

What we do

Industries of the Future

Schneider Electric is committed to driving innovation in the industrial world. With technology, innovation and partnerships making up the core of our offer, we help industrial businesses achieve new levels of efficiency, resiliency and sustainability.

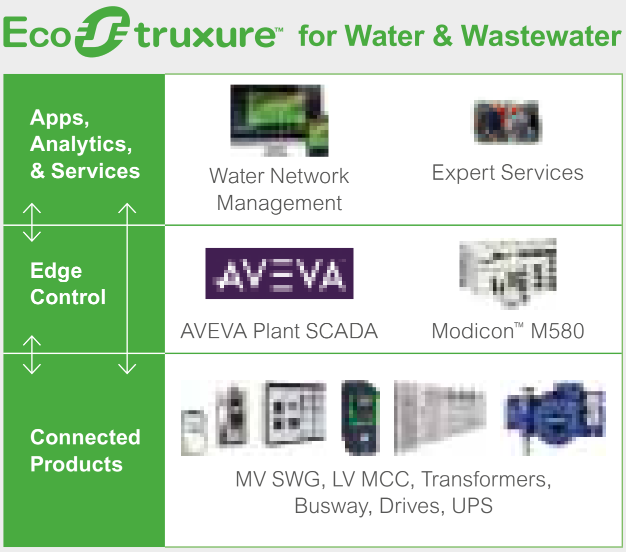
As a global manufacturer, named the most sustainable corporation in the world in 2021, with an end-to-end network of smart factories and distribution centers--including four designated by The World Economic Forum as Advanced Lighthouses--Schneider is on a mission to make industries of the future eco-efficient, agile and resilient through open, software-centric industrial automation.

Our next-generation framework and winning formula for industrial settings center around three core pillars: **universal automation, sustainable efficiency, and software-centric automation**. These create a foundation for protecting the environment and improving health and safety, while enabling real-time data sharing and remote operations that create step-change improvements in productivity and cost reduction. These core pillars are delivered through our innovative and unique EcoStruxure™ solutions and services, built from the legacy of world-leading and award-winning brands such as **Modicon, Foxboro, AVEVA, Triconex, TeSys, Altivar, Eurotherm, and Harmony**.

20% improvement in production efficiency in the largest African desalination plant

Schneider Electric worked with Al-Galala desalination plant in Egypt to improve their production efficiency and support the increasing water demand driven by population and economic growth. A complete EcoStruxure™ for Water and Wastewater solution has been delivered, including Schneider Electric expert services and leading-edge industrial software from AVEVA. Benefits for the customer are tangible:

- 20% improvement in production efficiency
- Complete integrated solution
- Optimization in design stage



Innovations introduced in 2021 include:

- **UniversalAutomation.org (UAO)** was formed by leaders and pioneers across industry to advance the world in industrial automation. Co-founded by Schneider Electric, UAO represents the first time that vendors, end users, OEMs, and academics will share a common automation software layer across their automation technology, regardless of brand.
- **EcoStruxure™ Automation Expert v21,** Schneider Electric's own universal automation offer, expands into the water and wastewater market.
- Next generation **Lexium MC12 multi carrier system** offers our original equipment manufacturers (OEMs), machine builders, and end-users unprecedented simplicity and flexibility from installation and integration to operation and maintenance.
- **Motor Management** innovations provide a holistic lifecycle solution for advanced asset management and energy efficiency, from "Design & Build" to "Operate & Maintain". Using next-generation digital simulation and design tools to optimize safety, performance, and sustainability, these advances are helping industries of the future thrive.
- Schneider Electric and **Wilo** partnered to provide complete solutions for energy efficiency and water conservation for sustainable buildings, municipalities, utilities, and industrial water applications.

>100

smart factories and distribution centers

30%

improvement in workforce efficiency using digital solutions (Hubei Sanning Chemical Industry Co., Ltd.)

50-70%

less energy required (Oxford Energy Solutions Inc).

15%

Energy savings of up to 15% and production efficiency improved by 20% (Veolia Water)

What we do

Buildings of the Future

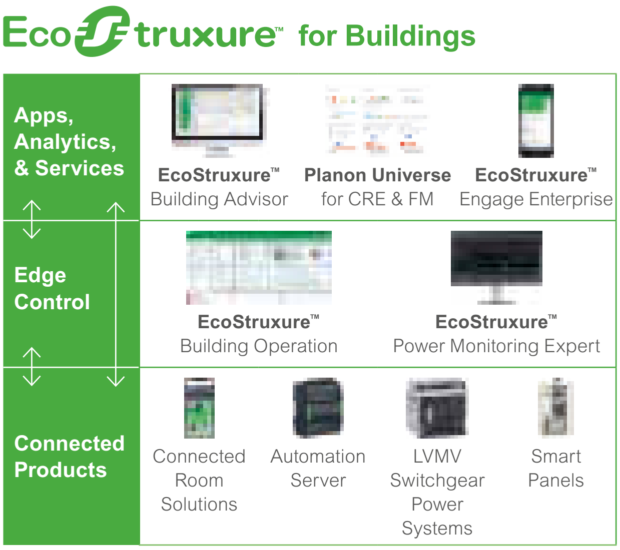
We spend the majority of our lives in buildings. They are where we work, learn, shop, and spend time with the people who matter most. That is why it is more important than ever that buildings are:

- **Sustainable** and return resources to our planet rather than just use them.
- **Resilient** and ready for the unexpected.
- **Hyper-efficient,** leveraging real-time data to be more responsive and deliver more for less.
- **People-centric** with safe, healthy, and welcoming environments that improve comfort and productivity.

Global demands for sustainability are forcing the industry to examine the role buildings play in producing carbon emissions and costly waste. The IEA estimates that the construction and operation of buildings consume 30% of the world's energy, and account for almost 40% of annual global CO_2 emissions[(1)].

For building owners and operators seeking to meet sustainability targets, Schneider Electric offers a comprehensive, step-by-step approach to move from strategy and implementation to operation, optimization and green certification to achieve a net-zero building.

With our services, software, and solutions, customers can increase their building valuation, meet or exceed investor and tenant expectations, and reach net-zero targets, while contributing to a better environment.



Headquarters of the future – London, England

The Dar Group, a leading, privately-owned professional services group, is putting EcoStruxure™ Building Graph to use at its new 19,000-square-foot European headquarters in London to create a sustainable, resilient, hyper-efficient, and people-centric work environment. Using real-time data monitoring, the collaboration has resulted in:

- A new smart and sustainable European headquarters building.
- LEED "Platinum" and BREEAM "Excellent" certification.
- Carbon emission reductions of 18.5%.
- A people-centric working environment focused on employees well-being and experience.
- Real time building monitoring.

Innovations introduced in 2021 include:

- **EcoStruxure™ Connected Room Solutions for Hotels:** Allows for integration and control of light, blinds, temperature and other occupant amenities at the guest room level. It enables a personalized and people-centric environment, while contributing to energy and carbon reduction goals.
- **EcoStruxure™ Building Graph:** Building operating system links the complex network of interactions between humans and buildings, connecting data across systems and Internet of Things (IoT) devices, enabling data accessibility and application development.
- **EcoStruxure™ Building Advisor:** A digital twin for your HVAC system, Building Advisor monitors the health of your HVAC assets and BMS and identifies opportunities for optimization of occupant comfort, maintenance prioritization, and overall building performance.

30%

Buildings consume 30% of the world's energy, via construction and operations

40%

Buildings account for almost 40% of world's annual CO_2 emissions

80%

of the buildings that will exist in 2050 have already been built[(2)]

(1) https://www.iea.org/topics/buildings
(2) https://www.ukgbc.org/ukgbc-work/net-zero-whole-life-roadmap-for-the-built-environment/

Homes of the Future

At Schneider Electric, we bring to life sustainable and smart homes of the future by connecting the lifeline of your home – electricity – with digital, to help achieve carbon-neutral goals. We design solutions to:

Make homes more sustainable

Homes are the single largest consumer of electricity and contribute up to 20% of carbon dioxide emissions. Schneider Electric provides solutions to make homes multi-energy source ready, maximizing electrification and, therefore, decarbonization (e.g., switching from fossil fuel to electrical heating), making it easy to upgrade existing installations.

Make homes more resilient

Schneider Electric's advanced technology helps customers secure homes against electrical hazard risks, cyber threats and power interruption. Unfortunately, defaults in electrical installations are more regular than we think, causing damage and losses. And they tend to become even more frequent with the ever-increasing number of natural disasters. One of our solutions, "Wiser" monitors the health of homes at any moment, so you can call an electrician before any harm is done. It also ensures that your critical appliances are powered even during outages.

Make homes more efficient

Digital solutions enable greater electrification. To deliver more efficiency, Wiser connects, controls and monitors devices, whether connected or not. For example, through an efficient temperature control you can save 20% to 30% in energy consumption, without compromising on comfort. Through real-time monitoring of your energy use, you have visibility over the electrical consumption of your home appliances and can put that information into action to reduce your electricity bill.

Make homes more personal

Schneider Electric helps you create a comfortable home with a bespoke style and personalized living experience at every moment. Thanks to digitization and machine learning, you can take complete control of your home while Wiser learns your preferences to deliver your unique smart home experience.

Customer testimony:

"As an innovative and committed advocate for the environment in the construction sector, Hexaom strives to make homes increasingly environmentally friendly and energy efficient. Our goal is to develop homes that are affordable, adaptive and self-reliant in terms of their energy needs. There are many such solutions on the market, across various fields, but they are largely complementary and lack an integrated "systems approach". That is why we are proud of our partnership with Schneider Electric, which together with Wiser Energy Center has now enabled us to offer a turnkey system of energy self-consumption".

Sébastien Perrissoud,
Innovation Leader at Hexaom

Innovations introduced in 2021 include:

- **Square D energy center:** A smart panel for resilient energy and more efficient homes, offering grid-to-plug home energy management. Recognized by the National Association of Home Builders Global Innovation Awards.
- **Merten System switch:** First switch in the world to be Cradle to Cradle Certified® Silver.
- **Square D:** Smart home enabled switches, dimmers, and sensors in North America.
- **Wiser home automation additional features:** presence detection, cameras, and water leaks detection.

29%
of worldwide electricity is consumed by residential segment(1)

20%
Homes contribute up to 20% of carbon dioxide emissions(2)

>€3.6B
of property is damaged due to electrical fault(3)

(1) International Energy Outlook 2019 (EIA)
(2) UN environmental Program 2020
(3) International Energy Outlook 2019, End-use consumption is increasingly shifting toward electricity

What we do

Infrastructure of the Future

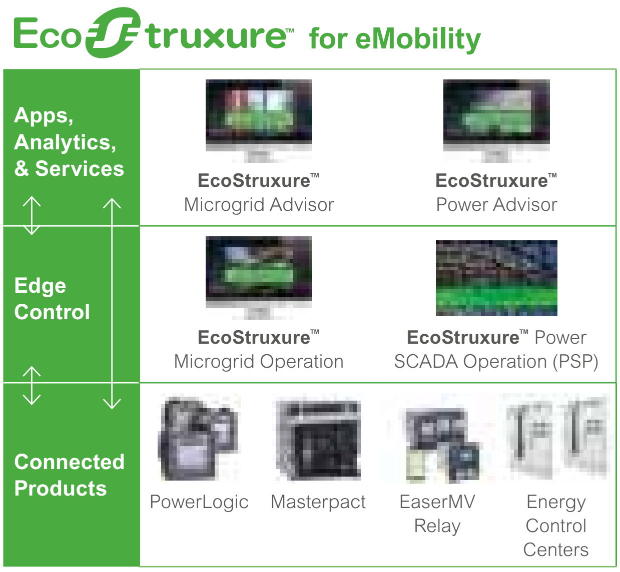
Infrastructure is the backbone of society. Schneider Electric's technology, services, and expertise enable cities and companies to make infrastructure more reliable, safer, greener, and more efficient.

Grids

Sustainable, flexible, efficient, and resilient power grids are fundamental to accelerate the energy transition. In addition to providing innovative electrical equipment, such as switchgear that uses pure air instead of the SF_6 greenhouse gas, the company equips grid operators with data gathering, management, and analytics capabilities that unlock **grids of the future**. These digital grid transformations further enable the decarbonization of buildings, industry, and mobility.

Transportation infrastructure

Many governments, cities, and transit authorities are pioneering mobility and infrastructure projects using end-to-end EV charging solutions, renewables, battery storage, and microgrids. Schneider Electric makes this possible through a foundation of **digital, future-proof, financially innovative, and services-based infrastructure solutions.** These solutions modernize and digitize diverse transportation infrastructure including buses, metros, railways, and airports, speeding up the transition to low-carbon mobility.



Brookville Bus Depot

A first-of-its-kind "Energy as a Service" infrastructure electrification project ensuring the bus fleet's continuous operation regardless of utility outages. Backed by renewables, it advances Montgomery County's 2035 net-zero carbon emissions goal. The project is set to deliver sustainable and resilient energy and charging infrastructure supporting at least 44 electric buses at Brookville Smart Energy Bus Depot.

- Solutions installed: solar PV, on-site generation, battery energy storage, microgrid controls, and electric bus chargers
- 62% carbon reduction from buses eliminating lifetime ~155,000 tons of GHG
- 99.999% resilience and reliability of operations and sized to handle peak-demand
- Turnkey Energy-as-a-Service solution

Innovations introduced in 2021 include:

- **SM AirSeT and RM AirSeT** are digital MV switchgear ranges using pure air technology, eliminating the need for the SF_6 greenhouse gas.
- **EcoStruxure™ ADMS** (Advanced Distribution Management System) latest release provides utilities with new capabilities in coping with far-reaching effects of climate change
- **EcoStruxure™ DERMS** (Distributed Energy Resource Management System) provides active network management for greater grid flexibility.
- **EcoStruxure™ Power Automation System** provides digital automation for more efficient operation and maintenance programs.
- **EcoStruxure™ EV Advisor** is a platform for building owners and EV drivers to control EV charging remotely.
- **ETAP Train Power Simulation - eTraX™** is software for designing, analyzing, and managing AC and DC railway infrastructure.

80%

of global CO_2 emissions come from the production and consumption of energy[(1)]

60%

rise in CO_2 emissions from transportation by 2050 in absence of mitigation measures[(2)]

(1) OECD/IEA (2020), World Energy Outlook, Climate Watch (2020), Historical GHG emissions, Schneider Electric Research
(2) Planete Energies

Data centers of the Future

Data centers are the lifeblood of the digital world. From massive cloud data centers enabling global peer-to-peer communications for billions of people, to the smallest micro data centers supporting expanding edge computing applications, data centers must be sustainable, resilient, efficient and adaptive.

Critical attributes of evolving data centers:

Sustainability – Sustainability is more than just reducing power consumption, it's about creating direct customer benefits. Beyond just tracking their company-based emissions, data centers must account for the emissions of their upstream and downstream supply chain. Robust data is the key to rounding out an organization's sustainability profile.

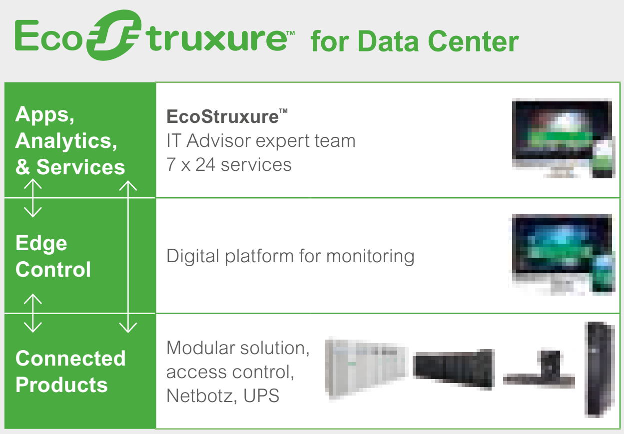
Resilience – By reducing exposure to hazards and associated risks, like unanticipated blackouts, data center owners can mitigate unplanned downtime. Through monitoring and data analysis, data center teams can proactively avoid uptime threats and support business continuity.

Efficiency – Data center efficiencies, which often encompassed only process and hardware performance efficiencies, will soon include human resources, CapEx, and total cost of ownership (TCO) efficiencies. By equipping devices with intelligent sensors and adding more digital services and remote monitoring capabilities, data centers will drive more efficient operations.

Adaptiveness – A new threshold for business success has emerged: deliver goods and services with speed and precision. As customers demands increase, data centers must also adjust. More agile designs now allow data center owners to pivot, quickly scaling up or down to handle changing consumer demands.

China International Intellectech Corporation (CIIC) boosts energy savings

As part of the Zhongzhi Group, CIIC is a leading human resources company in China, serving more than 20,000 customer companies across the country. By deploying Schneider Electric's low footprint Uniflair™ InRow™ Cooling and Hot-Aisle air containment system, CIIC succeeded in boosting energy efficiency and achieving a PUE (Power Usage Effectiveness) of 1.5°C, while reducing the required system footprint space by 70 square meters.



Innovations introduced in 2021 include:

- **Galaxy VL:** The new, energy-efficient Galaxy VL is designed to help data centers grow while minimizing footprint and cost of ownership. As a Green Premium™ product, it delivers top performance, supports sustainability objectives, and fills a previous gap in the market for the midrange power segment.
- **Monitoring and Dispatch Services:** Designed for single-phase systems within edge environments, Monitoring and Dispatch Services provide both customers and partners with advanced remote troubleshooting and on-site support. End users can reduce OpEx, improve cost predictability, and reduce costly business interruptions.
- **Smart-UPS Ultra:** The first of its kind, APC Smart-UPS Ultra is redefining the single-phase UPS, making it lighter and more powerful. It uses lithium-ion technology to power distributed IT and edge computing sites to ensure uptime and resilience.

Leading change in the data center industry

"The data center industry has unique characteristics, such as high energy intensity, rapid growth, large power consumption, and water usage, that require specialized metrics. Standardizing these metrics will help with adoption, improve benchmarking, and progress sustainability within the industry."
Schneider Electric Energy Management Research Center, Guide to Environmental Sustainability Metrics for Data Centers

1-2%
Estimated global energy consumption by data centers(1)

50%
Growth in IT sector electricity demand by 2050(2)

50%
Reduction in carbon intensities of data centers by 2030(2)

(1) https://www.science.org/doi/full/10.1126/science.aba3758
(2) https://www.se.com/ww/en/insights/tl/schneider-electric-sustainability-research-institute/digital-economy-and-climate-impact-2

Our Business Model

Our mission is to be your digital partner

Our advantages and resources

We are the most local of global companies. We are advocates of open standards and partnership ecosystems that are passionate about our shared Meaningful Purpose, Inclusive and Empowered values.

People	Innovation	Environment	Partners and suppliers	Financial strength
128k+	1,000+	51	650k+	A-/A3
employees worldwide, in 100+ countries	patent applications filed globally in 2021	Number of zero-CO_2 sites	service provider and partner ecosystem	strong investment grade credit rating

Our expertise

Energy Management – Energy Transition

Industrial Automation – Industry 4.0

Our strategic pillars

Electrification **Sustainability** + Digitization **Efficiency**

Our strategic priorities

More Products

More Software & Services

More Sustainability

End Markets

Data Centers, Buildings, Industry, Infrastructure

IMPACT Company

Our five principles

1. Performance
The foundation for doing good

2. All Stakeholders
in our ecosystem

3. All ESG
dimensions

4. Business
Digital partner for Sustainability and Efficiency

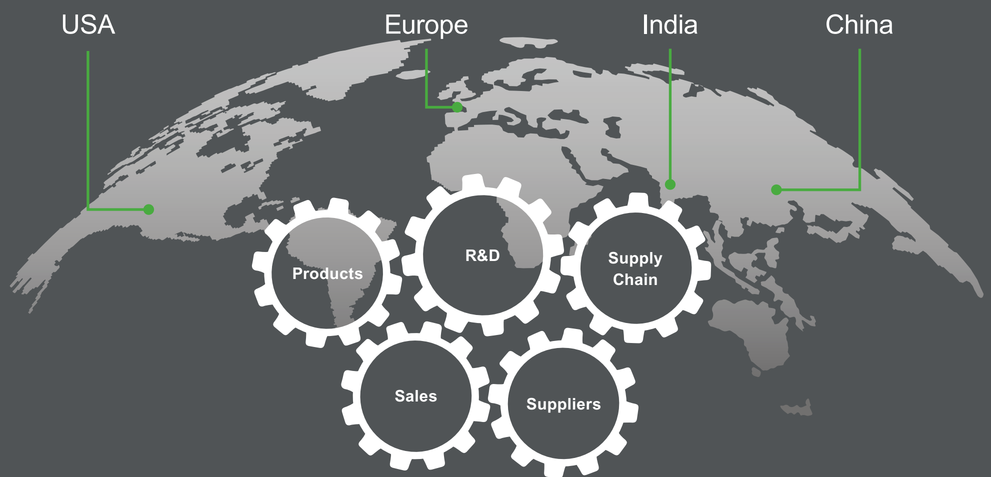
5. Model & Culture
set up for global and local impact

for Sustainability and Efficiency.

One integrated company

A fully integrated company empowering its people and offering greater efficiencies to customers.
One Sales, Marketing, Digital, Supply Chain and Associated Software.

Four hubs



Quadruple integration

1	Energy	+	Automation	Most innovative range of connected products
2	End Point	▶	Cloud	EcoStruxure
3	Design & Build	▶	Operate & Maintain	Software across the lifecycle
4	Site-by-site	▶	Integrated Company Management	Unified Operation Centers

Creating value

Creating value for all our stakeholders

For our customers	For our partners and suppliers	For the planet & local communities	For our employees	For our shareholders
347M	1k+	34M	59%	+49%
tonnes of CO_2 saved and avoided since 2018	of top suppliers enrolled in Zero Carbon Project	people provided access to green electricity since 2008	of eligible employees benefitting from 2021 share plan	1-year Total Shareholder Return

A future worth investing in

Our mission is to be your digital partner

Schneider Electric is positioned in accelerating markets…

Need for sustainability and resiliency…

…supported by governments, businesses, investors, customers and civil society

Our Answer:		Leading to:
Digitization +	**Electrification** ▸	**Sustainable world**
for efficiency	for Decarbonization	greener & smarter
Eliminate waste, drive efficiency and optimize from plant to plug	Most efficient energy and the best vector of decarbonization	

…and will leverage our unique operating model to deliver on our mission

The integrated company

It allows us to provide our customers with a complete plug and play and seamless integrated solution.

Open

We believe in the power of open ecosystems & partners.

Multi-hub

Multi-hub is a key element to offer improved resiliency, agility, proximity with our customers and suppliers.

The Impact Company

Sustainability is at the core of everything we do, in line with our purpose.

Read more about our operating model in Chapter 1 on **page 46** →

for Sustainability and Efficiency.

Through the development of incremental growth drivers

More sustainable products

78% of product sales in 2021 are with Green Premium™ label

More Software

Across the lifecycle, from Design & Build to Operate & Maintain, and across customer domains of Industry & Infrastructure, Power and Buildings. For a seamless customer experience derived through unification and federation of a unique portfolio.

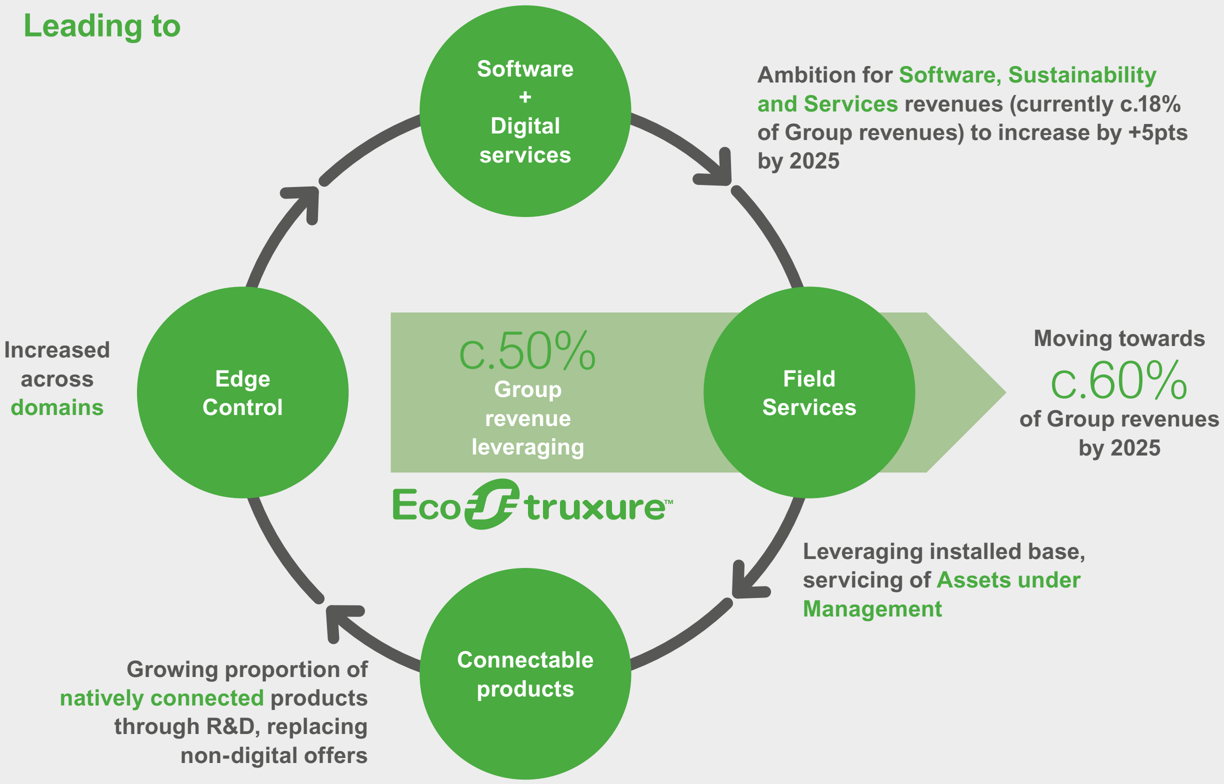
More Services

2x Group growth, peace of mind to customers on mission critical assets

More Sustainbility

Supporting customers in defining and implementing their net-zero roadmap, to drive double-digit growth

Leading to



A changemaker for sustainability

For over 15 years, sustainability has been at the core of Schneider Electric's transformation journey. The Group is now a world corporate leader in sustainability and a key enabler for all stakeholders in its ecosystem to accelerate their own energy efficiency and sustainability transition. With this experience, comes a strong belief that what makes Schneider Electric stand out today and tomorrow is that it is an impact company.

IMPACT Company

"Companies need to have a net positive mindset where they can benefit from solving the world's problems instead of creating them. This restorative mindset is aligned with Schneider Electric's impact company model that can be a true driver for change."

Bertrand Piccard
Chairman of the Solar Impulse Foundation

Schneider Electric is an impact company, a company which lives by a unique sustainability strategy and operating model, built to deliver positive impacts in the long-run. It entails a responsibility to share learnings and keep raising the bar.

An impact company seeks to address the needs of all stakeholders in its ecosystem, from employees to supply chain partners, customers, as well as local communities and institutions.

To deliver sustainability in its entire value chain, it must combine a solid profitability with leading practice on all Environmental, Social and Governance dimensions.

It means that an impact company has inherently aligned and integrated its purpose and its business mission to ensure its corporate value delivers on sustainability needs and ambitions.

The company's operating model is set up to impact on all of the above at global and local levels. Its culture builds on strong and practiced values with the right talent and processes to be a leading purpose-led company.

Our Guiding Principles

1. **Performance**
   the foundation for doing good
2. **All Stakeholders**
   in our ecosystem
3. **All ESG**
   dimensions
4. **Business**
   digital partner for Sustainability and Efficiency
5. **Model & Culture**
   set up for global and local impact

An Impact model recognized in external ratings

Most Sustainable Corporations in the World 2021 GLOBAL100

LEADER IN DIVERSITY 2021

2021 WORLD'S MOST ETHICAL COMPANIES

ecovadis

CDP A LIST 2021 CLIMATE

Our 2025 sustainability commitments

With less than ten years left to reach the 17 United Nations SDGs, Schneider Electric has accelerated its impact and is making new, bold commitments to drive meaningful impact within the framework of its business activity. Such sustainability commitments and progress are fully integrated in the governance processes and bodies that design and execute the Group's strategy internally and externally at every level from the Board of Directions to the operations.

Act for a climate-positive world

by continuously investing in and developing innovative solutions that deliver immediate and lasting decarbonization in line with our carbon pledge.

Be efficient with resources

by behaving responsibly and making the most of digital technology to preserve our planet.

Live up to our principles of trust

by upholding ourselves and all around us to high social, governance, and ethical standards.

Create equal opportunities

by ensuring all employees are uniquely valued in an inclusive environment to develop and contribute their best.

Harness the power of all generations

by fostering learning, upskilling, and development for each generation, paving the way for the next.

Empower local communities

by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all.

Schneider Sustainability Impact

Progress against our six commitments for 2021 – 2025 are tracked through quantitative performance indicators, under two complementary tools: the Schneider Sustainability Impact (SSI) and the new Schneider Sustainability Essentials (SSE).

The SSI is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative programs. The programs are tracked and published quarterly, as well as audited annually. To instill a culture of sustainability, the SSI performance is embedded in the short-term incentive plans for the managers and leaders of the Group. A notable addition to the SSI in 2021 is the local commitment, aiming to deploy meaningful local actions in the 100+ markets where the Group operates.

The SSE is a new tool created to maintain a high level of engagement and transparency for 25 other long-lasting programs, such as our promise to pay all our employees above the living wage.

Our unique transformation tool

1. **Focused**
   on material issues
2. **Disrupting**
   the *status quo*
3. **Transparent**
   quarterly disclosure
4. **Robust**
   assured by an independent third party
5. **Rewarding**
   employees for performance

2021 – 2025 SCHNEIDER SUSTAINABILITY IMPACT

2030 PLEDGE

For our Ecosystem

Climate

Carbon pledge towards net-zero CO_2 emissions

In our operations by 2030

In our value chain by 2050

Biodiversity

Pledge to be efficient with resources with no net biodiversity loss in our operations by 2030

Access to Energy

Provide access to green electricity to 100 million people by 2030

2022 outlook and target

Expected trends in 2022

The Group expects to grow both its revenues and profitability in 2022, in line with the framework for sustainable growth for the medium and long-term announced in its recent Capital Markets Day.

In 2022, the Group expects:

- A continuation of strong and dynamic market demand, including further recovery in late-cycle segments
- All regions and all four end-markets expected to contribute to growth
- Sales to benefit from higher level of backlog exiting 2021
- Ongoing uncertainty linked to health crisis
- Ongoing global supply chain pressures continue to impact in coming months
- Increased pressure on input costs, including raw materials, labor, freight and the sourcing of electronic components
- Despite the overall inflationary environment, and current supply chain pressures, the Group aspires to be net price positive for the full year (including impacts of freight and electronics)

2022 Target

The Group sets its 2022 financial target as follows:

2022 Adjusted EBITA growth of between +9% and +13% organic.

The target would be achieved through a combination of organic revenue growth and margin improvement, currently expected to be:

- Revenue growth of **+7% to +9% organic**
- Adjusted EBITA margin up **+30bps to +60bps organic**

This implies Adjusted EBITA margin of **around 17.6% to 17.9%** (including scope based on transactions completed in 2021 and FX based on current estimation).

The Group expects progress on these levers to be weighted towards H2.

2022-2024 targets and long-term ambitions as announced in Capital Markets Day

2022 – 2024 Targets

- Organic revenue growth of between **+5% to +8%**, on average
- A yearly organic improvement of between **+30 bps to +70 bps** in adjusted EBITA margin
- **c.€4 billion** Free Cash Flow by 2024

Longer-term ambitions

- Organic revenue growth of **5%+** on average across the economic cycle
- Opportunity to **further expand** adjusted EBITA margin and Free Cash Flow beyond 2024: Operational leverage and continued evolution of business mix to positively impact margins

Governance

Our Board of Directors

As of March 29, 2022, the Board of Directors consisted of 15 Directors and 1 Observer. The terms of office of Mr. Willy Kissling and Mrs. Fleur Pellerin who did not ask to be renewed, will end at the Annual General Meeting to be held on May 5, 2022. The appointment as a Director of Mrs. Nive Bhagat who joined the Board as an Observer on February 16, 2022 will be submitted to shareholders on this occasion. As of May 5, 2022, the Board should then be composed of 14 Directors.

Jean-Pascal Tricoire
Chairman &
Chief Executive Officer
58 years, French

- Organizes and oversees the Board's work and reports thereon
- Represents the Company in its dealings with third parties, and is vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose

Fred Kindle
Vice-Chairman &
Lead Independent Director
62 years, Swiss

- Ensures proper governance
- Sets the agendas for Board meetings with the Chairman
- Meets with shareholders
- Chairs the Governance & Remunerations Committee
- Chairs the executive sessions

- **3 Employee Directors**
- **75% independent Directors***
- **42% women Directors***
- **73% non-French Directors**
- **9 nationalities from 3 continents**

* The Director representing the employee shareholders and Directors representing the employees are excluded as per the French Commercial Code and AFEP-MEDEF Corporate Governance Code.

Board Expertise

- International markets (13)
- Corporate finance (12)
- Public company management (11)
- Industry knowledge (8)
- Accounting, audit & risk (5)
- Sustainability (4)
- Law, governance, ethics & compliance (4)
- Digital & Technology (4)
- Employee perspective and knowledge of the Group (4)

Léo Apotheker
Director
68 years, French & German

Cécile Cabanis
Independent Director
50 years, French

Rita Felix
Employee Director
39 years, Portuguese

Willy R. Kissling
Director
77 years, Swiss

Linda Knoll
Independent Director
61 years, American

Jill Lee
Independent Director
58 years, Singaporean

Xiaoyun Ma
Employee Shareholders Director
58 years, Chinese

Anna Ohlsson-Leijon
Independent Director
53 years, Swedish

Fleur Pellerin
Independent Director
48 years, French

Anders Runevad
Independent Director
62 years, Swedish

Gregory Spierkel
Independent Director
65 years, Canadian

Lip-Bu Tan
Independent Director
62 years, American

Bruno Turchet
Employee Director
48 years, French

Nive Bhagat
Observer
50 years, British

Board committees

- Governance & Remunerations Committee
- Audit & Risks Committee
- Investment Committee
- Digital Committee
- Human Resources & CSR Committee
- (C) Committee Chair

Activities of the Board in 2021

There were 7 meetings (including a Strategy session of 4 half-days) with 97% average attendance.

Business & Financial results
Ongoing business, Financial statements and information delivered to the market, ESG strategy.

Strategy and investment
Review of strategic priorities, including during the Strategy session, and authorization of significant acquisitions and disposals (over €250 million)

Risks & Compliance
Risk mapping, Business continuity plan, Ethics & Compliance framework

Corporate governance
Composition of the Board and its committees, succession plan for corporate officers, compensation of Corporate officers, Long-term incentive plan, Preparation of the Annual General Meeting

Board committees

Governance & Remunerations	Audit & Risks Committee	Investment Committee	Digital Committee	Human Resources & CSR Committee
7 meetings**	6 meetings**	3 meetings**	5 meetings**	4 meetings**
6 members	5 members	6 members	5 members	6 members
67% independent	80% independent	80% independent*	75% independent*	75% independent*
94% average attendance	100% average attendance	89% average attendance	100% average attendance	100% average attendance

*Excluding the Director representing the employee shareholders and Directors representing the employees. ** Including joint meeting with other committee.

Our Executive Committee

Global functions | Operations | Business

As at April 1st, 2022, the Executive Committee is chaired by the Chairman and Chief Executive Officer and meets monthly. Its mission is to conduct Schneider Electric business in line with the strategy defined by the Board of Directors.

Jean-Pascal Tricoire
Chairman &
Chief Executive Officer
58 years, French

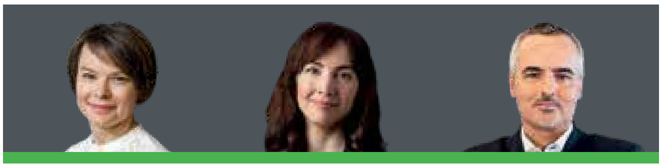
Hilary Maxson
Chief Financial
Officer
44 years, American

Charise Le
Chief Human
Resources Officer
49 years, Chinese

Chris Leong
Executive Vice-President
Chief Marketing Officer
54 years, Malaysian

Hervé Coureil
Chief Governance Officer &
Secretary General
51 years, French

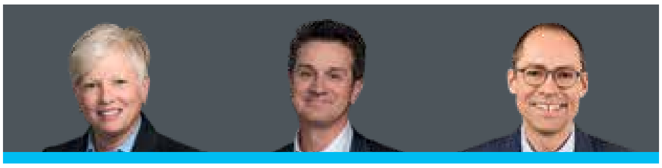
Mourad Tamoud
Executive Vice-President
Global Supply Chain
50 years, French



Nadège Petit
Chief Innovation
Officer
42 years, French

Gwenaelle Avice-Huet
Chief Strategy &
Sustainability Officer
42 years, French

Peter Weckesser
Chief Digital
Officer
53 years, German



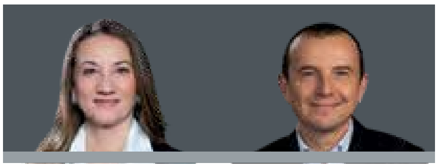
Annette Clayton
Executive Vice-President
North America Operations
58 years, American

Philippe Delorme
Executive Vice-President
Europe Operations
51 years, French

Laurent Bataille
Executive Vice-President
France Operations
43 years, French

Luc Rémont
Executive Vice-President
International Operations
52 years, French

Zheng Yin
Executive Vice-President
China Operations
50 years, Chinese



Barbara Frei
Executive Vice-President
Industrial Automation
51 years, Swiss

Olivier Blum
Executive Vice-President
Energy Management
51 years, French

- **44% women**
- **44% non-French members**
- **6 different nationalities from 3 different continents**

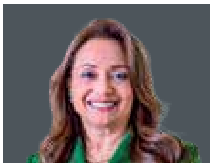
Our Stakeholder Committee

The primary mission for the Stakeholder Committee is to oversee the delivery of long and short-term commitments undertaken by Schneider Electric in accordance with its Purpose and Sustainability strategy.

Jean-Pascal Tricoire
Chairman &
Chief Executive Officer
58 years, French

Bertrand Piccard
Chairman of Solar Impulse
Foundation
64 years, Swiss

Lan Xue (Dr.)
Cheung Kong Chair
Distinguished Professor and
Dean of Schwarzman College
in Tsinghua University
62 years, Chinese



Amani Abou-Zeid (Dr.)
African Union Commissioner
in charge of Infrastructure,
Energy, ICT and Tourism
60 years, Egyptian

Linda Knoll
Director of Schneider
Electric SE, HR&CSR
Committee Chair
61 years, American

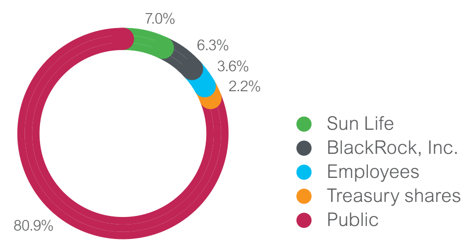
Rita Felix
Employee Director of
Schneider Electric SE
39 years, Portuguese

Salvo Lombardo
Chief of staff, UNHCR
63 years, Italian

Emily Reichert (Dr.)
CEO, Greentown Labs
48 years, American

Michela Conterno
CEO, LATI
46 years, Italian

Our Shareholders



Our Executive compensation

The general principles underlying the compensation policy for Corporate Officers and the analysis of their contribution to the Group's performance are reviewed and approved by the Board of Directors based on the recommendation of the Governance & Remunerations Committee. Executive compensation set by the Board of Directors is aligned with the Group's global strategy and is based on **three pillars** divided into **seven principles:**

Pay for Performance

1. Prevalence of variable components: *circa* 80% for CEO (at target).

2. Performance is evaluated via economic and measurable criteria.

3. Financial and Sustainability objectives are fairly balanced and distributed between short-term (annual variable compensation) and medium-term (long-term incentive) components.

Alignment with shareholders' interest

4. Significant proportion of the total compensation delivered in shares.

5. Performance conditions support Schneider Electric's strategic priorities and are aligned with shareholders' expectations.

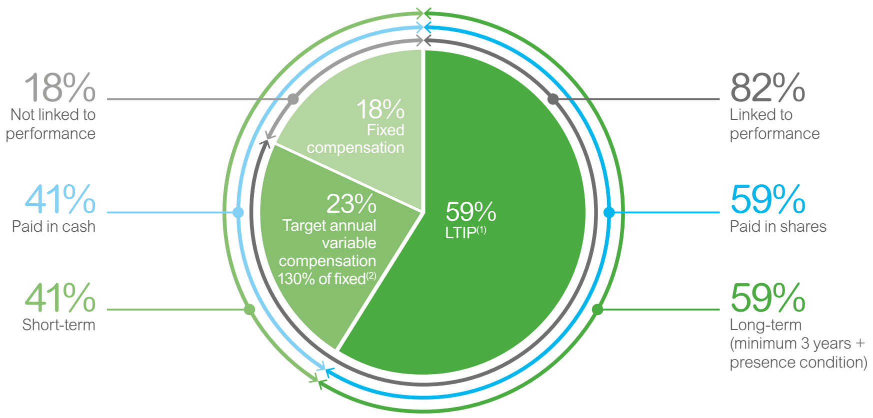
Competitiveness

6. To benchmark the Corporate Officer's compensation package "at target" in the median range of the Company's updated peer group.

7. To reference the CAC 40 third quartile and the Stoxx Europe 50 median.

Aligned with those principles, the compensation of the Corporate Officer is made of the following components: for the variable component of the compensation, the Board upon recommendation of the Governance & Remunerations Committee, chooses the performance conditions directly linked to the Group's priorities. The Schneider Sustainability Impact (SSI) which includes a climate target (see section 2.1.2 of the Universal Registration Document) is used as a criterion in the annual variable compensation of the Corporate Officer and that of the 64,000 employees benefiting from such compensation. In the same way, the Schneider Sustainability External & Relative Index (SSERI) is used for the long-term incentive plan granted to 3,000+ employees including the Corporate Officer.

Balance between compensation elements



(1) LTIP granted during 2021 fiscal year valued in accordance with IFRS standards
(2) Between 0% and 260%

Group's strategic priorities

- **Organic growth**
- **Value for customers**
- **Sustainability**
- **Continuous efficiency**
- **Value & returns to shareholders**

How the strategy links to the corporate officers' variable compensation

Annual incentive plan

Delivering strong execution and creating value for customers and shareholders every year to contribute to Schneider Electric's long-term success

Group organic sales growth	Group adjusted EBITA margin improvement	Group cash conversion rate	Schneider Sustainability Impact
40%	30%	10%	20%

Long-term incentive plan

Building an integrated and leading company with strong sustainability focus and attractive returns to shareholders

Adjusted Earnings Per Share	Relative Total Shareholder Return	Schneider Sustainability External & Relative Index
40%	35%	25%

Our Enterprise Risk Management

Schneider Electric places a significant importance on resilience within the values and principles which guide its actions, as a key element for sustainable growth which is part of the Group's Sustainability value.

An Enterprise Risk Management based on the three lines of defense model

Schneider Electric uses a hybrid risk management model with central functions and experts in charge of setting risk management mechanisms, establishing policies, and other activities, while the ownership of the risks belongs to the Business Units and Operating Divisions who are responsible for deploying the central framework to manage their risks.

Board of Directors and Audit & Risks Committee
Accountable to stakeholders for organizational oversight

Governing body roles: Integrity, leadership and transparency

Delegation, direction, resources oversight

Accountability, reporting

Management
Actions (including managing risk) to achieve organizational objectives

Alignment, communication, coordination, collaboration

Internal Audit
Independent assurance

1st line roles:	2nd line roles:	3rd line roles:
Business and risk owner, provide products/ services to customers and manage risk	Global Functions Leaders and Experts, oversee risks, set guardrails (policies, process, control), advise and monitor 1st line	Advice on the adequacy and effectiveness of governance and risk management
• Divisions, Business Units • Zones, Clusters, Countries	• Cyber Security • Compliance • Quality • ...	• Global Internal Audit

Key Risks

The key risks selected and presented below are the risks considered by the Group as the one specific to its business and identified as having the potential to affect its activity[(1)]. In each category, risks are assessed in terms of potential impact for the Group, the first one being the most likely to affect the Group.

	Categories and Risks	Potential net impact
1	**Event triggered risks**	
1.1	Risk of cybersecurity on the Schneider Electric infrastructure and its digital ecosystem	High
1.2	Export controls	High
1.3	Strengthening of chemical and resource-related regulations in the Electric and Electronic Equipment space	Low
1.4	Corruption linked to B2B and project business	Low
1.5	Human rights, environmental, and safety issues through the value chain	Low
1.6	Schneider Electric connected products used as a gateway to attack Group's customers and partners	High
1.7	Product quality	Medium
1.8	Competition laws	Medium
1.9	Counterparty risk	Low
1.10	Currency exchange risk	Low
2	**Trend driven risks**	
2.1	World deglobalization and fragmentation	High
2.2	New players such as digital giants, software players, and energy majors entering the energy efficiency and renewable energy space	Medium
2.3	Supply chain resilience	Medium
2.4	Digital evolution and software offers	Medium
2.5	Attracting and developing talent with a focus on critical skills	Medium
3	**Management practice risks**	
3.1	IT systems management	Medium
3.2	Pricing strategy	Low

Key to symbols

- High impact
- Medium impact
- Low impact

(1) However, the Group may be exposed to other non-specific risks, or risks of which it may not be aware, or risks of which it may be underestimating the potential consequences, or other risks that may not have been considered by the Group as being likely to have a material adverse impact on the Group, its business, financial condition, reputation or outlook.

Meeting the challenges of today and tomorrow

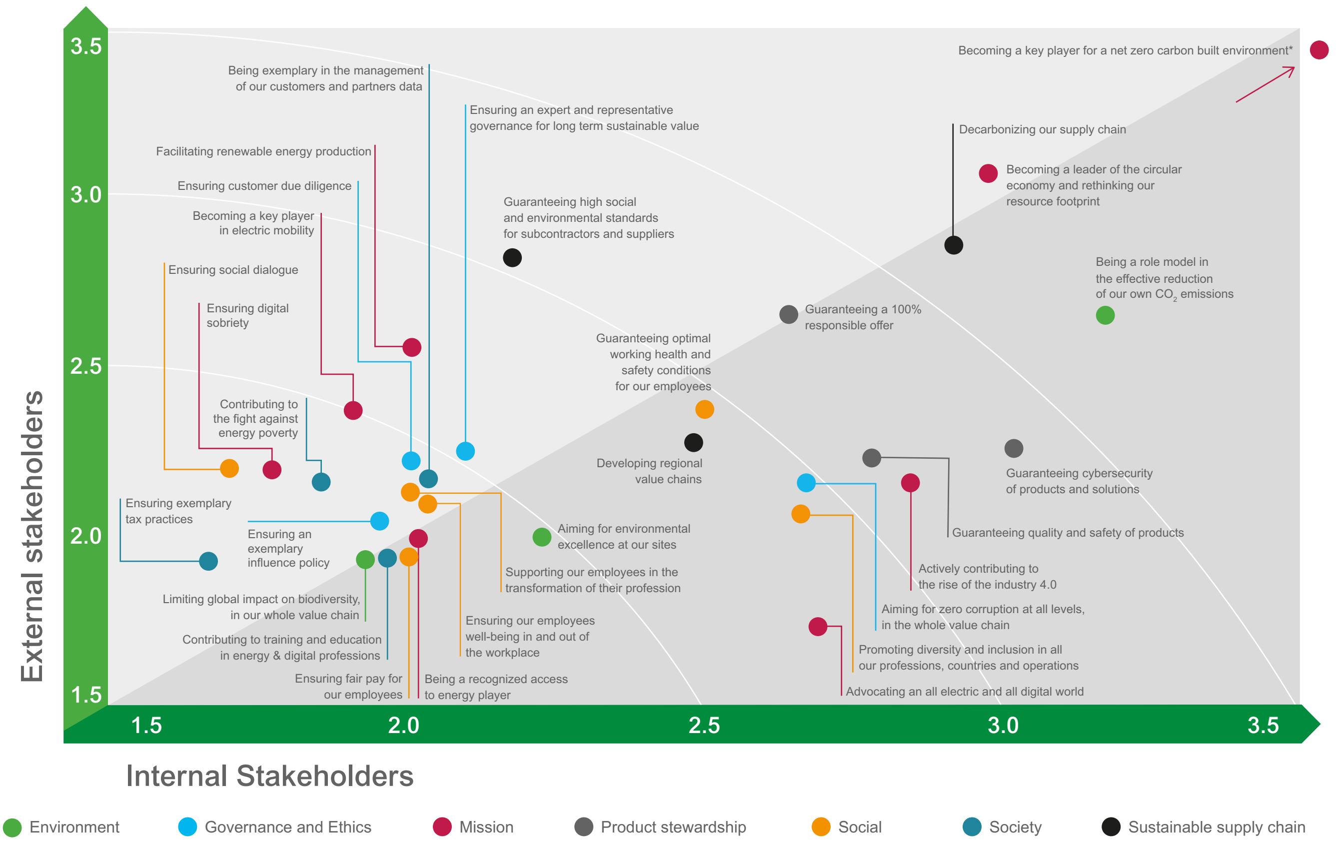
Schneider Electric is committed to open communication with its ecosystem and uses the feedback to analyze its market and define areas of engagement. The 2021 – 2025 Schneider Sustainability Impact program offers ways to implement quick and disruptive changes on issues identified as a priority by the Group and its stakeholders.

Key stakes for our ecosystem identified by the materiality assessment

To consolidate the relationship and expectations of its external and internal stakeholders, Schneider Electric updates its materiality assessment on a regular basis. In 2020, the Group launched the stakeholder consultation process to update its materiality matrix and build the new Schneider Sustainability Impact. Almost 200 stakeholders – customers, suppliers, international organizations, trade associations, experts, shareholders, senior managers, and members of the Executive Committee – were invited to assess the importance of the challenges facing the Group.

The general consensus was that companies need to become more resilient in the face of growing environmental, social, political, and economic instability. What stakeholders most expect from the Group is genuine leadership in decarbonizing the economy through its businesses, products, and solutions. The four main trends were climate, circular economy, a fair and equitable transition, and digitized, cybersecure solutions. All 31 issues raised were deemed important, thus reinforcing our holistic vision of sustainability and the Company's extended responsibility to its ecosystem, in particular its supply chain.

Materiality matrix



Committed with our partners

B4IG United Nations Global Compact WORLD ECONOMIC FORUM idh the sustainable trade initiative BUSINESS AMBITION FOR 1.5°C

Read more on our dialog with stakeholders **page 75** →

Shared sustainable and responsible value

Schneider Electric aims to boost its positive impact on the planet and society at large by promoting a green and responsible growth that is shared with all its internal and external stakeholders.

Unique ecosystem of partners

To share its expertise and develop high-performance solutions, Schneider Electric builds long-term partnerships with a wide range of global and local players.

Schneider has developed the industry's largest network of distributors, and works with many types of suppliers, as well as with its end customers. The Group is continually strengthening its local connections in all countries to deliver the best customer experience and co-develop sustainable and effective digital solutions.

Alongside business partnerships, the Group is involved in various local or international associations and organizations supporting sustainability, working with key players from across society. Schneider confirms its commitment to and participation in discussions on challenges related to climate change. To further advance social and environmental best practice, Schneider Electric reiterates its commitment to the Ten Principles of the United Nations Global Compact on an annual basis. Since 2018, the Group has been among the 38 LEAD companies most committed to this initiative. The Group is also an active member of the Business for Inclusive Growth (B4IG) coalition.

Last but not least, the Group is committed to all its employees empowering people across generations and regions and offering equal opportunities.

Stakeholder mapping

Source: CSR sector reporting guide, 2017.

Revenue breakdown by stakeholder

Every year for the last 15 years, Schneider Electric has published a diagram showing its revenue distribution and financial flow for its various stakeholders.

2021 Total Revenue: €28,905 million

Employees: wages	States: income taxes	Non-governmental organizations: donations	Shareholders: dividends	Bank: net bank fees	Procurement and other
€8,434 million	**€966 million**	**€19 million**	**€1,447 million**	**€95 million**	**€15,775 million**

Investment capabilities

Net external financing* including capital change	Operating Cash flow after Dividend Payment
(€1,646 million)	**€2,169 million**

Investments and development	Net financial investments	Change in cash
€817 million(1)	**€4,351 million**(2)	**(€4,645 million)**

R&D: **€1,539 million**

* Borrowings, capital increases and treasury stock disposals.
(1) Of which **€307 million** in R&D.
(2) Of which **€136 million** for long-term pension assets.

Great people make a great company

As the changes to our world accelerate and transform our industry, we consider the Group's culture as a key business differentiator to achieve profitable growth through innovation and to outpace the market. Schneider Electric is a people company where employees come to work for a meaningful purpose and feel empowered to have an impact.

New work paradigm

As we move towards a post-pandemic era, the nature of work, the workplace, and the relationships between companies, customers, and employees have dramatically changed. First, we need to strengthen trust through a meaningful purpose, ethics, fairness, health and safety (physical and psychological), well-being, and employee experience. Second, we must accelerate the transformation of our culture, leadership, and new ways of working. We believe these new ways of working – with a focus on digital, our multi-hub approach, hybrid work, and well-being – are here to stay. Third, there are up to five generations working side by side, and each generation has a varied set of expectations from their employer. This in turn is leading to a shift towards a highly personalized, digitized employee experience with choice and flexibility.

Our people are also passionate about our meaningful purpose, to empower all to make the most of our energy and resources, bridging progress and sustainability. The energy transition and digitization require Schneider Electric to work closely in its different markets and to develop a shared vision with customers, supported by faster innovation, technology, and deep insights. As such, we need to shape our organizational culture to meet this challenge and motivate us all.

The most local of global companies

Globalization allows Schneider Electric to welcome more diverse teams and to ensure our local presence best supports our customers' specific needs with a true multi-market knowledge and culture. We prioritize how we develop and retain our employees to create an inclusive workplace that offers long-term career and development prospects and learning pathways.

We are the most local of global companies. Our multi-hub operating model is built across four decentralized hubs: Paris for Europe, Hong Kong for Asia, Boston for North America, and most recently, India. This model empowers employees and provides them with opportunities to grow within our organization, and we are continually championing diversity, equity, and inclusion to make a bigger impact on society.

Our People Vision

All this change influences how we work together and ultimately how we create value for our customers. We updated our People Vision to accelerate our business performance and transform our culture and leadership. At Schneider Electric, we are building for the future, in sync with the changes happening in our markets and with our customers.

Our People Vision consists of the following:

- **Our Employee Value Proposition (EVP)** is our commitment to engage existing and future talent. It's the reason why people join, stay, and remain engaged and shows how we differentiate ourselves as an employer.
- **Our Core Values** determine who we are, what we do, and define the way we work together and deliver on our EVP promise. Our values guide our choices and illustrate the behaviors we expect our employees to demonstrate.
- **Our Leadership Expectations** show how we expect leaders to drive the Group for the future. They emphasize how our leaders will transform the Group by stepping up both individually and collectively.

Read more about our people programs on **page 164** →

2021 People recognitions

New people strategy

In January 2021, the new people strategy was launched with the aim to set the bar higher to support business growth, as well as culture and leadership transformation.

To deliver on this mission and shape the workforce of the future in the "next normal", the strategy has three outcome-based themes:

- **Organizational Agility** – a growth and innovation culture, enabled by a flatter, leaner, and multi-hub / multi-local structure, customer proximity, and fast decision making, supported by new ways of working.
- **Future-ready Talent** – a diverse, empowered, and digitally skilled team. All talents develop current and future skills through on-the-job learning, exposure, and education to realize their potential.
- **Inclusive Leadership** – leaders drive greater disruption and acceleration. They build human connections by coaching, caring, and collaborating across teams to achieve together and deliver impact.

"All generations have to work together to create a better community. It's not a problem for the future – it's a problem for present generations and we are seeing the consequences. For generation Z, we have a responsibility to create a completely sustainable world for future generations."

Helena Arias Casals (on behalf of the team), one of the 2021 Schneider Go Green winner

Our Employee Value Proposition

MEANINGFUL	INCLUSIVE	EMPOWERED
We empower all **to make the most of their energy and resources**, ensuring **Life Is On** everywhere, for everyone, at every moment. Our mission is to provide **energy and automation digital** solutions for **efficiency and sustainability**. We adhere to the highest standards of **governance and ethics**.	We want to be the most **diverse, inclusive and equitable** company, globally. We **value differences**, and welcome people from all walks of life. We believe in **equal opportunities** for everyone, everywhere.	**Freedom breeds innovation**. We believe that **empowerment** generates high **performance, personal fulfillment and fun**. We empower our people to use their **judgement**, do the best for our **customers**, and make the most of **their energy**.

2021 highlights

84%	41%	71%	59%	69%
of our Country Presidents are from the country or region they are leading.	women at hiring as we are committed to building a diverse organization at every level.	our highest Employee Engagement Index show the outstanding commitment of our #SEGreatPeople.	of subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP).	of connected employees registered on our Open Talent Market platform.

Uplifting local communities through inclusivity

We believe in taking meaningful action and being mindful of all populations to create a fairer, more equal, and more sustainable world.

Around the world, Schneider Electric gives people access to energy and education through initiatives that combine training, technological innovation, social innovation and entrepreneurship. This means thinking about the world of tomorrow by empowering everyone, regardless of origin, gender, or socio-economic level to build a promising future for individuals and families worldwide.

Bringing access to green electricity

Today, more than two billion people have little or no access to electricity, representing 25% of the world's population. At Schneider, we believe that access to energy is both a fundamental right and a means for social and economic development. The purpose of our Access to Energy social business is to bridge the energy gap by bringing a safe, affordable, reliable, and sustainable energy offer to populations in emerging markets.

We call this Electricity for Life and Electricity for Livelihood.

"Electricity for Life" means delivering access to green electricity as a fundamental right, answering to essential needs (such as lighting, social connection, or education) for off-grid households, small businesses, and the humanitarian sector. There are almost 800 million people living in off-grid areas, and more than 80 million people forcibly displaced.

"Electricity for Livelihood" means delivering access to green electricity as a driver of economic development and poverty reduction for households connected to an unreliable grid and for productive businesses. Around one billion people, and many farmers, schools, or health centers in rural areas, are dependent on an intermittent grid and need quality energy with back-up solutions based on solar energy.

Schneider's access to energy solutions already benefited 30 million people between 2009 and 2020. Our ambition is to connect an additional 20 million people between 2021 and 2025, and 70 million by 2030.

Educating the youth and populations in underserved areas

For more than 20 years, training and entrepreneurship have been the historical mission of the Schneider Electric Foundation, under the aegis of Fondation de France. With the support of NGO partners, more than 300,000 young people around the world have received professional training in energy-related professions. The Group's ambition is to train one million people by 2025. Passing on skills to young people and giving them the means to support their families will improve their quality of life and create sustainable jobs.

To do this, the Schneider Electric Foundation draws on a network of around 80 volunteer employees (or delegates) across 80 countries. Their role is to select local partners in vocational training and entrepreneurship in the energy sector and to raise sustainability awareness. The Foundation also leverages its VolunteerIn organization to empower employees to be actors and ambassadors of the Group's societal commitments wherever they are based. They are the link between Schneider, the Foundation and the supported organizations.

Read more about our social impact on **page 188** →

2021 highlights

150,000	13,000	+4.2m	328,000	28,000
people have access to green electricity 24/7 in 5 remote cities in Chad through a partnership with the local enterprise ZIZ Energy.	Mobiya solar lanterns distributed in Benin, Senegal and Cameroon in partnership with ADEME.	people connected to green electricity in 2021.	people trained in energy management since 2009.	volunteering days since 2017.

Local sustainability commitments

As part of the 2021 – 2025 Schneider Sustainability Impact, we promote local initiatives and enable individuals and partners to make sustainability a reality for everyone, everywhere. 100% of Schneider Electric's Country and Zone Presidents have defined three local commitments that impact their communities in line with our sustainability transformations. Close to 200 local programs have been deployed in 2021; here are a few examples of initiatives to implement quick and disruptive changes.

In Spain, Schneider Electric will give electrical products a second life through donations to an online marketplace for educational purposes and to improve the electrical installations of families at risk of energy poverty.

The Group will install photovoltaic devices on the roofs of schools in Francophone Africa and Islands to charge solar lamps.

Schneider Electric aims at promoting and encouraging education programs for vulnerable women through local associations in Chile.

We will increase fivefold Schneider's spend with indigenous-owned suppliers in Australia as part of the Reconciliation Action Plan.

In Italy, our employees volunteer to train 1,000 students each year under an Energy Efficiency and Industry 4.0 program co-designed with the Italian Ministry of Education.

Schneider will be upscaling access to energy education in Myanmar through the establishment of vocational training facilities.

We will transition to a 100% electric company car fleet in Norway by 2023.

Proud to be one of the most ethical companies

Present in over 100 countries with diverse standards, values, and practices, Schneider Electric is committed to behaving responsibly in relation to all its stakeholders. Convinced that its responsibility extends beyond compliance with local and international regulations, the Group is committed to doing business ethically, sustainably, and responsibly. Schneider's business actions and decisions run on trust.

Trust Charter, Schneider Electric's Code of Conduct

In 2021, Schneider Electric evolved its Principles of Responsibility to the Trust Charter, acting as the Group's Code of Conduct and demonstrating its commitment to ethics, safety, sustainability, quality, and cybersecurity. Schneider Electric believes that trust is a foundational value. It is earned. It serves as a compass, showing the true north in an ever more complex world and Schneider Electric considers it to be core to its environment, sustainability, and governance commitments.

Trust powers all Schneider Electric's interactions with stakeholders and all relationships with customers, shareholders, employees, and the communities they serve, in a meaningful, inclusive and positive way.

Read more about our Trust Charter on **page 94** →

Ethics & Compliance program

Driven by and in complement to the Trust Charter, the Ethics & Compliance (E&C) program establishes the framework of policies, tools and processes related to E&C topics. By providing specific guidelines and practices, the program ensures the business is run with integrity, and employees are aware of potential risks. As part of this program, all employees have access to the Trust Line, Schneider's whistleblowing system, to speak up in case of unethical conduct, with the guarantee of the whistleblower protection.

Schneider has built a strong governance to lead the Ethics & Compliance program to the highest standards, with responsibilities at board, executive, corporate, and operational levels.

Zero tolerance for corruption

Schneider Electric has a zero tolerance policy with regard to corruption. This commitment is materialized through a strong and continuously developing Anti-Corruption Compliance program, which is part of the E&C program.

In 2020 and 2021, a set of anti-corruption e-learnings was built to provide guidance on real life risk scenarios and to take into account the trainees' needs and expectations. This led to a curriculum of modules of e-learnings, deployed in 2020 and completed in 2021 with four additional modules about facilitation payments, conflict of interest, conditions that make people commit the wrongdoing, and how to raise concerns in Schneider Electric. The modules were supported by top leaders' videos demonstrating the "tone at the top" on this crucial matter and are available in 14 languages.

Read more about our Ethics and Compliance program on **page 95** →

2021 highlights

96%
employees trained on Cybersecurity and Ethics.

81%
of our employees are confident to report unethical conduct.

26%
of confirmed cases raised via the Trust Line lead to actions.

Ethisphere Institute – One of the 2021 World's Most Ethical Companies.

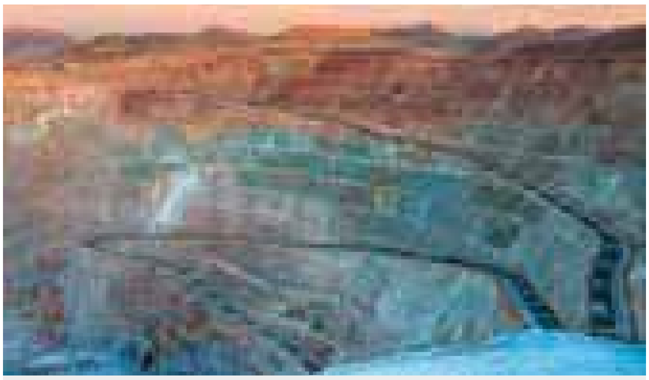
Sustainable relations with suppliers

With a network of more than 52,000 suppliers around the world, Schneider Electric is committed to developing lasting relationships with each of them, while at the same time helping them introduce more sustainable practices.

Supply chain vision

Our world-class supply chain is driven by the following principles and objectives:

- Customer satisfaction and quality is our number one priority.
- Sustainability is at the core of procurement actions through innovation and working with sustainable suppliers.
- Competitive landed costs and optimized cash, driving high level of productivity and Schneider Electric's top-line growth and margin.
- An agile and secure supply chain that is a competitive advantage in the market throughout the product lifecycle.
- World-class competencies and talents with values of accountability, collaboration, and simplification.



Conflict minerals: we support the US conflict minerals legislation and actively avoid the use of such minerals in our supply chain

We're deeply concerned about social and environmental conditions in mines that could supply such "conflict minerals" for our products. When the country of origin is known to be in the conflict zone, 100% of the smelters and refiners were verified conformant. Therefore, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries.

Building a sustainable supply chain

We aim to collaborate with our global supplier network for an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives. Our ambition is to make sure that the production of our products and services are not linked to any kind of environmental or human rights abuses. Schneider Electric's sustainable purchasing strategy ensures risk management and commits to improvements. To achieve this, we have embedded sustainability at three levels:

- Provision of a Supplier Code of Conduct with fundamental requirements that all suppliers delivering goods or services to Schneider Electric are expected to adhere
- Integration of sustainability criteria in the day to day, operational procurement actions. The qualification process focuses on people, social responsibility, and environmental management. Sustainability criteria account for a significant part of the evaluation.
- Deployment of strategic programs in thematic areas of climate change (The Zero Carbon Project), decent working conditions & human rights (Duty of Vigilance, ISO26000, Decent Work), circularity & resource conservation (green materials, sustainable packaging).

In 2021 we have begun a new five-year engagement with ambitious targets for each of the thematic areas.

Read more about our sustainable relations with suppliers **page 117** →

2021 highlights

Supplier Engagement Leader award from CDP.

1,000

Suppliers committed to the Zero Carbon Project.

+5pts

continuous increase of suppliers ISO2 6000 score.

21%

total packaging spend attributed to sustainable packaging.

Schneider Electric's vigilance plan

In 2017, Schneider started the implementation of a vigilance plan covering its business activities as well as those of its suppliers and subcontractors. Since then, this vigilance plan has been continuously reinforced, aiming to push further towards responsible corporate citizenship. In January 2021, the Group was awarded the Best Vigilance Plan by the Sustainable Investment Forum and A2 Consulting.

Duty of vigilance

Schneider's ambition is to be an ethical company. Our values shape the way we do business with our many customers, partners, suppliers, and communities around the world. They inform the way we protect and foster human rights and guide our desire to make a positive impact on the planet and the environment.

The Group's vigilance plan reflects this ambition. It also complies with the provisions of the 2017 French law on Corporate duty of vigilance. The plan includes:

- A risk analysis specific to vigilance: risks that Schneider Electric poses on the ecosystem and environment;
- A review of the key actions implemented to remediate or mitigate these risks;
- An alert system;
- Governance specific to vigilance.

The plan is governed by the Duty of Vigilance Committee, set up in 2017. The steering committee meets twice a year in normal circumstances. Overall, since its inception, 13 Committee meetings have been held (five in 2017, two in 2018, 2019, 2020 and 2021). The Committee's objective is to provide a discussion on strategic orientation and prioritize initiatives and the resources allocated to their implementation. This Committee also reviews the actions in progress and their results and defines decisions on next steps for action.

In this Registration document, Schneider Electric reviews the risk matrix analysis and some of the actions to mitigate these risks are described. When necessary, the reader will be directed to other sections of the report to get relevant and detailed information. For more comprehensive and complete information, the full vigilance plan of the Group is available as a standalone document and can be downloaded from Schneider Electric's website at se.com.

The 2021 analysis has not revealed major changes or gaps that were not identified so far. The following evolutions are to be mentioned:

- **Impact of the COVID-19 pandemic on Schneider Electric's business:** Actions implemented in 2020 such as working from home, increased sanitary measures, etc. were adapted in 2021 to respond to the fluctuating pandemic situation. Overall, employees have reacted positively to these measures, as demonstrated by the surveys conducted and the high level of engagement. However, the medium-term impact of the pandemic on morale is still to be monitored closely, as some signs of fatigue are visible among teams.
- **Ethical business conduct:** This area has been under close monitoring, as the adverse business climate has put pressure on business. However, no significant deterioration has been noticed.
- **Cybersecurity and data protection:** they are a subject of permanent focus and attention, taken very seriously by the Group. It is addressed through training programs and measures to protect employees, customers, and stakeholders against threats.
- **Analysis of specific risks to communities residing near Schneider sites:** In 2021, a specific review has been implemented to assess Schneider's main sites and customer projects. The assessment is still a work in progress at this point, but so far, no critical areas of concern have been detected.

Read more on our vigilance plan on **page 112** →

2021 highlights

#1

Vigilance Plan awarded in 2021 to Schneider Electric by the Sustainable Investment Forum and A2 Consulting.

800+

suppliers assessed under our Vigilance program in 2021.

+64%

suppliers audited on-site in 2021 compared to the 2017-2020 yearly average.

Schneider 2021 Vigilance risk matrix

- Very high risk
- High risk
- Medium risk
- Low risk

		Schneider Electric sites						Suppliers							Contractors		Communities	
		Offices	Travelers, sales forces	Factories low voltage and electronics	Factories medium voltage	Project centers	Field services	Travels and hospitality	Transportation and shipping	Raw materials	Metal transformation and treatment	Plastics	Batteries	Other components	On Schneider Electric sites	Off site and projects execution	Around Schneider Electric sites	Around customers project sites
Human rights	Decent workplace	Low	Low	Low	Low	Low	Low	Medium	Medium	Medium	Low	Low	Low	Low	Low	Medium	Medium	High
	Health and Safety	Low	Low	Low	Low	Medium	Medium	Low	Medium	High	Medium	Medium	Medium	Low	Low	High		
Environment	Pollution and specific substances management			Low	Medium	Low	Low		Medium	High	Medium	High	High	Medium	Low	Medium	Low	Medium
	Waste and circularity		Low	Low	Medium	Low	Low	Low	Medium	Medium	Low	High	Medium	Low	Low	Medium		
	Energy CO_2 and GHG	Low	Medium	Medium	Medium	Medium	Medium	Low	High	High	High	High	Medium	Medium		Medium		
Business Ethics	Ethical business conduct	Low	Medium	Low	Low	High	Medium	Medium	Medium	Medium	Low	Low	Medium	Low	Low	High	Medium	High
	Alert system, protection and non-retaliation	Low	Low	Low	Low	Low	Low	Medium	Medium	Medium	Medium	Low	Medium	Medium	Low	Medium		
Offer safety and cybersecurity	Offer safety			Low	Low	Low	Low		Low		Low	Low	Low	Low		Medium		
	Cybersecurity and data privacy	Medium	High	Medium	Medium	High	High	Medium	Low	Low	Low	Low	Low	Low	Low	High		

2021 highlights

Top 25%

of companies in external ratings for Cybersecurity.

51

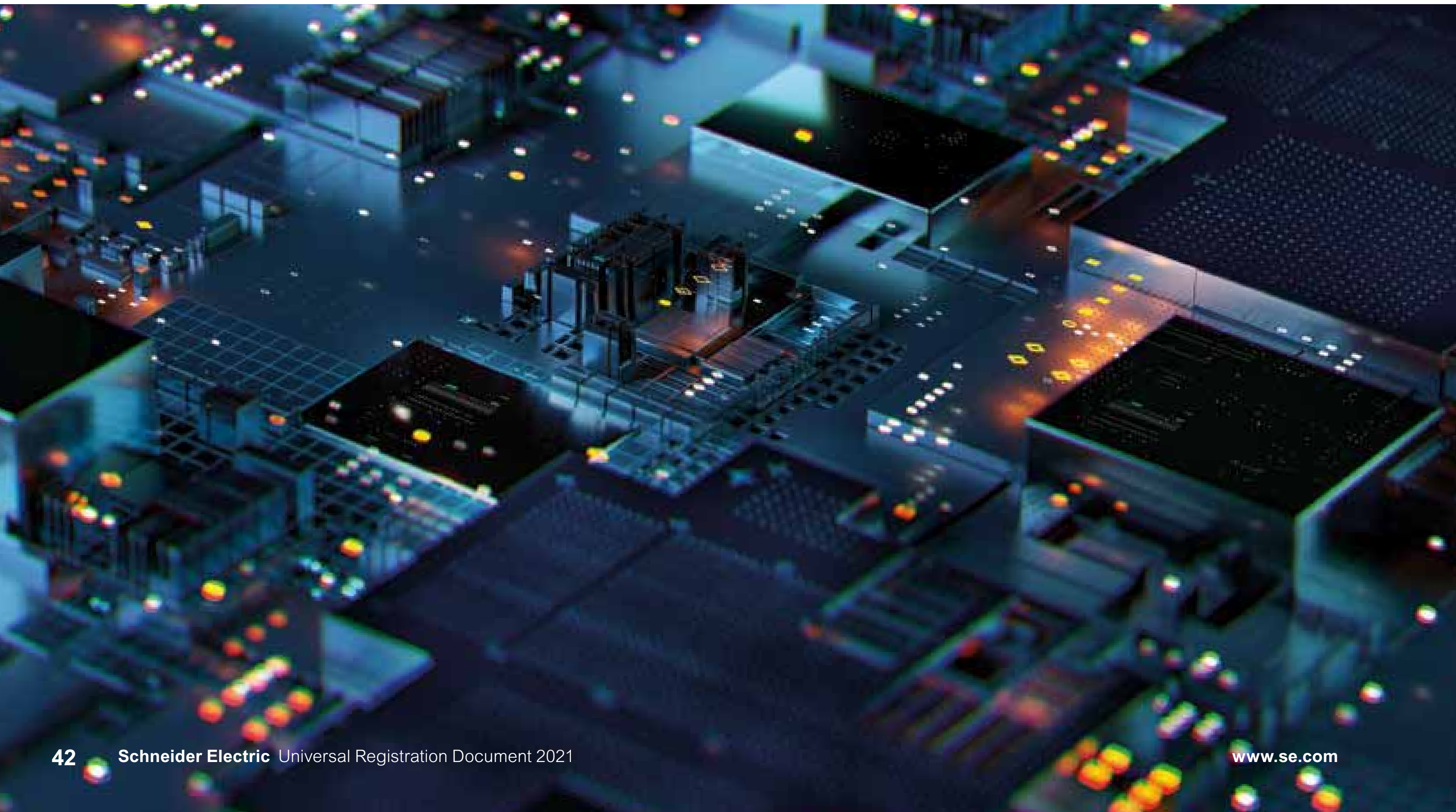
Zero CO_2 sites to decarbonize our operations.

11%

green material content in our products.

Schneider Electric believes the convergence of digitization and electrification brings disruptive new business possibilities unlocking the potential for efficiency, resiliency, and sustainability.

We call this Electricity 4.0



1 Group strategy and sustainability

1.1 Trends and opportunities

Electric and digital is the recipe for a more sustainable and resilient world

The Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report issued in 2021, was described by the UN Secretary General Antonio Guterres as a "Code Red for Humanity". It described how our climate crisis requires critical decarbonization measures to stay within a global warming trajectory of 1.5°C. Schneider Electric advocates deploying proven digital technologies for energy efficiency, and an increased focus on electrification and sustainability to urgently decarbonize buildings, transport, and industry.

There is a need for sustainability.

This has been further accelerated with stronger sustainability commitments from all stakeholders. First, governments have put in place unprecedented levels of green stimulus funding to build back better. More companies have set emission reduction targets aligned to the 1.5°C scenario and validated by the Science Based Targets initiative. Furthermore, investors now hold CEOs and their boards accountable for their companies' extra-financial performance, specifically related to carbon footprints.

In parallel, we have all faced enormous challenges due to the global COVID-19 pandemic. Over the past two years, lockdowns, industrial supply chain disruption, travel restrictions and ever-evolving changes to our day-to-day lives, have emphasized the need for robustness, agility and resiliency.

There is a need for resilience.

Being part of the solution

As part of its ambition to deliver a more sustainable future, Schneider Electric uses technologies to help customers in many sectors to build net-zero pathways. Our research shows that 70% of emission reduction is achievable with existing, proven and competitive technologies.

Schneider's positioning for a sustainable future focuses on **an all electric and all digital world**.

- **Electricity** for greener energy and decarbonization: electricity is the most efficient energy and the best vector of decarbonization.
- **Digitization builds a smart future**: digital tools make the invisible visible, enabling more effective waste reduction and efficiency improvements.
- **Digitization creates resilience:** data analytics and insights enable more agile operations and continuity.

1. All electric

Electrification will intensify in line with the energy transition, due to several factors:

- **More electric loads**, namely:
  - The electrification of road mobility as the yearly electricity consumption from electric vehicles is anticipated to grow by 21% p.a. from 2018 to 2050[1].
  - Decoupling of industrial production versus access to goods, driving a new energy system: further electrification of industrial processes currently powered by coal or gas.
  - Electricity in the industry energy mix is expected to reach ~80% in 2050 versus 25% in 2018[1].
  - Increased electrification in homes and buildings, driven by the electrification of heating, cooking, and cooling, and new regulations to accelerate decarbonization. Electrification rate in buildings is anticipated to reach 81% in 2050 versus 33% in 2018[1].
- **Innovation that promotes more cost-effective electrification and power decentralization**:
  - Energy batteries are expected to provide up to five times more energy density by 2030[2].
  - More renewables, with a variable capacity mix anticipated to reach up to 50% by 2040[3].
  - More energy efficiency: the best energy is the one we do not consume.

2. All digital

Today's digital economy is driving disruption across every sector. Digital remote interactions have become more prevalent, further revolutionizing how we work and live together.

- **Growing need to aggregate exponential amounts of data**: 11 billion smart appliances in one billion homes are expected to participate in interconnected electricity systems by 2040[4].
- **Large data volumes generated by IoT in industrial applications**: an offshore oil rig is expected to produce 1 – 2 terabytes of data daily and a smart factory 5 petabytes per week[5].
- **New business models with artificial intelligence, algorithms, and platforms** that turn vast amounts of data into insights and value. It is estimated that 70% of new value created in the economy over the next decade will be based on digitally-enabled platform business models[6].

Why these trends matter for Schneider Electric?

Sustainability is not just a part of Schneider Electric's business, sustainability is the core of our strategy. We integrate sustainability everywhere, in our model and culture to have a strong impact at both a global and local level.

We see many of our customers stepping up their efforts and investments in sustainability. We have both the technologies and the expertise to support our customers on their sustainability journeys. Our solutions, from connected devices to software, digital services, and sustainability consulting, help our customers, whatever their maturity and scope.

Electrification and digitization are key drivers in all our end-markets bringing sustainability and efficiency. They fuel both of Schneider Electric's businesses: Energy Management for energy transition and Industrial Automation for Industry 4.0.

Schneider Electric's mission is to be your digital partner for Sustainability and Efficiency. We provide energy and automation digital solutions for sustainability and efficiency for your business. We combine world-leading process and energy technologies, real-time automation, software, and services, enabling remote everywhere integrated solutions that are built with safety, reliability, and cybersecurity for your homes, buildings, data centers, infrastructure, and industries.

(1) Back to 2050 scenario figures from Back to 2050 report – Schneider Electric Sustainability Research Institute.
(2) Rocky Mountain Institute.
(3) Includes Onshore Wind, Offshore Wind, Utility-scale PV, Small-scale PV, Solar thermal, Source: Bloomberg New Energy Finance.
(4) International Energy Agency.
(5) Quicksilver Capital, industrial digital transformation, Spring 2020.
(6) World Economic Forum: Shaping the Future of Digital Economy and New Value Creation, 2019.

1.2 Schneider Electric's unique operating model

1.2.1 The integrated company

The Schneider Electric Group is built as one operating model to both deliver simplicity benefits to customers and significant advantages in attracting talents, scaling deployment, as well as bringing simplicity and cost efficiency, especially region by region.

ONE

- Sales
- Marketing
- Digital
- Supply Chain
- Associated Software

Benefits for

Customer:
- **Customer** experience
- **Digital** journey
- **Data** for digitization

Company:
- **Attractiveness** for talents
- **Scale** for deployment and strategic positioning
- **Simplicity** and cost efficiency

To resolve our customers' complexity, Schneider Electric's EcoStruxure™ architecture delivers four integrations to enable them to become more digital and more sustainable. Those four integrations allows us to provide our customers with a complete plug and play and seamlessly integrated solution.

Quadruple integration

1 Energy + Automation

Schneider Electric has a unique capability to bring together both energy and automation to achieve greater power and process efficiency.

It is this ability to differentiate, through its integrated model combining disciplines, that allows Schneider to increase customers' benefits.

2 End Point ▶ Cloud

Schneider Electric products are connected from every-end point – on the shop floor, in the infrastructure, in the cloud – so that everybody can see a digital twin of what is happening in the physical world. Our connectable products collect data, which are processed at edge or in the cloud, through the Ecostruxure™ offering of Schneider.

3 Design & Build ▶ Operate & Maintain

Schneider Electric provides software and solutions that cover the whole digital thread for customers with the offering of AVEVA, RIB Software, Planon, IGE+XAO, ETAP, and others. It allows for seamless integration of the installation's digital life-cycle through one digital twin, from first design to operations and maintenance.

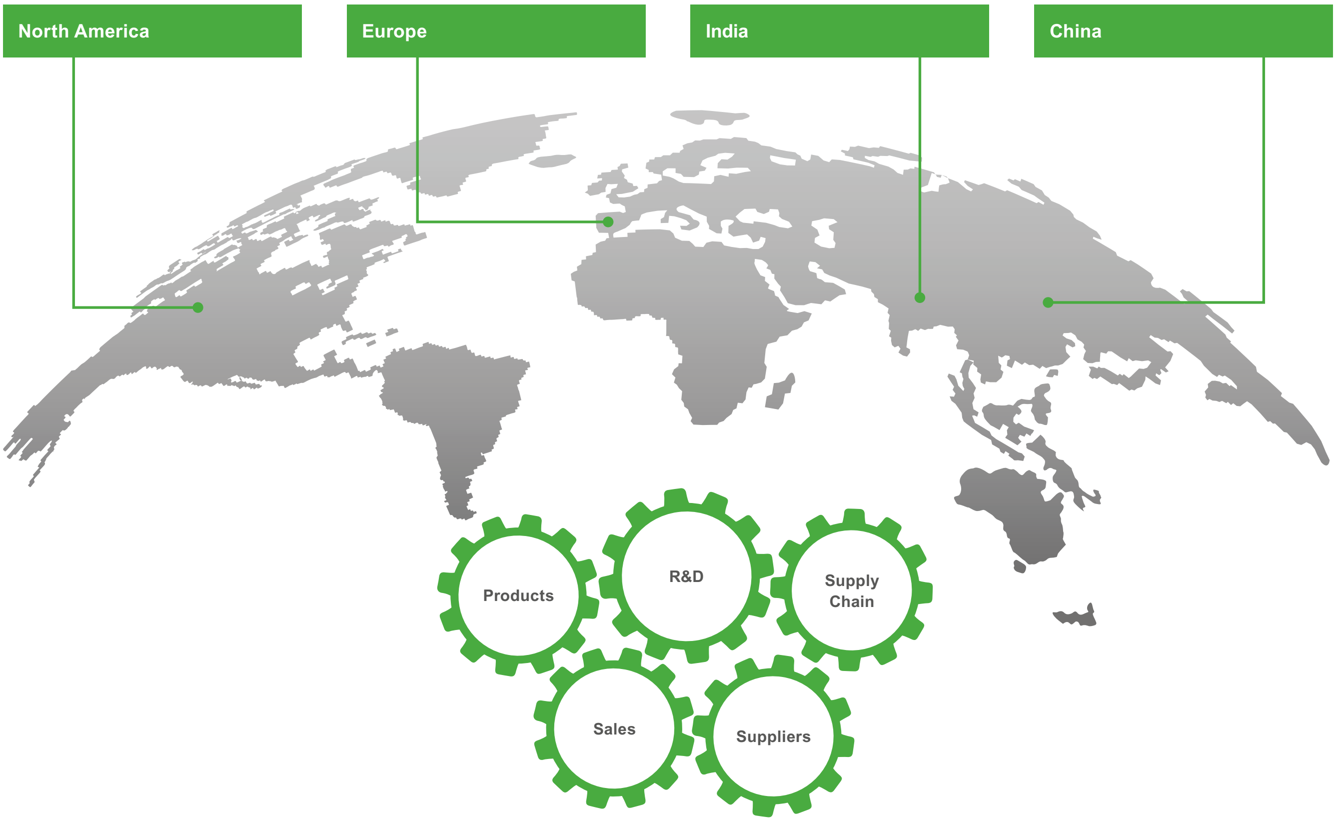
4 Site-by-Site ▶ Unified Company Management

With Industry 4.0 and Industrial Internet of Things (IIoT) becoming more essential, manufacturers are requesting factory floor data anytime and anywhere around the world. Our offerings allow for integration on a whole company basis by connecting all assets and sites into one repository, allowing for efficiency at a company-wide scale – unified operations centers enable customers to optimize efficiency, investments, and carbon reduction strategies across the company (versus a site-by-site focus).

1.2.2 The multi-hub company

The second element of our operating model, our multi-hub approach, has been key in Schneider Electric's strategy over the last years and has particularly demonstrated its benefits since 2020. It has improved resiliency, agility, and proximity with our customers and our network of suppliers.

As today's world is increasingly divided by politics, trade and data regulations, and the ever-evolving health situation, this characteristic of Schneider Electric's model has shown its strategic importance.



In 2021, Schneider Electric's multi-hub strategy was reinforced and strengthened with the creation of the Indian hub, built when merging with Larsen & Toubro's Electrical & Automation division. India is one of the most promising regions in the world for electrification, digitization, urbanization and manufacturing, and is now one of Schneider Electric's major manufacturing and talent centers with 30,000 employees and 30 factories.

Four hubs now serve the Group's different markets (Europe, North America, China & India). Each hub has its own capabilities, while operating and contributing together toward the same Group objectives.

Group objectives

Products and offers are adapted locally to the specificity and standards of local markets, leveraging global R&D platforms and architectures. This is key for compliance with local standards (e.g., NEMA North America, IEC Europe, and CCC Asia Pacific), regulations (e.g., data and cybersecurity), operating conditions, and design specificities.

Schneider Electric's supply chain is organized by region, serving local customers with the support of local suppliers. As such, in 2020, 92% of Schneider's supplied goods come from the same region as its manufacturing sites, and 80% of Schneider's sales are produced in the same region as its customers.

Schneider Electric's suppliers are becoming increasingly local as close relationships are built with manufacturers in the region, for better flexibility and resiliency.

1.2.3 The open company

At Schneider Electric, we practice openness with EcoStruxure™, across our open ecosystem and through the open standards our customers need for interoperability. As such, Schneider Electric can grow faster, deliver complementary offers, bring additional value to existing systems, and to deliver agile innovation. Co-innovation partnerships enable new, customer-centric value propositions, in a plug-and-play operating model.

Open ecosystem

Schneider Electric is a company that works closely with its partners. Over the years, we have built strong partnerships with customers and suppliers, universities, technology companies, independent software vendors, solution providers, and service providers, to co-design and share experiences. Working with global IT service companies, we have built a robust network for the benefit of our customers.

This ecosystem is key to offering our customers the most innovative and value driven solutions.

An open ecosystem and large network of partners

60% Revenues through partners	23k+ Suppliers in production/direct procurement	50+ Investments in startups 100+ Partnerships
4.2k+ EcoXpert program partners	650k+ Service providers and partners	42k+ System integrators and developers

Exchange

100k+ Collaborators
600 Offers listed

Technology Alliances

Microsoft, accenture, WIND RIVER, amazon web services, intel, IBM, Capgemini, salesforce, cisco

Open EcoStruxure™ Platform and Data as a Service

As EcoStruxure™ has become a leading industrial IoT platform, we have decided to take the openness of EcoStruxure™ to the next level for our customers. We designed an open platform, promoted open standards, scaled digital offers, and fostered digital collaboration across our ecosystem of customers and partners.

Open EcoStruxure™ enables co-innovation, which is key to the future success of our strategy. It offers the agility, speed, and scalability needed to accelerate digital transformation successfully.

Partners who join the ecosystem and build their own digital services, applications and advisors that deliver specific business value.

Open standards

Working with common, open standards drives collaboration and ensures **multi-vendor interoperability and seamless interfaces.**

Examples of open standards used by Schneider Electric include: OPC UA, MQTT, AMQP, LWM2M, LoRAWAN, Docker, Linux with Yocto, Zigbee, Modbus, etc.

Universal automation for industries of the future

Proprietary industrial automation technology has held back the full promise of the Fourth Industrial Revolution. It's time for **universal automation, to advance industries' automation technology model.**

Universal automation is the world of **plug and produce** automation software components based on the **IEC61499 standard** for interoperability that is proven to solve specific customer problems.

Schneider Electric has launched its own universal automation offer, EcoStruxure™ Automation Expert. A new category of software-centric industrial automation to manage the complete life cycle of industrial automation systems.

1.2.4 The Impact Company

Sustainability is at the core of our purpose, culture, and business as we accelerate our contributions to a sustainable and inclusive world.

IMPACT Company

Our Guiding Principles

1. **Performance**
   the foundation for doing good
2. **All Stakeholders**
   in our ecosystem
3. **All ESG**
   dimensions
4. **Business**
   digital partner for Sustainability and Efficiency
5. **Model & Culture**
   set up for global and local impact

Paving the way as an Impact Company

Schneider Electric aims to champion environmental, social, and ethical issues across its entire value chain and stakeholders, while delivering solutions to its customers for sustainability and efficiency. We call this dual approach "Impact Company".

Today, Schneider Electric is a recognized worldwide sustainability leader, notably awarded World's Most Sustainable Corporation in 2021 by Canadian media company, Corporate Knights, and a member of several initiatives to advance on the 17 United Nations Sustainable Development Goals (SDGs) with common objectives to protect the planet, alleviate poverty, and achieve worldwide peace.

A unique Schneider Sustainability Impact for concrete and measurable progress

For 15 years, Schneider Electric has measured its holistic sustainability performance through a dashboard called Schneider Sustainability Impact (SSI) and has set specific governance bodies to ensure that sustainability is positioned within every part of the Group's strategy from the Board of Directors to the operational levels.

The SSI is a transformation scorecard demonstrating that rapid, disruptive changes for a more sustainable world are possible across diverse, complex topics. Its scoring scale of 10 provides an overall measure of the Group's progress on sustainability objectives.

By tracking our performance and publishing quarterly results, we uphold our commitments to the SDGs and industry leadership in corporate social responsibility. The new 5-year SSI 2021 – 2025 features 11 global impacts plus one local impact linked to six long-term commitments. Beyond our SSI, we also instill a culture around sustainability through trainings and performance incentives for employees and leadership teams.

Read more about Schneider Sustainability Impact in Chapter 2, **page 58** →

Our six sustainability pillars

Act for a climate-positive world

by continuously investing in and developing innovative solutions that deliver immediate and lasting decarbonization in line with our carbon pledge.

7 Affordable and clean energy · 9 Industry, innovation and infrastructure · 11 Sustainable cities and communities · 13 Climate action · 17 Partnerships for the goals

Be efficient with resources

by behaving responsibly and making the most of digital technology to preserve our planet.

6 Clean water and sanitation · 7 Affordable and clean energy · 12 Responsible consumption and production · 14 Life below water · 15 Life on land

Live up to our principles of trust

by upholding ourselves and all around us to high social, governance, and ethical standards.

3 Good health and well-being · 8 Decent work and economic growth · 12 Responsible consumption and production · 16 Peace, justice and strong institutions · 17 Partnerships for the goals

Create equal opportunities

by ensuring all employees are uniquely valued in an inclusive environment to develop and contribute their best.

1 No poverty · 2 Zero hunger · 5 Gender equality · 7 Affordable and clean energy · 8 Decent work and economic growth · 10 Reduced inequalities

Harness the power of all generations

by fostering learning, upskilling, and development for each generation, paving the way for the next.

1 No poverty · 4 Quality education · 8 Decent work and economic growth · 10 Reduced inequalities · 17 Partnerships for the goals

Empower local communities

by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all.

11 Sustainable cities and communities · 17 Partnerships for the goals

1.3 Schneider Electric's priorities for sustainable growth

Against a backdrop of market acceleration, the Group will achieve sustainable growth through five priorities.

More Products

As customer operations are increasingly digitized, our products are becoming natively connected. Coupled with Schneider's EcoStruxure™ advisors, they deliver incremental value and support our customers in their every day operations.
Additionally, Schneider Electric strives to continuously increase quality of its products to offer the highest level of safety and reliability. We are also committed to reduce the environmental impact of our products. Our Green Premium™ label was created to provide our customers with more sustainable products and transparency with environmental information. In 2021, more than 75% of Schneider's product sales came from Green Premium™ products. We expect this figure to reach 80% by 2025.

Better Systems

The EcoStruxure™ platform is the foundational technology backbone to build and deliver Schneider Electric solutions. We will enrich the EcoStruxure™ platform with more segment applications and expertise offering more value. We provide a unified customer experience through our open ecosystem and we upskill our people in digital technologies.

We continue to expand our natively connected equipment portfolio with digital tools, making condition-based maintenance and connected expert service available to customers for more productivity, safety, efficiency, and collaboration.

More Services

Services are the incremental growth engine for the Group, delivering peace of mind to our customers along their life cycle with safety, resilience, efficiency, and sustainability. We will continue our efforts to accelerate tracking and servicing of existing assets installed at customers' sites.

- We will leverage new value-added services offerings through our suite of EcoStruxure™ Advisors
- We will ensure a seamless end-to-end digital customer experience from CapEx to OpEx.

More Software

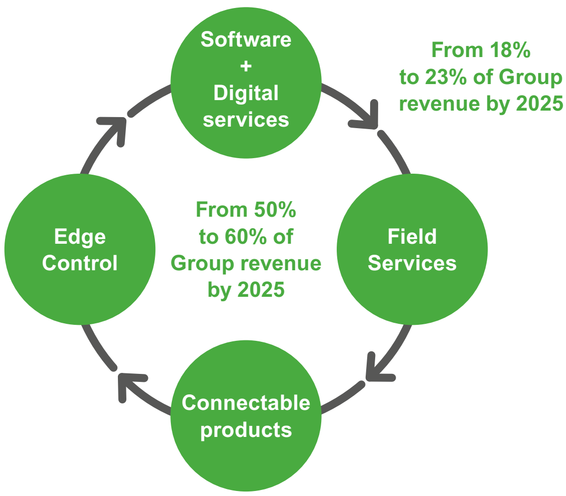
Schneider Electric customers are looking for integration across phases from Design, Build to Operate and Maintain. With our software portfolio across EcoStruxure™, AVEVA, OSIsoft, RIB Software, ETAP, Planon, IGE+XAO, ALPI, and our partnerships, we already have outstanding coverage and a clear market-leading position when it comes to data platforms. Our approach is to standardize this software portfolio and the user experience to create unified data federation.

More Sustainability

The climate crisis is a significant risk to organizational continuity. In response, stakeholders are demanding urgent action from businesses. This pressure has driven more than 2,000 companies to join the Science-based Targets Initiative (SBTi), and in 2021, 13,000 companies reported their emissions to the CDP.
We aspire to both achieving our own aggressive climate targets and supporting our stakeholders in their decarbonization through our solutions and influence. In 2021, we raised the ambitions of our 2021-2025 Schneider Sustainability Impact, launched new switchgear products that avoid using the potent greenhouse gas SF_6, and we expanded our global sustainability consulting business.

Over the past years, Schneider Electric has made significant investments in these strategic priorities. Services, software and sustainability continue to be high potential, incremental growth engines. Directly tied to Schneider Electric's core business, they are expected to deliver Schneider's indicative objectives for 2025 as the Group makes another step change on its path to becoming a hybrid digital company:

- Group revenues from our digital flywheel of connectable products, edge control, software and services, will increase from ~50% today to ~60% in 2025 (+10pts).
- Strong strategic focus on software and services, will increase from ~18% of Group revenues today to ~23% by 2025 (+5pts).
- Recurring revenues as a percentage of software and services will step-up ~30% today to ~45% by 2025 (+15pts).

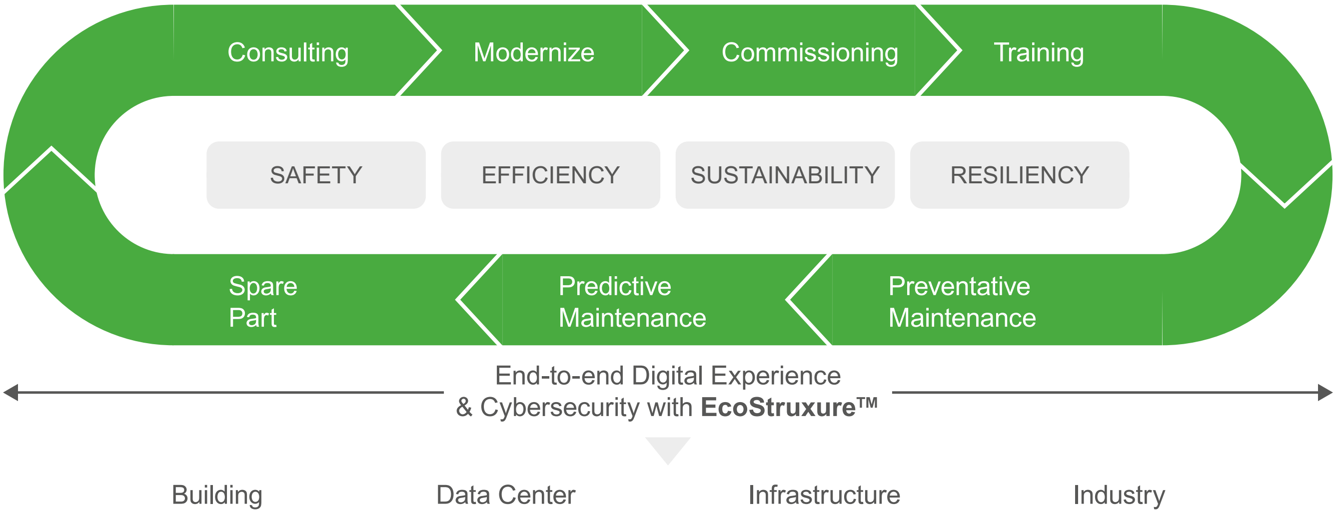


1.

1.3.1 More Services

Leveraging our extensive experience as a leading global provider of electrical and industrial solutions and services, Schneider Electric ensures its customers' peace of mind and achieves increased business value through our best-in-class services.

Our services portfolio



Water, Wastewater, Consumer Packaged Goods, Mining, Minerals and Metals, Automotive, Transportation, Oil & Gas and Petrochemical, Power & Grid, Healthcare, Cloud & Services Providers, Semi Conductors

We offer a full range of on-site field support and life cycle services from consulting, installation and commissioning, training, maintenance, and modernization to end-of-life services. Together with digital services supported by our EcoStruxure™ architecture, we enable our customers to connect data from different assets for remote monitoring, predictive maintenance, actionable recommendations, and strategic asset management planning for optimized performance and reduced total cost of ownership.

We aim to further increase the share of services in the Group revenue. To do so, three transformation pillars are underway and progressing well.

1. Seamless CapEx to OpEx

Services are not just an optional add-on to products, but an integral part in building customer intimacy at every phases of the life cycle. That is why we are committed to build a seamless digitized experience from CapEx to OpEx, integrating systems and services of the future – a greenfield and brownfield handshake at Build, Operate and Maintain phases.

- At Build phase, our Connected Products are manufactured with in-built sensors and connectivity to our cloud platform.
- At end-user sites, our Digital Logbook enables our customers to stay connected to their assets at all times.
- At Operate and Maintain phases, leveraging on these digitized enablers and our suite of Advisors equipped with predictive analytics, we gain data-driven insight to exceed customer needs – remotely monitor assets 24/7, proactively reduce breakdown risk, ensure efficiency and sustainability, and ultimately extend lifetime value through EcoStruxure™ Service Plan.

2. Unified customer approach

We aim to be the trusted advisor for our strategic customer segments to comprehensively support their operation and digital transformation journey.

- We ensure a well-orchestrated coverage model and adopt a consultative approach to bring the best of our value proposition and end-to-end solutions to focused segments.
- We innovate offers through actively identifying mergers, acquisitions, and investments and targeting partnerships in domain expertise, predictive analytics, and new business models.
- We drive life cycle circularity and sustainability as a differentiator.

3. Scale through partners

Partners have always been at the core of our strategy. We strive to be the most partner-friendly company in our industry. We cultivate collaboration and innovation across our network of partners to extend our coverage in segments and build close connections with local markets.

- We are expanding our EcoXpert partner ecosystem and exploring new approaches to partnership. Our mission is to share our expertise, stimulate growth in a new customer base, and together deliver best-in-class services to our valued customers.
- To support our valued partners, we are transforming our business models and increasing the focus on digital offers, interactions, and enablement, especially via our partner portal - mySchneider.

15,000+

services experts in 140 countries.

15+

Connected Services Hubs to provide valuable data-driven insights to 6,000+ customers.

1.3.2 More Software for unified asset lifecycle management

Software is central to everything we do, making sense of all the systems we are connecting and the data collected from them. Our ambition is to develop a best-in-class software portfolio for our customers and our partners.

As such, we will evolve our software portfolio towards digitally augmented value propositions, which will create more value for our customers through a unified software portfolio across the entire life cycle.

At Schneider Electric, we are developing software to help our customers manage their operations in IT, buildings, plants, power, and infrastructure. All these projects are incredibly complex, and our software aims to reduce that complexity.

To achieve this, we are focused on two areas. First, Schneider Electric offers a complete and continuous digital thread from Design to Build, Operation, and Maintenance, so that our customers have one digital twin, as a faithful replication of what is happening in their operations. With software and digital services we are moving our discussions with customers from functions and features to values, notably, increased productivity, efficiency and output.

Federating software for unified asset lifecycle management

	Design	Build	Operate & Maintain
Industry & Infrastructure	AVEVA	AVEVA RIB running together	AVEVA EcoStruxure™
Power	ALPI smart electrical modeling solution etap Powering Success IGE+XAO GROUP	RIB running together	EcoStruxure™
Building	Partnerships	RIB running together	Planon EcoStruxure™

Second, our customers' projects cover several integrated domains: Industry and Infrastructure, Power, and Building. Our customers own factories and buildings, requiring power distribution for both. They expect Schneider's software portfolio to stretch across these domains and unify their approach.

Our software portfolio made up of Schneider, AVEVA/OSIsoft, RIB Software, ETAP, ALPI, and Planon puts us in a position to have broad coverage along the entire asset life cycle and a clear market-leading position, when it comes to data platforms in Operate and Maintain phases. This software interfaces with the physical world through EcoStruxure™, through IoT, offering our customers unified user experience and asset lifecycle management for their projects and operations.

In 2021, Schneider completed the following transactions to build a unified software federation.

- ETAP Automation Inc. in June 2021
- OSIsoft in March 2021
- AVEVA is a global leader in engineering and industrial software across the entire asset and operations life cycle.
- IGE+XAO develops, designs and sells software for electrical engineering to digitize the design, build and maintenance of electrical installations and/or equipment.
- ALPI is a leader in automated design and modelling software for electrical installations for industrial and commercial markets.
- ETAP offers the most comprehensive and widely-used solutions for the design, analysis, optimization, monitoring, control, and automation of electrical power systems.
- RIB Software is a pioneer in the digitization of the construction industry. The company develops and offers construction and Building Information Modelling software (BIM) for customers in the architecture, engineering, and real estate industries.
- Planon: is the leading global provider of real estate and facility management software that enables building and service digitization by integrating smart building technology, business solutions and data.

1.3.3 Sustainability Business

In addition to leading environmental, social, and governance (ESG) strategies by example across our value chain, Schneider Electric continues to expand in Sustainability and climate change consulting services. The expertise of this global business helps define strategy and drive action for our clients on their own decarbonization journeys.

Climate action is no longer optional for leading organizations: it's imperative for business resilience. Limiting the temperature rise projected to 1.5°C by 2050 will require three times more CO_2 emissions reductions than currently pledged – but we believe this goal is still within reach if we can successfully transform our production and use of energy.

First, we must decarbonize energy supply, transitioning our global energy system from carbon intensive energy sources to lower carbon ones. This transformation will allow us to achieve ~45% decarbonization. Second, we must increase electrification, achieving another ~30% decarbonization. Lastly, demand optimizations through resource efficiency, circularity, and other activities provide the remaining solution by enabling us to achieve more productivity while using less energy.

Decarbonization commitments have grown rapidly in past years, as evidenced by the number of corporations that have joined the SBTi (Science Based Targets Initiative), Climate Pledge, and others. Schneider Electric is the market leader in helping companies to both set and achieve these decarbonization commitments, providing consulting and managed services coupled with leading-edge digital tools to animate both strategy and action. Our Sustainability Business is already engaged with more than 30% of the Fortune 500 who have set climate targets.

Our differentiated value proposition is to support our customers on climate, from strategy setting to execution

Strategize: Define climate strategy to meet client ambitions. Decarbonization starts by quantifying environmental baselines and defining organizational ambitions. Our consultants help companies **measure** their environmental impacts, create a decarbonization roadmap, structure their program & governance and communicate on commitments.

Digitize: Create a single-source-of-truth for energy and resource data management requires monitoring of resource usage and emissions, identifying saving opportunities and reporting on benchmark progress. This is achieved with Schneider's digital platform and services (EcoStruxure™ Resource Advisor and Neo-Network™).

Decarbonize: Execute decarbonization strategy using four key levers: electrification of operations, reduction of energy use, replacing energy source and engaging the whole value chain. Ultimately, decarbonization requires action. Schneider Electric's robust portfolio of end-to-end net-zero solutions supports clients to deliver those levers. Our global team of experts helps our customers deploy these solutions to systematically achieve their decarbonization aspirations.

Destination digital

For more than 15 years, our digital applications and trusted advisors have helped organizations around the world set strategy and execute action to enable their decarbonization journeys.

EcoStruxure™ Resource Advisor, Schneider Electric's award-winning digital enterprise sustainability management application, complements the services delivered by its Sustainability Business. Underpinned by client specific data, Resource Advisor's robust AI-supported reporting and management capabilities enable users across the C-suite, finance, sustainability, procurement, operations, and other functions to find quick answers and drive meaningful value to their organizations.

neo™ network

accelerating New Energy Opportunities

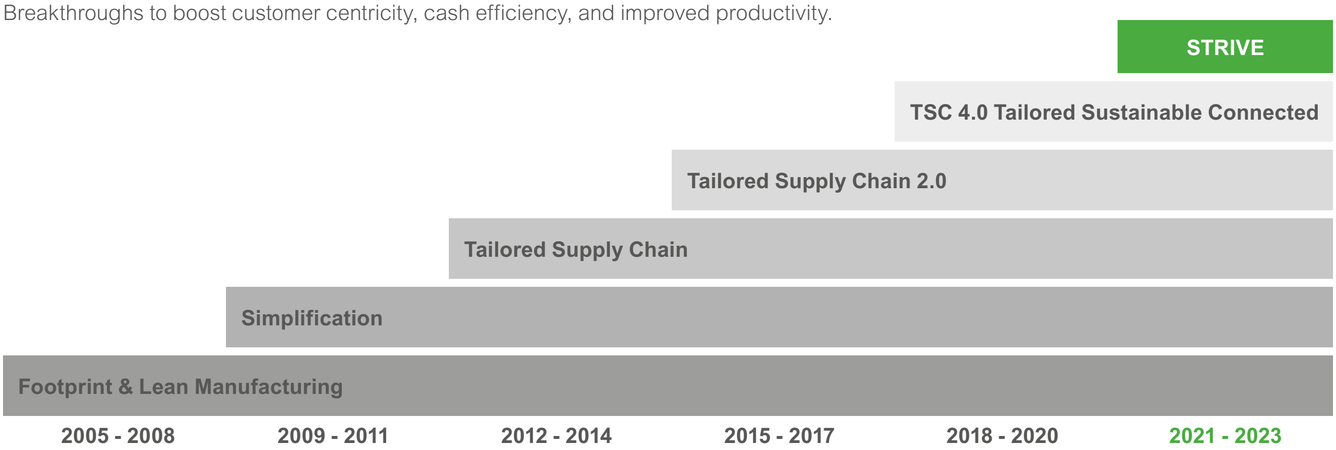
NEO Network™, is Schneider Electric's digital peer-to-peer community of organizations advancing reliable and cost-effective renewable energy, cleantech, and decarbonization solutions around the world. NEO Network simplifies the solution buying process by connecting members to trusted experts, viable projects and technologies, and exclusive market intelligence to enable and accelerate transaction decisions. With more than 500 corporate members, 30+ gigawatts of renewable capacity available for corporate offtake, and leading-edge digital analytics apps, NEO Network is positioned to play a crucial role in the rapidly evolving renewables market by engaging supply and demand actors in a thriving community.

1.3.4 Global supply chain

Schneider Electric's global supply chain consists of networks covering the end-to-end value chain.

In 2021, Schneider launched STRIVE, its three-year strategy to be the most agile, innovative, planet-friendly and customer-centric supply chain. STRIVE has six strategic objectives.

What is next on the global supply chain transformation journey?
Breakthroughs to boost customer centricity, cash efficiency, and improved productivity.



More **Sustainability**
- Clean and safe facilities;
- Engage 100% of sites in local biodiversity preservation projects;
- Reduce carbon emission by 17% by 2025;
- Improve energy efficiency by 15%, and renewables by 90%;
- 50 Global supply chain sites net-zero CO_2;
- Circular supply chain innovations;
- 100% ecofriendly and sustainable packaging.

From tailored to **Trusted**
- Personalized customer experience, with reliable delivery and proactive communication;
- Differentiated service and capabilities;
- Engage with customers through end-to-end traceability;
- Drive superior quality;
- Be ready for e-commerce – resilient supply chain.

More **Resilient**
- Invest in IT and OT solutions to be cyber-resilient;
- Cybersecure offers, sites, and suppliers;
- Power of two for critical ranges, increase time to survive with tactical buffer capacity, and double sourcing for high business impact parts;
- Professional business continuity plans in core factories and distribution centers;
- Grow modelling capabilities, with embedded risk identification and mitigation.

From connected to **Intelligent**
- Autonomous supply chain through best-in-class data governance model and architecture, extract full value leveraging intelligent automation and advanced data analytics, and leverage our digital incubator for innovation (e.g., AI, 5G);
- Smart operations powered by EcoStruxure™, connecting all smart sites, deploy flexible automation, self-optimization of processes and assets through a library of analytics, and deploy smart centers of excellence;
- End-to-end orchestration and visibility.

More **Velocity** and **Efficiency**
- Shorter and simplified supply chain, regional approach with up to 90% sourced within selling region;
- Strategic partnership with suppliers including co-innovation. Digital supplier interaction and world-class category management;
- Agile and empowered people.

In April 2021, Schneider Electric launched the **Zero Carbon Project**, to support its top 1,000 suppliers reduce their CO_2 emissions by 50%. More than 1,000 suppliers have now made the commitment.

80k
employees

183
factories

94
distribution centers in 50 countries

150k
order lines per day

1.3.5 SE Ventures

How we prepare for what is coming next

The energy industry is transforming into a decarbonized, decentralized, and digital energy system. New solutions are needed to move the world towards a zero-carbon economy, and startups are developing disruptive technology and business models. The corporate venture capital arm of Schneider Electric, SE Ventures, enables Schneider to engage with these startups around the world. Our Market Intelligence team perform deep dives on quickly growing sectors, researching and developing market maps to provide recommendations. Every growth opportunity is evaluated as a potential investment, partnership, or incubation of a new business. SE Ventures provides capital to bold entrepreneurs who can benefit from Schneider Electric's deep domain expertise, R&D assets, and global customer base. SE Ventures has built an extensive global innovation network, ensuring early access to breaking technologies and fast moving markets.

How it contributes to the open ecosystem

SE Ventures partners with startups to help them scale by connecting them with experts from our lines of business. Connecting our employees to startups is mutually beneficial – helping Schneider Electric to spur new ideas, reduce R&D costs, and add complementary technologies, and startups to benefit from our deep domain expertise, access to customers, and our world-class supply chain. This open ecosystem connects Schneider Electric to external companies with disruptive ideas, ensuring we are always challenging the current state and looking for innovation opportunities. Our recent "Dare to Disrupt" internal innovation program reflected our employees growing innovation DNA, with 2,500 people participating, 242 teams pitching their ideas, and three teams selected for an external incubation to build a new company.

SE Ventures – areas of interest

New Energy Landscape
Decentralized, decarbonized, digitally enabled future.

Smart Structures
Connecting and decarbonizing the Built Environment.

Industry 4.0
Sustainable industry, automation and connected workforce.

Climate Tech
Transforming businesses to zero-carbon.

Examples of SE Ventures investments

Qmerit

Electric Vehicle Services
Installation and integration services for energy transition technologies.

AUGURY

Industrial Predictive Maintenance
AI-driven solutions for critical equipment.

Poka

Manufacturing Software
Connected worker platform for driving manufacturing excellence.

sense

Home Energy Management
Home Energy Monitor and software provides real-time insight into energy use.

AutoGrid

Distributed Energy Resources
AI-driven software to predict, optimize, and control distributed energy resources.

PROTERRA

Electric Vehicles
Zero-emission electric transit vehicles and electric vehicle solutions for commercial applications.

CLAROTY

Cybersecurity
Industrial cybersecurity platform to identify, manage, and protect OT, IoT, and IIoT assets.

€500m
fund

36
investments of which 12 in 2021

6
incubations

200
co-innovations with startups

1.4 Customer focus

Meeting customer expectations

Thanks to its fully integrated operating model, Schneider offers one experience to customers. All key processes from account and order management to customer service are consistent across Schneider's businesses and in all geographical regions of the world. We strive to further digitize our customer's experience as much as possible and where it makes sense to ensure that a customer journey as smooth and efficient as possible.

Residential: We help create sustainable and smart homes of the future by connecting electricity with digital in individual homes, apartments, and public housing. We support our customers to achieve a net-zero future, create safe and adaptive homes with reliable power, use actionable insights to efficiently manage energy usage and costs, and enjoy personalized living experiences.

Buildings: We offer intelligent building technologies for real estate, healthcare, hotels and retail customers. Our solutions help them maximize operational efficiency and energy savings, while lowering OpEx costs, ensuring cybersecurity and decarbonization of assets. Building on our software portfolio that includes IGE+XAO and ALPI, we now also support the digitization of construction, with RIB Software to unlock the full potential of building efficiencies and sustainability.

Cloud and service providers: We provide data center, power solutions, and edge computing to internet giants, co- location providers, and industrial customers. We help them increase reliability and power usage effectiveness, accelerate decarbonization of their operations, and increase efficiency and optimize value chains with Unified Operations Centers from AVEVA.

Power and grid: We serve companies producing, delivering, and/ or selling electricity to help them reduce their carbon footprint, digitize networks, and connect customers to smart grids. We help our customers overcome challenges, such as increased intermittent renewables or decentralized generation, with our Advanced Distribution Management Systems (ADMS) to better manage system interruption duration and frequency.

Water and wastewater: We support customers across the entire water cycle, from water resources to water distribution, sewage management, and treatment. Through our innovative smart water technologies and services, we help make water safe, reliable, sustainable, and efficient across the entire water cycle. We partner with our customers in their digital transformation to reach resilience and sustainability goals.

Mobility: We serve automotive manufacturers and electric car battery manufacturers to enable productivity and sustainability through digitization. We also provide solutions for critical transportation infrastructure, such as electric car charging, airports, railways, subways, and ports. Our solutions include microgrids and Energy-as-a-Service, to help customers run safe, reliable, efficient, and carbon-free operations.

Oil and gas: We provide integrated digital solutions and high-performance systems, software, and services to oil and petrochemical companies, and Engineering Procurement and Construction (EPC) companies. We help customers manage the entire life cycle of capital projects, achieve sustainability targets, and improve safety and operations with digital twins, from production to processing and supply chain operations, namely thanks to AVEVA offers and EcoStruxure™ Power and Process, which enables the convergence of power and control.

Consumer packaged goods: We enable digital transformation at every step of the value chain for Food and Beverage and Life Sciences companies. Our solutions provide improved sustainability, efficiency, and traceability, such as Manufacturing Operations Management and Manufacturing Execution software from AVEVA. With ProLeiT, we help Food and Beverage customers advance their digital transformation and optimize their production processes, driving increased productivity and efficiency.

Mining, minerals, and metals: We help mining, cement, glass, and metals customers to achieve greater energy and production efficiency and sustainability targets, thanks to EcoStruxure™ and IoT-enabled solutions. Unified Operation Centers from AVEVA provide a comprehensive view at company level to drive efficiencies at scale by connecting all assets and sites into one repository.

Leveraging a global network of over 650,000 service providers and partners

We strive to be the most partner-friendly company in our industry. A significant share of Group revenues is managed through intermediary partners, with their own added value. This network enables us to extend our segment coverage and have a strong connection to local markets. We are increasingly focusing on digital interaction with our partner ecosystem, thanks to the Partner Portals and Schneider Electric Exchange.

Distributors and retailers: Our main distribution partners are electrical distributors, specialists in IT, telecom and data center applications, DIY retailers, online marketplaces, e-tailers, and specialist technical distributors for automation and industrial software solutions, access control, and security products.

Distribution now represents approximately 45% of total Group turnover. We lead the eCommerce transformation in our industry, seeing a strong acceleration in 2021 with eCommerce growing 23% year on year. Over the last 4 years, we have doubled our eCommerce penetration and we now have presence in more than 800 channel partners' webshops. We continue to digitally equip our customers and channel partners with more web-based trainings, enhanced product content, and digital tools for design, selection, configuration, and customer support.

Panel builders: Collaboration with panel builders, who build and sell electrical distribution or control/monitoring switchboards, helps bring to market our innovative solutions and provide end-users the solutions for a more digital and more electric world. Panel builders buy low and medium-voltage devices and act as specialists, or connected power system experts, who manage and maintain electrical assets after installation and throughout their entire operational lifetime.

Contractors: To design solutions tailored to end-users' specific needs, we work closely with contractors, small specialists or generalist electricians, and large companies that specialize in installation equipment and systems. We provide training and support and leverage our multichannel partner model, which is increasingly digital, via the Partner Portal and Exchange platforms.

System integrators: System integrators design, integrate, and support automation to meet their customers' needs for the performance, reliability, precision, and efficiency of their operations. We give system integrators access to all areas of automation from field control to Manufacturing Execution Systems and Building Automation Systems.

Specifiers/consulting engineers: To meet their customers' specific demands, specialist engineers, architects, and design firms are prescribing more efficient and integrated energy management solutions, specifically for critical power, security, and building automation. As our essential partners, we collaborate and provide application-focused design information and tools.

Electricians: We have one of the most comprehensive networks of electricians worldwide. We enable electricians to operate more efficiently through training, technical support, and digital tools, such as My Schneider Electric app, where over 400,000 electricians are registered. Our relationship with electricians is strengthened by increasing their visibility to end-users through different tools, including online "installer locators".

Original equipment manufacturers (OEMs): We work with more than 15,000 OEMs to improve machine performance and reduce time-to-market for packaging, conveyor, material handling, hoisting, and Heating, Ventilation, and Air Conditioning (HVAC) applications, providing tools and software such as EcoStruxure™ Automation Expert. We nurture strong OEM partnerships through programs to enhance their capacity to deliver internationally.

As an impact company, we are convinced that to do good, we need to do well, and vice-versa. Our sustainability and business impacts converge to act for a climate positive and socially equitable world.

2 Sustainable development

An introduction by Chief Strategy & Sustainability Officer, Olivier Blum

World's Most Sustainable Corporation in 2021

For well over a decade, sustainability has been at the heart of what Schneider does. Still, 2021 was a standout year, in several respects.

In January, our continuous efforts to address climate change and social inequality received the highest profile of external recognitions when the Canadian media and research company Corporate Knights ranked us the World's Most Sustainable Corporation. This, along with numerous other ESG recognitions in 2021, is testimony to the valuable, long-term positive impact we have.

Throughout the year, the need to address climate change and social inequality hit headlines seemingly every day. In November, governments and businesses made important commitments at the COP26 climate change conference, though talk must now translate into rapid, bold and comprehensive action if we're to prevent a potentially catastrophic rise in global temperatures.

We share the responsibility to act with governments and other institutions, and we believe that private-sector corporates like Schneider play a crucial role in leading the transition to a cleaner, more inclusive world.

Paving the way as an Impact Company

As an Impact company, we're determined to keep intensifying our meaningful and lasting impact across all dimensions of ESG (environmental, social, corporate governance and ethics), from employees to supply chain partners, customers, as well as local communities and institutions at local and global levels. By weaving sustainability and societal impact into all facets of our business, we create long-term value for all stakeholders and deliver profitable growth.

During the course of the year, we moved forward with our 2021-2025 Schneider Sustainability Impact (SSI) targets. These are aligned to both our six long-term commitments related to climate, resources, equal opportunities, trust, all generations, and local communities, and to the United Nations' Sustainable Development Goals. This latest program reinforces our ESG commitments through 11 global targets, plus a new local target to empower our country organizations to address their specific challenges and opportunities. The progress we make on these SSI targets is a true indicator of our company's transformation, both globally and on the ground.

Our achievements to fight climate change and social inequality

In the first quarter of 2021, we kicked off a new initiative to help 1,000 of our top suppliers reduce their carbon emissions by 50% by 2025. With our supply chain community, we're working to evaluate, strategize and implement decarbonization actions suited to each supplier's specific maturity and scope. Furthermore, we've raised our ambitions when it comes to the environmental and social responsibility of our supply chain: we are well on our way to using more sustainable resources and materials in our products and packaging, and we audit our suppliers to ensure they comply with the highest ethical work standards and best practices.

As ever, we're committed to helping resolve social problems, and to promoting equal opportunities for all our employees. We live in a world for instance where 800 million people don't have access to energy, which is why we develop and deliver adapted solutions that supply clean, safe and reliable energy, hereby unlocking education and economic opportunity, and a better quality of life.

We also continue to prioritize learning, development and upskilling not only for Schneider's multi-generational workforce, but also through the work of the Schneider Electric Foundation in supporting local NGOs that run vocational training programs for young people. In 2021, we reached an impressive milestone in this field, with 300,000 people trained in energy management since we launched the program in 2009.

And no less importantly, we seek to build trust with our stakeholders, living up to the highest standards of corporate governance, through initiatives that monitor and educate teams on ethics, cybersecurity, safety, and quality. Our 2021 Trust Charter, the evolution of our Principles of Responsibility, sets out the expectations of how we work at Schneider, and equips our teams to confront any unethical behavior they might encounter.

These are just some highlights of 2021. Looking ahead, as a leading Impact Company in 2022, we're committed to doing even more, even faster.

Read more about our performance on **page 63** →

2.1 Sustainability at the heart of our strategy

In this section

2021 Recognitions

Most Sustainable Corporations in the World 2021 GLOBAL 100

ecovadis

CDP A LIST 2021 CLIMATE

2021 WORLD'S MOST ETHICAL COMPANIES WWW.ETHISPHERE.COM

LEADER IN DIVERSITY 2021

GSSC

Bloomberg Gender-Equality Index

EURONEXT V.E INDICES WORLD 120

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

2021 Highlights

#1

World's Most Sustainable Corporation in 2021 by Corporate Knights

3.92/10

Schneider Sustainability Impact score, outperforming 2021 3.75/10 target

347M

Tonnes of saved and avoided CO_2 emissions for our customers since 2018

+4M

People have access to green electricity in 2021

71%

Highest Employee Engagement Index of all time

1,000+

Suppliers committed to the Zero Carbon Project

2.1.1 Our strategic vision towards long-term positive impact

2.1.1.1 A holistic and strategic vision of sustainability

"Sustainability" is about creating system value. It encompasses continuous improvement of environmental, social, and ethical dimensions across an organizations entire value chain and stakeholders.

Schneider Electric's short-term roadmap (3 – 5 years) is built on a consultation process involving external and internal stakeholders, called a materiality assessment, as well as dedicated internal governance mechanisms involving the Strategy & Sustainability team, employees, experts in the Group, the Executive Committee, and the Board of Directors, under the leadership of the Chief Strategy & Sustainability Officer.

In the medium (5 – 10 years) and long term (10 – 30 years), Schneider Electric aligns its strategy on key issues under the United Nations Sustainable Development Goals (SDGs) and global climate scenarios in coherence with its business model and global footprint.

This holistic approach to sustainability allows the Group to greatly mitigate risks and also brings tangible value added through a greater attractivity to customers, new talents, and investors, while boosting innovation.

The numerous awards received each year (e.g., #1 Most Sustainable Corporation, Financial Times top 50 Diversity Leaders, Gartner Supply Chain Top 25, etc.) and the Group's leadership in the main ESG indices (e.g., Dow Jones Sustainability World Index, Euronext Vigeo Eiris World 120, etc.), confirms that Schneider Electric is headed in the right direction.

2.1.1.2 A unique position to fight climate change and social inequality

As a global specialist in the digital transformation of energy management and automation, the Group places its expertise and solutions at the service of its customers to ensure that energy is safe, reliable, efficient, connected, and sustainable.

The Group proposes an integrated offering of technologies and market-leading solutions tailored to customer needs, promoting the transition towards more electric, digital, decarbonized, and decentralized energy. These solutions balance the need to reduce the planet's carbon footprint with the inalienable human right to quality energy and access to digital.

In fact, Schneider Electric is uniquely positioned among the 1,000+ companies taking action for climate change because it acts on both sides of the same equation:

- The solutions Schneider Electric brings to the market are directly linked to activities to mitigate, adapt, and improve humanity's resilience to climate change;
- At the same time, Schneider Electric acts to reduce its end-to-end CO_2 footprint, aiming for a net-zero CO_2 supply chain by 2050, with precise steps for 2025, 2030, and 2040.

This positive contribution is measured as Impact revenues, which represent 71% of the Group's total revenues in 2021. In addition, to further contribute to a new electric and digital world, 100% of Schneider Electric's innovation projects are aligned with its purpose, more than 90% being either strictly green or neutral. On this journey for a better planet, the Group is convinced that no one should be left behind, and businesses should operate a just transition.

2.1.1.3 A commitment to the United Nations Sustainable Development Goals

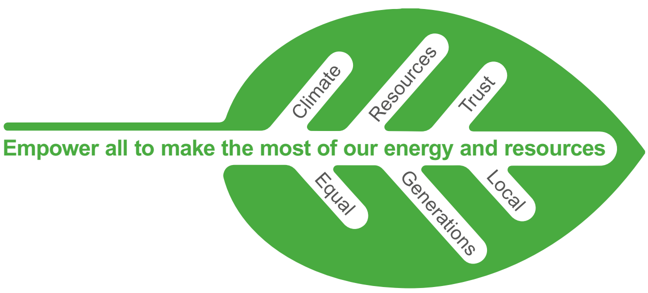
Schneider Electric is committed to taking urgent action to co-create a brighter future aligned with the United Nations Sustainable Development Goals (SDGs), consisting of 17 objectives and measuring its impact with transparency. The SDGs are about protecting the planet, alleviating poverty, and achieving worldwide peace and justice. By tracking its sustainability performance and publishing quarterly results, Schneider Electric uphold its commitments to the SDGs and industry leadership in corporate social responsibility.

The Group's sustainability roadmap

2021-2025

Progress on our Climate Pledge to reach carbon neutrality in the Group's operations.

Reach the 11 global, and one local, objectives of the Schneider Sustainability Impact (SSI) 2021 – 2025, as well as the 25 objectives of the Schneider Sustainability Essentials (SSE) under our six long term commitments (climate, equal, resources, generations, trust, and local).



2.1.2 The Schneider Sustainability Impact, a unique transformation tool

2.1.2.1 A continuous improvement process anchored in our practice since 2005

To demonstrate significant impacts and initiate lasting change, performance must be measured, in a relevant manner for a company and its stakeholders. That is why Schneider Electric defines specific Group objectives and measures its results each quarter (since 2005) in a dashboard commonly referred to as a "barometer". In 2018, this barometer was renamed Schneider Sustainability Impact (SSI). Schneider uses this tool to address its sustainability challenges and to improve each of the pillars of its strategy identified through its materiality matrix. The SSI uses a scoring scale of 10 and provides an overall measure of the Group's progress. The tool also enables Schneider to anticipate and effectively manage its risks and opportunities by mobilizing key stakeholders around specific, measured objectives and reliable results. The SSI's performance and monitoring systems are audited annually by an external auditor (limited assurance). Each SSI seeks to:

- **Mobilize** the whole Company around holistic sustainability goals impacting its ecosystem;
- **Share** the Group's improvement plans with stakeholders;
- Create **system value**.

On a daily basis, Schneider Electric proves that economic, environmental, and social interests are convergent.

2.1.2.2 Two complementary sustainability performance dashboards to progress between 2021 and 2025

In 2020, Schneider Electric defined six new objectives for the 2021-2025 period:

1. **Act for a climate positive world,** by continuously investing in and developing innovative solutions that deliver immediate and lasting decarbonization in line with our carbon pledge.
2. **Be efficient with resources,** by behaving responsibly and making the most of digital technology to preserve our planet.
3. **Live up to our principles of Trust,** by upholding ourselves and all around us to high social, governance, and ethical standards.
4. **Create equal opportunities,** by ensuring all employees are uniquely valued and work in an inclusive environment to develop and contribute their best.
5. **Harness the power of all generations,** by fostering learning, upskilling, and development for each generation, paving the way for the next.
6. **Empower local communities,** by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all.

The execution of the Group's 2021 – 2025 sustainability strategy is tracked through quantitative key performance indicators (KPIs), under two complementary tools: the SSI and the new Schneider Sustainability Essentials (SSE).

The SSI is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative programs. The programs will be tracked and published quarterly, audited annually, and linked to short-term incentive plans for more than 64,000 employees. A notable addition to the SSI in 2021 is the local aspect, aiming to deploy local actions in the 100+ markets where the Group operates in order to better empower all leaders and collaborators to unlock meaningful local impacts.

The SSE has been created to maintain a high level of commitment and transparency in the actions taken by the Group. This new tool brings balance between the innovative transformation plans of the SSI and the need to keep progressing on other long-lasting programs. In this spirit of continuous improvement, and in a holistic vision of sustainability, the SSE will track annual progress with 25 quantitative KPIs, and some additional qualitative programs.

Collectively, the SSI 11 Global Impacts and its Local Impact, as well as the 25 SSE programs, are the Group's short-term sustainability roadmap and our contribution to the 17 United Nations SDGs. More details on our contributions to each SDG are available online.

2.1.2.3 A vision beyond 2025 for climate, biodiversity, and access to energy

Climate change, biodiversity loss, rising inequalities, all those issues have long-term consequences and cannot be addressed with a short-term mindset only: solving these issues requires a combination of a long-term vision and concrete short-term action. The Group's meaningful purpose and its 2021-2025 SSI fit with Schneider's longer-term 2050 vision for a fair and decarbonized world, and key steps along the way in 2030 and 2040 that are presented below.

2030

SUSTAINABLE DEVELOPMENT GOALS

- Reach net-zero operational emissions and reduction of Scope 3 emissions by 35% (versus 2017) as part of the Group's validated 1.5°C Science-Based Target (SBT)
- Consume 100% renewable electricity (RE100)
- Double energy productivity (versus 2005) (EP100)
- Switch to 100% electric cars (EV100)
- Provide access to energy to 100 million people

2040

Become carbon neutral on full end-to-end footprint by 2040 (full Scopes 1, 2, and 3), 10 years ahead of 1.5°C climate trajectory. This means that all Schneider Electric products will be carbon neutral by 2040 (using quality offsets)

2050

Engage with suppliers towards a net-zero CO_2 supply chain

2.1 Sustainability at the heart of our strategy

SCHNEIDER SUSTAINABILITY IMPACT

3.92/10

Schneider Sustainability Impact score in 2021[1], outperforming 3.75/10 target for the year

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs		2021-2025 programs	Baseline[2]	2021 progress[3]	2025 Target
Climate	1.	Grow our Schneider Impact revenues[4]	70%	71%	80%
	2.	Help our customers save and avoid millions of tonnes of CO_2 emissions	263M	347M	800M
	3.	Reduce CO_2 emissions from top 1,000 suppliers' operation	0%	1%	50%
Resources	4.	Increase green material content in our products	7%	11%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	21%	100%
Trust	6.	Strategic suppliers who provide decent work to their employees[1]	--	In progress	100%
	7.	Level of confidence of our employees to report unethical conduct[1]	81%	+0pts	+10pts
Equal	8.	Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/25/24	41/27/26	50/40/30
	9.	Provide access to green electricity to 50 million people	30M	+4.2M	50M
Generations	10.	Double hiring opportunities for interns, apprentices and fresh graduates	4,939	x1.25	x2
	11.	Train people in energy management	281,737	328,359	1M
Local	+1.	Country and Zone Presidents with local commitments that impact their communities	0%	100%	100%

(1) The Schneider Sustainability Impact (SSI) provides an overall measure of the Group's progress on its sustainability goals on a scoring scale of 10. This is achieved by converting each KPI's performance on a 10-point scale, considering that base year performance receives a 3/10 score and the 2025 objective translates to a 10/10 score. For each KPI, the relevant score is obtained by linear interpolation and rounded down to the second decimal. The overall score of the tool is the average of each KPI's score with equal weight excluding the local commitment (SSI #+1). As an exception, in 2021, two other KPIs are excluded: SSI #6, as the program is still in development, and SSI #7, because 2021 is the baseline year.

(2) Generally, the 2020 performance serves as a baseline for SSI programs, except for two programs measured against a 2019 baseline to mitigate COVID-19 impacts (SSI #1 Impact revenues and SSI #10 opportunities for the next generation).

(3) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all of the SSI indicators (except for SSI #6, SSI #7 and SSI ##+1), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in each section of this report.

(4) For the reporting requirements under the European Taxonomy Regulation, please refer to page 68 and page 216.

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs		2021-2025 programs	Baseline[1]	**2021 progress[2]**	2025 Target
Climate	1.	Decarbonize our operations with Zero-CO_2 sites	30	51	150
	2.	Substitute relevant offers with SF_6-Free medium voltage technologies	0%	38%	100%
	3.	Source electricity from renewables	80%	82%	90%
	4.	Improve CO_2 efficiency in transportation	0%	-1%	15%
Resources	5.	Improve energy efficiency in our sites	0%	6.6%	15%
	6.	Grow our product revenues covered with Green Premium™	77%	78%	80%
	7.	Switch our corporate vehicle fleet to electric vehicles	1%	7.7%	33%
	8.	Deploy local biodiversity conservation and restoration programs in our sites	0%	0%	100%
	9.	Give a second life to waste in 'Waste-to-Resource' sites	120	126	200
	10.	Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	157,588	203,881	420,000
	11.	Deploy a water conservation strategy and action plan for sites in water-stressed areas	0%	9%	100%
Trust	12.	Deploy a 'Social Excellence' program through multiple tiers of suppliers[3]	--	In progress	--
	13.	Train our employees on Cybersecurity and Ethics every year	90%	96%	100%
	14.	Decrease the Medical Incident rate	0.79	0.65	0.38
	15.	Reduce scrap from safety units recalled	4,202	4,024	2,101
	16.	Be in the top 25% in external ratings for Cybersecurity performance	Top 25%	Top 25%	Top 25%
	17.	Assess our suppliers under our 'Vigilance Program'	374	1,203	4,000
Equal	18.	Reduce pay gap for both females and males	F: -1.73% M: 1.00%	-1.61% 1.11%	<1%
	19.	Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	53%	61%	60%
	20.	Pay our employees at least a living wage[4]	99%	100%	100%
	21.	Multiply the number of employee-driven development interactions on the Open Talent Market	5,019	x2.1	x4
Generations	22.	Support the digital upskilling of our employees	41%	74%	90%
	23.	Provide access to meaningful career development programs for employees during later stages of their career	--	In progress	90%
	24.	Increase our employee engagement level	69%	71%	75%
Local	25.	Increase the number of volunteering days since 2017	18,469	27,981	50,000

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Essentials (SSE) programs, except for SSE #5, SSE #14 and SSE #20 measured against a 2019 baseline to mitigate COVID-19 impacts.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all of the SSE indicators (except SSE #12 and SSE #23), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in each section of this report.

(3) SSE #12 'Social Excellence' program currently under development and will be deployed in 2023.

(4) As of 31st December 2021, 99.99% of eligible employees, i.e. all Schneider employees treated as permanent workforce, were paid the living wage. The few remaining gaps were closed early 2022 so that all in scope Schneider Electric employees are now paid the living wage. The final KPI result for 2021 was rounded to 100%.

2.1.2.4 Process to select and deploy our commitments

2.1.2.4.1 Sustainability Strategy setting process

Plan (1 year)

1. Definition of Strategic Pillars
   - Internal & External stakeholder consultation (Materiality Analysis)
   - SSI Steering Committee Workshops
2. Definition of key performance indicators
   - 1-to-1 workshops with Sustainability SVP
   - Iterative KPI drafting and benchmarking
3. Program validation
   - Group Sustainability Committee
   - The Board of Directors, on the recommendation of the Human Resources & CSR Committee

Deploy (3 to 5 years)

- SSI Pilots provide quarterly performance updates
- The Sustainability Team coordinates quarterly publications, the annual audit and reporting in voluntary and regulatory publications
- The Group Sustainability Committee evaluates progress and decides corrective actions
- The Board of Directors, on the recommendation of the Human Resources & CSR Committee, oversees progress and approves Reward plans

2.1.2.4.2 Program planification

Analysis of material challenges

Every three to five years, the Group defines a new SSI dashboard in the wake of an exercise to identify sustainability challenges on the basis of external and internal contributions.

The voices of each stakeholder are taken into account via the Group's materiality matrix, meetings with SRI investors, and the questionnaires from rating agencies or from customers, which all shed light on our strategic points of differentiation and on salient societal concerns.

Definition of disruptive programs

For each target and indicator, and this is a critical point for the operational implementation of each SSI, the ambition is defined in consultation with the departments concerned.

In 2020, a specific SSI Steering Committee was created, with about 50 members: representants of each Executive Committee member, each geography, function, and business unit. Three all-hands workshops took place, and the sustainability team organized individual follow up interviews with each member to define precise and measurable programs.

For the Group, it is a guarantee of strong mobilization in the field that is consistent with actual priorities; for teams, it is the assurance of having the necessary means and visibility to improve. In each new period, the barometer update takes into account results obtained, progress still expected, the emergence of new topics and new priorities, and the experience gained. Thus, it is a powerful tool to move the Group forward on its major challenges.

Four scenarios may emerge from one SSI to the next:

- Improvement plans are maintained in the barometer and their targets are renewed or increased.
- Improvement plans change: new and more innovative or better-adapted indicators that cover the same subject are implemented; old indicators continue to be monitored internally if necessary.
- Improvement 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.
- Improvement plans to address new challenges are implemented.

Governance and validation of the SSI

The Sustainability department presents a draft version of the new SSI to the Human Resources & CSR Committee Committee, which reports on its work to the Board of Directors, and to the Group Sustainability Committee for validation. This latter Committee includes six members of the Executive Committee: the Chief Strategy and Sustainability Officer; Chief Human Resources Officer; Chief Global Supply Chain Officer; Chief Marketing Officer; Chief Governance Officer & Secretary General; and Chief Financial Officer. The new barometer is then approved by the Chairman & CEO.

2.1.2.4.3 Program deployment

Transparent quarterly and annual disclosure

Quarterly results are supervised by the Group Sustainability Committee, which makes decisions on any corrective actions that may be necessary to reach objectives. This Committee meets quarterly. The Human Resources & CSR Committee within the Board of Directors conducts an annual review of the Group's Sustainability Policy, analyzing, in particular, the performance of the SSI.

Extra-financial annual results are presented together with financial results by Jean-Pascal Tricoire, Chairman & CEO of Schneider Electric, in order to demonstrate the Group's commitment to making sustainability part of the Company's long-term strategy. In addition, since 2014, quarterly results have been presented together with quarterly financial information to institutional investors by the Chief Finance Officer.

Annual external verification

Each year, Schneider Electric obtains a "limited" level of assurance from an independent third party verifier for all of the SSI and SSE indicators, in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224).

Rewarding employees for performance

Since 2011, the SSI score is included in the variable compensation of global functions and Company leaders. In France, since 2012, the SSI has also been included in the profit-sharing incentive plan for the French entities, Schneider Electric Industries and Schneider Electric France. From 2019, the weight of the SSI criteria has increased from 6% to 20% in the collective part of the annual short-term incentive highlighting further the importance of sustainability on Schneider Electric's business agenda. Further details are provided in section "Compensation and benefits" on page 182.

In 2021, the SSI performance impacts short-term incentive plans for 64,000 managers (20% of collective share).

Active communication of sustainability performance

The results of each SSI are released through the main channels below:

- Quarterly conference calls on the Group's financial and extra-financial results to investors and the business press;
- The Group's website (quarterly press releases, presentation of integrated quarterly results);
- The intranet (including a quarterly internal video featuring the CEO and the CFO on the quarter's results – these videos have strong internal visibility);
- Communications with the Board of Directors via its Human Resources & CSR Committee and the Executive Committee;
- The Group's annual reports (Universal Registration Document including the statutory auditors' report, Schneider Sustainability Report, integrated report);
- The quarterly internal rating for managers on monitoring the level of achievement of objectives related to variable compensation;
- Customers or investors events.

Overview of the five barometers since 2005, and example achievements

	2005-2008	2009-2011	2012-2014	2015-2017	2018-2020	2021-2025
Number of KPIs	**10** KPIs in program	**13** KPIs in program	**14** KPIs in program	**16** KPIs in program	**21** KPIs in program	**11+1** KPIs in program
Score out of 10	**8/10** 2008 overall performance	**9.38/10** 2011 overall performance	**9.52/10** 2014 overall performance	**9.58/10** 2017 overall performance	**9.32/10** 2020 overall performance	**3.92/10** 2021 overall performance
Highlights	**-20%** Number of lost days from work accidents per employee per year **>120** Products with an environmental profile	**1,291,768** Households at the Base of the Pyramid got access to energy thanks to Schneider Electric solutions **70.4%** of employees worked on ISO 14001 certified sites	**460** Missions with the "Schneider Electric Teachers" NGO **16%** CO_2 savings on transportation	**98.4%** of our entities passed our internal Ethics & Responsibility assessment **100%** of products in R&D designed with Schneider EcoDesign Way™	**9** Indicators with increased objectives in 2019 **100%** of employees are working in countries that have fully deployed our Family Leave Policy	**New tool** Schneider Sustainability Essentials with 25 objectives **Local** dimension with 200 commitments taken by Zone and Country Presidents

2.1.3 Measuring our contribution to a more sustainable world

Schneider Electric has been an early adopter of transparent disclosures on sustainable revenues, and created its own methodology of "Impact revenues"(1) in 2019, covering offers that bring environmental efficiency to its customers, while not generating any significant harmful impact to the environment, and excluding revenues from carbon intensive segments. Recently, the European Union (EU) has shown international leadership by being the first to develop a Regulation and Taxonomy aiming at driving investments towards environmentally sustainable activities, which the Group applauds. Both methodologies are somewhat aligned but currently differ in the scope of eligible activities, and in end-segments exclusions. The Group is supportive of a better alignment over the next years to provide its multinational stakeholders with standardized metrics and empower them to shape a more sustainable future for all.

2.1.3.1 A purpose-led, Impact Company

Schneider Electric's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. The Group's differentiation lies in its complementary actions to demonstrate outstanding environmental, social, and ethical performance, and to support its customers in their Net-zero CO_2 journey. Schneider is the digital partner of its customers for sustainability and efficiency.

The Group proposes an integrated offering of technologies and market-leading solutions tailored to customer needs, promoting the transition towards more electric, digital, decarbonized, and decentralized energy. Those active energy efficiency solutions - which consist of optimizing the entire energy cycle using energy control products, systems, services, and software – help mitigate, adapt, and improve humanity's resilience to climate change.

Schneider Electric quantifies this climate impact as part of Schneider Sustainability Impact (SSI) and is committed to help its customers save and avoid 800 million tonnes of CO_2 by 2025 (cumulated since 2018). As of end 2021, the Group delivered 347 million tonnes of CO_2e of this commitment. The methodology and results of this indicator are audited every year as part of the extra-financial audit.

2.1.3.2 Early-adopter of transparent disclosures on sustainable revenues

For more than fifteen years, Schneider Electric has led by example and transparently presented its sustainability performance to its stakeholders, across all environmental, social and governance topics and tried to develop new market practices, such as its saved and avoided CO_2 methodology or biodiversity footprint.

In 2019, the Group was one of the first companies to proactively disclose information on the share of its revenue coming from offers that bring energy, climate, or resource efficiency to its customers, while not generating any significant harmful impact to the environment. Originally called "Green Revenues" to match market standards, such sales were renamed "Schneider Impact revenues"(1) to avoid any confusion with the new European Taxonomy coming into force. In 2021, the Group took a step further by committing that Schneider Impact revenues reach 80% of Group sales by 2025 as part of its SSI. It is worth noting that each year the performance of the SSI impacts short-term incentive plans for 64,000 employees.

Climate

SSI #1

Grow our Schneider Impact revenues to 80%

The Group supported the Hong Kong University of Science and Technology (HKUST) as part of its plan to deploy an integrated data center solution to provide effective operation and management, ensuring high reliability and 24/7 availability, as well as full visibility for day-to-day monitoring of all systems and processes. Schneider proposed EcoStruxure™ for Data Center, an open, interoperable, IoT-enabled system architecture and platform. It leverages advancements in IoT, mobility, sensing, cloud and big data analytics technologies to bring unprecedented insight into data center operations through our connected products, edge control, apps, analytics and services. As a result, HKUST achieve significant energy saving and their power usage effectiveness (PUE) rating more than doubled.

Baseline	2021 Progress	2025 target
70%	71%	80%

Schneider Impact revenues can be split into four categories:

1. **Energy efficiency architectures** bringing energy and/or resource efficiency to customers.
2. **Grid reinforcement and smart grid architectures** contributing to electrification and decarbonization.
3. **Products with differentiating green performance**, flagged thanks to our Green Premium™ program.
4. **Services** that bring benefits for **circularity** (prolonged asset lifetime and uptime, optimized maintenance operations, repair, and refurbish) and **energy efficiency** (maintenance to maintain the operational performance of equipment and avoid a decrease of energy efficiency over time).

Additionally, revenues derived from activities with fossil sectors and others are systematically excluded, including Oil & Gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting and sustainable finance practices, even though Schneider Electric's technologies deliver resource and carbon efficiency in such sectors as well. In line with Schneider Electric's strategy to phase out SF_6 from offers by 2025, SF_6-containing switchgear for medium voltage applications are also excluded. In addition, neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.

(1) Schneider Impact revenues are calculated using Schneider's own consistent methodology and are distinct from turnover eligible under the EU Taxonomy

Based on our assessment, which covers 100% of Schneider consolidated sales, the total share of Schneider Impact revenues is 71% in 2021 versus 70% in 2019.

In addition, to further contribute to a new electric and digital world, 100% of Schneider Electric's innovation projects are aligned with its purpose, more than 90% qualifying as impact innovation under Schneider's definition, or neutral. This concerns every innovation contributing to a decarbonized world, for instance energy and process efficiency, resource optimization, SF_6-free projects, or Green Premium™ offers. The methodology to calculate this figure is similar to the Schneider Impact Revenue methodology and should not be confused with OpEx and CapEx eligible under the EU Taxonomy.

2.1.3.3 New reporting requirements under the European Taxonomy Regulation

The adoption of the Taxonomy Regulation (Regulation (EU) 2020/852) in 2020 establishes a European Union-wide classification system to identify economic activities that are considered as environmentally sustainable as part of the European Union's long-term plan to connect finance with its sustainability goals. Dedicated Delegated Acts (DA) specify (or will specify), for each of the six environmental objectives identified, which activities are likely to make a substantial contribution to an objective (eligibility).

Environmental objectives with published DA (covered in this eligibility assessment and subject to evolutions):

1. Climate change mitigation
2. Climate change adaptation

Environmental objectives for which DA are not published yet:

3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Pursuant to Article 8 of the regulation and the delegated regulation published on 6 July 2021, the proportion of turnover, Capital (CapEx) and Operational Expenditure (OpEx) resulting from products or services associated with economic activities considered sustainable is due to be reported progressively over the fiscal years 2021 to 2023. In FY 2021, large undertakings are required to disclose those three KPIs for activities eligible to climate objectives according to the EU Climate Delegated Act already published.

Eligible activities then need to be subjected to a series of screening tests, to determine if they are Taxonomy-aligned and can be reported as such, meaning that corporates will have to demonstrate that the eligible activities do not significantly harm any of the other five objectives ("Does Not Significantly Harm", DNSH criteria), and comply with minimum social safeguards (e.g. OECD, United Nations).

2.1.3.4 Gradual inclusion of economic activities to the EU Taxonomy

In this report we focus on eligibility according to the current EU Climate DA published. Full reporting on eligibility and alignment for all six objectives is expected in 2024 (FY 2023).

2.

Nature of Schneider Electric's main taxonomy-eligible economic activities under current Climate DA

Energy efficiency in buildings	Low CO_2 mobility end segment	Renewables end segment	Transmission and distribution of electricity	Services related to energy performance of buildings
Energy efficient building automation and control systems Smart monitoring and regulation of heating systems Zoned thermostats and devices for the smart monitoring of electricity loads or heat loads	Electric vehicles charging stations and supporting grid reinforcement technologies Electrical infrastructure for urban and suburban public transport Port infrastructure for shore-side electrical power to vessels at berth and electrification and efficiency of ports' operations	Manufacture of renewable energy technologies, equipping wind and solar power generation capacities	Equipment and projects for the construction of transmission and distribution infrastructure Communication and control technologies for the controllability and observability of the electricity system, such as advanced automation software	Technical consultations such as energy audits, simulations and trainings Energy management services Energy performance contracts

Proportion of Taxonomy-eligible economic activities in the Group's total turnover, capital (CapEx) and operational expenditure (OpEx)

28% of turnover | 27% of CapEx | 23% OpEx

Read more on Schneider Electric business model and strategy **page 20** →
Read more on Schneider Sustainability Impact **page 63** →
Read more on Schneider Electric saved and avoided methodology **page 134** →
Read more on Green Premium **page 156** →

Importantly, the phased application of reporting requirements, as well as the evolving nature of the regulatory framework means that the KPIs disclosed in this report may evolve as the regulation and its reporting requirements do. A complementary DA defining additional eligible activities for the climate change mitigation objective is also under public consultation at the time of writing, and DAs for the remaining four environmental objectives are expected in 2022. This means that more Schneider activities could be included in the EU Taxonomy reference framework gradually.

For instance this may concern Schneider's offers related to grid reinforcement and smart grid architectures contributing to electrification and decarbonization, products with differentiating green performance (flagged thanks to our Green Premium™ program) or services that bring benefits for circularity and energy efficiency. Another example is the Group's industrial automation activities, which can have significant environmental benefits.

2.1.3.5 Schneider Electric's support to the EU Taxonomy

Schneider Electric has experienced both the value and the challenges of conducting a mapping of green business activities early on. The Group therefore welcomes the European Commission's work to define a common classification system for sustainable economic activities and believes that the taxonomy can bring greater transparency and reporting alignment among non-financial undertakings.

The Group is willing to share its experience in the measurement of revenues contributing to a sustainable world and work collaboratively and constructively with relevant stakeholders to advance the transition to a sustainable and low-carbon economy. In particular, Group experts are contributing to the Platform on Sustainable Finance, an expert group assisting the EU Commission in developing technical criteria.

2.1.3.6 Turnover derived from Taxonomy-eligible activities under the current EU Climate Delegated Act

Schneider Electric identified several business activities that are eligible according to the current EU Climate DA. We provide the list of those activities in our methodological note on page 216.

In 2021, the Taxonomy-eligible turnover amounts to 28%, representing EUR 8,032 million out of EUR 28,905 million total revenues. Non-eligible turnover therefore amounts to 72%.

This number is based on the first evaluation of the eligibility of Schneider Electric's activities using two combined approaches, including an offer-based approach (i.e. by nature of technology), whereby each line of business' products are reviewed against the definition of economic activities as defined in the EU Climate Delegated Acts, and an end-segment approach, whereby the amount of revenues generated from Taxonomy-eligible end-segments (Green Transport and Renewables mainly) for each product line is reviewed. Double-counting between offer-based approach and end-segment-based approaches are then removed before consolidation.

2.1.3.7 Capital (CapEx) and Operational Expenditure (OpEx)

In 2021, Taxonomy-eligible CapEx amounts to 27%, representing EUR 757 million out of EUR 2,764 million. Therefore, the Taxonomy-non-eligible CapEx amounts to 73%.

All costs based on IFRS 16 related to long-term leasing of buildings are considered eligible. CapEx related to assets or processes associated with Taxonomy-eligible activities, including Research & Development (R&D) CapEx, were calculated using allocation keys of eligible turnover per business and operations. In 2021, CapEx for eligible individual measures was not evaluated.

In 2021, Taxonomy-eligible OpEx amounts to 23%, representing EUR 291 million out of EUR 1,276 million total OpEx (R&D). Therefore, the Taxonomy non-eligible OpEx amounts to 77%.

Only non-capitalized costs related to R&D are reported. OpEx related to building renovation measures, short-term leases, maintenance and repair and other expenditures relating to the day-to-day servicing of assets represent less than EUR 116 million and are therefore considered as non-material for Schneider Electric business and excluded from the KPI calculation.

Read more on our EU Taxonomy assessment methodology **page 216** →

Spotlight on Sustainability Consulting

Schneider's sustainability consulting business brings together the full portfolio of Schneider Electric solutions to provide unparalleled, end-to-end support to our customers to achieve their net-zero, sustainable transformations, from formulating climate strategy to execution & deployment of sustainability offers.

For example, Schneider Electric is helping the VELUX Group, the world leader in roof windows and skylights, to develop a global program to successfully reduce their energy use and scale renewable capacity at each of the company's factories.

The project, which is designed to support VELUX Group in reaching its company carbon neutral goal by 2030 and accelerate its plan to be Lifetime Carbon Neutral, includes the energy assessment of all factory sites resulting in the development and implementation of Zero Carbon Action plans, support of its Energy Excellence program in accordance with ISO50001, improved energy efficiency, expansion of onsite renewable heating and electricity capacity to phase out fossil fuels, and implementation of a global monitoring system through Schneider Electric's EcoStruxure™ Resource Advisor to measure and analyze energy usage.

Spotlight on Building Management Systems (BMS)

Due to their high energy use and the carbon generated during their manufacturing and construction process, buildings account for nearly 40% of global greenhouse gas (GHG) emissions. Decarbonizing buildings and ensuring their efficient energy usage requires the implementation of smarter solutions and thereby helps combat climate change. Such activities are qualified as "Manufacture of energy efficiency equipment for buildings" (3.5) in the EU Climate DA.

Our EcoStruxure™ Building Operation solution is a scalable, open integration software platform at the heart of the building management system that facilitates control, monitoring, and management of building assets. It offers users a single pane of glass window for efficient monitoring and operations of building systems to enable improved building efficiency, asset utilization, uptime, and occupant comfort through integration of HVAC, electrical, lighting, security, fire, power, and other subsystems. By monitoring, controlling, organizing, and acting on disparate data from building assets to a single system through advanced connectivity and integration with heterogeneous building systems, our solution brings better visibility and decision-making processes, optimizes how and when energy is used, and enables proactive energy reduction.

For example, our solution for the Cinnamon Grand Colombo, Sri Lanka's largest hotel, helps save 4,000 metric tons of GHG emissions annually. Even though energy savings equipment had been previously installed, the operations staff was not able to identify specific areas where energy was being wasted. There was a need to gain visibility into the data to develop effective energy savings strategies. After conducting an initial energy audit, an upgrade of the hotel's existing BMS to Schneider Electric's EcoStruxure™ Building Operation solution was recommended. At the Cinnamon Grand Colombo, the EcoStruxure™ solution integrates the hotel's electrical and mechanical plants, which include building systems for air conditioning, exhaust, ventilation fans, pumps, steam and hot water boilers, energy meters, and high efficiency, magnetic bearing chillers from Smardt. The result provides efficient energy monitoring, management, and reporting that drives savings across the entire hotel.

Delivering environmental benefits through industrial automation

Schneider Electric works hand in hand with industrial enterprises to automate their operations, and in doing so, helps them reduce or eliminate carbon emissions and optimize their use of resources. From smart sensors and connected devices to advanced process controllers with software analytics on the top, industrial automation systems enable better monitoring, control, and optimization strategies to directly improve energy performance, and indirectly, improve maintenance to prevent an increase in energy use due to plant downtime and resulting startup and shutdown processes, as well as defective products. Advanced supervision also enables to mitigate environmental pollution risks. As such, they are major enablers to mitigate climate change, pollution prevention and support the deployment of a circular economy

Traditionally, industrial operators have been blamed for climate change, resource scarcity, and harm to the environment and the society around them. Today, industry contributes 32% of the world's CO_2 emissions. At the same time, many of the most energy intensive industries produce the essential building blocks for society and key components of our modern world. According to the BloombergNEF report, Digitalization: An Untapped Pathway to Sustainability, industrial digitization promotes decarbonization and circularity, reduces material waste, prolongs equipment lifetime, and enables better emissions monitoring. Schneider's teams have seen it firsthand with our industrial customers.

For example, Schneider Electric supported EastLink to improve the ventilation system of the EastLink freeway tunnels in Australia for better energy efficiency and a reduction in noise levels from the ventilation stacks:

- Auditing the energy usage of the tunnel system, Schneider identified areas where significant energy savings could be made. Since the opening of EastLink, the speed of airflows within the tunnels and stacks was controlled in a traditional way - by switching individual fans on and off at pre-programmed times of the day. When switched on, a fan always operated at full speed. This was inefficient, using more electricity than necessary and producing high operating noise levels. It was also causing unnecessary wear and tear on components.
- To address the energy usage and noise issues, Schneider worked with EastLink to upgrade ten large ventilation fans from fixed speed fully off / fully on operation to a much more efficient self-regulating or closed loop variable speed operation. An on demand ventilation system using Schneider Electric EcoStruxure™ architecture, Modicon M580 PACs, Altivar Process variable speed drives and an AVEVA Plant SCADA system was implemented to bring together automation, connectivity and software for real time control and visibility.
- The upgrade has reduced energy use by almost 70% and the carbon footprint reduction by 9,000 tonnes per annum. This is thanks to the use of the EcoStruxure™ for Industry solution with the variable speed drives, and the control algorithms in the M580 PAC which means the fans are only ever operating at the speed that is required at the time. This reduction in fan usage will also see an increase in the fan life because of the lower stresses applied to the drive motor and impeller. The upgrade with Schneider Electric has contributed to EastLink being awarded the top 5-star GRESB sustainability rating. GRESB has ranked EastLink number 1 private entity road company in the world, and number 5 of 280 infrastructure assets of all types around the world.

2.1.4 Integrated and transverse governance of sustainable development

At Schneider Electric, sustainability is integrated in the processes and bodies that design and execute the Group's strategy at Board, executive, and operational levels.

2.1.4.1 Management Oversight

2.1.4.1.1 The Board of Directors

In 2013, the Board of Directors decided to extend the powers of the Governance & Remunerations Committee to corporate social responsibility (CSR) issues. Since 2014, there has been a specific committee for CSR, the Human Resources & CSR Committee. The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO. The agenda is drawn up by the Chairperson. The Committee shall meet at least three times a year (five meetings in 2021). The Committee may seek advice from any person it feels will help it with its work.

Main responsibilities:
- Employee shareholding schemes and share allocation plans;
- Compensation of Group managers;
- Succession plan for key Group Executives;
- Human resources;
- CSR policy and results.

In 2021, the Human Resources & CSR Committee reviewed the Sustainability strategy (see Chapter 4, page 295).

2.1.4.1.2 The Group Sustainability Committee

Since 2010, the three members of the Executive Committee in charge of Human Resources, Global Supply Chain, and Strategy & Sustainability have met twice per year with the Sustainability SVP to monitor and steer the Group's action plans in this area. In 2016, the Global Marketing EVP, joined this Committee. In 2020, the Chief Governance Officer as well as the Chief Financial Officer also joined. The committee meets quarterly. In 2021, this committee met three times. The Committee may seek advice from any person it feels will help it with its work.

Main responsibilities:
- Decides the sustainability dynamic;
- Validates the Schneider Sustainability Impact;
- Monitors global sustainability performance and rankings;
- Reviews alignment with United Nations Sustainable Development Goals;
- Informs the Board Human Resources & CSR Committee.

2.1.4.1.3 The Stakeholder Committee

In order to reinforce its sustainability governance further with solid external insights, Schneider Electric has created a new Stakeholder Committee in 2021.

The Committee is composed of 8 external members, sharing the same passion for sustainability, and its mission is to oversee the delivery of long and short-term commitments undertaken by Schneider Electric in accordance with its Purpose and Sustainability strategy.

The company strives at ensuring diversity of the Stakeholder Committee members, in terms of ethnicity, gender and experience.

The Stakeholder Committee meets three times a year and is chaired by Jean-Pascal Tricoire, Chairman & CEO of Schneider Electric, and Olivier Blum, the Chief Strategy & Sustainability Officer of Schneider Electric, acts as its secretary.

2.1.4.2 Coordination and monitoring

2.1.4.2.1 The Group Sustainability department

The Sustainability department, created in 2002, has been part of the Strategy department since 2008. It has the following responsibilities:

- Schneider Electric's sustainability strategy and rollout of action plans at Group level with relevant entities;
- Schneider Electric's innovative community projects to ensure continued improvements in the Group's performance in this area;
- Central point of contact for internal and external stakeholders regarding sustainability at Schneider Electric.

It is organized around four areas:

- Corporate Citizenship, specifically with the Schneider Electric Foundation as well as local economic and social development programs;
- Access to energy, with responsibility for the Access to Energy program;
- Environment, with responsibility for deploying Group climate and environmental policies, actions and strategies
- Group performance, in particular by steering the Schneider Sustainability Impact, the Extra-Financial Performance Declaration, the Schneider Sustainability Report, and the integrated report.

2.1.4.2.2 Territory Sustainability Leaders

In 2021 Schneider Electric took a commitment to empower local communities and asked its Country and Zone Presidents to take three local commitments that impact their communities under the 6 long-term commitments of the Group and adapted to the specific context in their countries, which resulted in 200 commitments taken worldwide. To manage these programs and to better answer the needs of Schneider's local stakeholders, a new model for sustainability governance in the company was created with a network of 40 Territory Sustainability Leaders. This new network will meet every two months and will work to further instill a culture of sustainability at every level of the company, to empower every employee to act, and to innovate with disruptive sustainability actions.

A Group Sustainable Communities Taskforce, chaired by the Executive Vice-President International Operations, and composed of representatives of each of Schneider's five operational regions and the Sustainability department, has met twice in 2021 to monitor the deployment of the local programs and the creation of the Territory Leaders network. The Taskforce will meet annually going forward to review progress and opportunity for global deployment of local initiatives.

Sustainability governance at Schneider Electric

Management oversight

Board of Directors
Human Resources & CSR Committee

- Approve the sustainability strategy and SSI
- Approve LTIP and STIP for the Chairman & CEO

Executive Committee
Group Sustainability Committee

- Validate strategy and alignment with the United Nations SDGs
- Challenge and monitor global sustainability performance and progress of initiatives

Stakeholder Committee

- Participate, challenge and oversee the execution of Schneider's Purpose, Sustainability strategy and delivery of long- and short-term commitments

Co-ordination and monitoring

Sustainability department and local sustainability leads

- Co-ordinates and monitors the sustainability strategy and performance
- Manage innovation projects
- Lead the relationships between internal and external stakeholders

Diffusion

360-degree ESG implementation

Businesses and corporate functions

- Implement strategy and Company programs and policies
- Execute sustainability objectives (SSI, variable compensation)
- Support awareness
- Innovate

360-degree ESG vision

SSI Steering Committee

- Establish dialogue with the entire company to boost ambition, innovation and integrate all challenges
- Co-develops new SSI programs
- Representatives from Executive Committee, operational activities and central functions

Network and expert committees

Schneider Electric has expert committees* on dedicated and material topics, in particular:

- Climate
- Environment
- Human rights
- Governance
- Ethics
- Citizenship
- Diversity & Inclusion

All employees

Sustainability Fellows network, Volunteers, Schneider Electric Foundation delegates

* Non-exhaustive list: Access to Energy Committee, Carbon Committee, SERE (Safety Environment Real Estate) Committee, Ethics Committee & Fraud Committee, Duty of Vigilance Committee, Foundation's Executive Committee & Schneider VolunteerIn Board, HR Committee, Diversity & Inclusion Committee, SSI pilots, and sponsors.

2.1.4.3 Diffusion

2.1.4.3.1 The Schneider Sustainability Impact Steering Committee

In 2020, a specific SSI Steering Committee was created, with about 50 members: representants of each Executive Committee member, each geography, function, and business unit. Three all-hands workshops took place, and the sustainability team organized individual follow up interviews with each member to define precise and measurable programs for the 2021 – 2025 SSI.

2.1.4.3.2 SSI and SSE pilots and sponsors

The execution of Schneider Sustainability Impact and Schneider Sustainability Essentials programs is ensured, for each program, by operational managers or "pilots", and SVP-level as well as Executive Committee level sponsors.

2.1.4.3.3 Other key organizations

Several other Committees and organizations drive progress on all pillars of the sustainability strategy, for instance:

- Global Supply Chain organization, with responsibilities including safety and the environment;
- Human Resources organization;
- The Ethics & Compliance organization.

2.1.4.4 Internal governance model

Internal policies create the backbone of an organization's compliance and security program. They ensure employees understand how to implement critical tasks and meet behavior expectations. Regulators have made clear the need for effective policy development and management programs. It is no longer enough to merely document the existence of policies and procedures.

Organizations must be able to demonstrate that employees know, understand and apply them. In other words, simply developing and publishing policies is no longer sufficient in the eyes of our stakeholders (NGOs, regulators, customers, financial partners, etc.). To that end, Schneider Electric has established a four tier form of documentation pyramid of norms, under the umbrella of its Code of Conduct called the Trust Charter, strengthened by policies, standards, procedures, and guidelines.

Policies consist of formal statements produced and supported by the leadership team, that state where the organization stands on important issues. Schneider has around 85 global policies. The Schneider Electric Global Policy Management Policy provides the rules to be followed for global policies.

Standards defined in these internal policies assign quantifiable measures and define acceptable level of quality. They aim to make a policy more meaningful and effective. Procedures establish the proper steps to take to operationalize a policy and/or standard. Finally, guidelines provide additional guidance with a set of recommendations to clarify expectations in relation to a given procedure.

Trust Charter

In 2021, Schneider Electric evolved its Principles of Responsibility to the Trust Charter, acting as its Code of Conduct and demonstrating its commitment to ethics, safety, sustainability, quality, and cybersecurity. It is an executive summary of our policies and a guide on how we work. It is available publicly on our website in 30 languages. Further details are provided on page 94.

Human rights & corporate citizenship

In 2017, Schneider Electric drafted a specific Human Rights Policy as part of a broader program on duty of vigilance in its value chain and in line with the United Nations Guiding Principles on Business and Human Rights (see page 106).

Human resources and safety

The Group's Human Resources policies cover the following topics: diversity, equity and inclusion, health & well-being, safety, security and travel, employee engagement, family leave, anti-harassment, recruiting, international mobility, training, human capital development, talent identification, total remuneration, social benefits, and COVID-19. These apply to the Group and are accompanied by global processes.

Ethical business conduct

In addition to the Trust Charter, different policies bolster the Group's commitments in terms of business ethics and integrity. The Business Agents Policy specifies the rules to be followed when an external stakeholder is solicited to get a deal and integrates the approval process of business agents. The Internal Fraud Investigation directive indicates the commitment to whistleblower protection. The Gifts & Hospitality Policy was approved by the Group's CEO in December 2015 and updated in 2021 before local deployment. It is supplemented by an anti-corruption Code of Conduct detailing related processes. Other policies cover social media management, competition law, conflict of interest, export control, etc.

Cybersecurity, data privacy and protection

With the acceleration of the digitalization, Schneider Electric developed many policies to reinforce its cybersecurity and respect personal data and privacy, such as IT asset management and usage, acceptable use of assets, general information security, data classification, global data privacy, user access management policy, email security policy, and many others. It is the pillar containing the most policies.

Climate and resources

Schneider Electric's environmental policy aims to improve industrial processes, reinforce product EcoDesign and incorporate Group customers' concerns about environmental protection by providing them with product and service solutions. It is bolstered by the Energy and Environment policies. These policies apply to the Group and are accompanied by global action plans.

Responsible sourcing

In 2016, Schneider Electric renewed the charter for its suppliers, called the Supplier Guide Book. The first chapter of this book sets out the Group's sustainability expectations in five areas: environment, fair and ethical business practices, sustainable purchasing, working conditions, and human rights. These requirements are detailed in a dedicated document called the Supplier Code of Conduct. In 2018, the Group adopted the Responsible Business Alliance (RBA) Code of Conduct for suppliers. In October 2021, Schneider renewed its Supplier Code of Conduct whereby it requires all its suppliers to review their own operations, take ambitious targets, and initiate bold actions in the areas mentioned in this Supplier Code of Conduct.

Strive for high quality

Schneider's priority is to delight its customers with an outstanding end-to-end experience. Quality is every customer's right and every employee's responsibility. Experience is the most important driver for customers, defining the business relationships they sustain with suppliers and partners. The Group's customers place trust in its resilient, highly personalized, multi-channel experience, and the superior quality of its products. To ensure this, the company acts with agility, discipline, and good business sense throughout the offer life cycle from creation to supply, manufacturing, delivery, when in operation and when being serviced. The Group has deployed a specific Quality Directive "Managing Customer Safety Risks" and a Quality Procedure "Offer Safety Review" to protect its customers. They are supported by a robust Quality Management System, which is improved continuously to fulfill expectations of all relevant parties. It is in full alignment with the Trust Charter as well as in compliance with ISO 9001 standard.

2.1.5 Open dialog with stakeholders

2.1.5.1 Focused dialog with clearly identified stakeholders

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

Schneider Electric engages in open and continuous dialog with each of its stakeholders. In particular, the Sustainability department takes into account the comments, ratings, and evaluations from stakeholders on the Group's Sustainability Policy and programs. This feedback is integrated into the drawing up of the registration document, the Group corporate brochure (Schneider Sustainability Report), the integrated report, and new improvement plans throughout the Company program, as well as during the design of the SSI every three years.

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

Stakeholder	Dialog	Department
Customers	Quarterly customer satisfaction surveys Co-innovation programs Online publication of environmental information on products	Quality, Customer Satisfaction, R&D, Sales, EcoDesign
Financial	Quarterly conference calls to present financial and extra-financial information, meetings and plenary meetings Regular meetings with individual shareholders Quarterly newsletters to shareholders Response to extra-financial rating questionnaires Individual meetings with SRI analysts Response to SRI analyst questions	Finance, Secretary of the Board, Sustainability
Partners	Purchaser/supplier meetings Suppliers' day Supplier qualification process Awareness-raising about the United Nations Global Compact and ISO 26000 Participation in commissions and work groups on the sustainability of professional groups	Procurement, Environment, R&D, Businesses, Sustainability
Social	Yearly employee satisfaction survey Social dialog with employee representation bodies Sustainability Open lines	Human Resources, Sustainability
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	Commitment to and promotion of the United Nations Global Compact Relationships with public authorities, legislators, and the European Commission, especially in the field of energy efficiency	Sustainability, Purchases, 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

2.1.5.2 Materiality analysis

2020 methodology

In 2020, Schneider Electric built its third materiality matrix by questioning external stakeholders (e.g., customers, suppliers, international organizations, trade associations, experts, shareholders) and top and senior managers within the Group, including the Executive Committee. Nearly 200 stakeholders have been consulted in total (143 through an internal survey, 54 interviewed in person).

Participants were first asked what they felt were the key worldwide trends most likely to impact Schneider Electric in the future, before being asked to assess the significance of 31 issues according to a quantitative scoring scale. Then, participants were interviewed for qualitative evaluation and justification of the given scores. Participants were guided to prioritize the most transformative issues.

Issues were scored according to their importance as follows:

1 Medium or low importance
2 Important
3 Critical
4 Chosen in top three most critical topics

These surveys and interviews also enabled Schneider Electric to consolidate the relationship with its stakeholders and learn about their expectations. Beforehand, the challenges were defined using a study of the sector's stakes (analysis of the different CSR guidelines, sector benchmarks, etc.) and a comparison with the 2017 materiality analysis. With the help of consulting firm Utopies, the aim is to ensure that Schneider Electric reports on the most important economic, social, and environmental challenges; identifies current and future opportunities and risks for the business; and updates its sustainability agenda with key stakeholders' expectations. In particular, the materiality matrix was one of the sources used to design the 2021-2025 Schneider Sustainability Impact and Schneider Sustainability Essentials, and to confirm the topics to be addressed in the registration document.

Key learnings

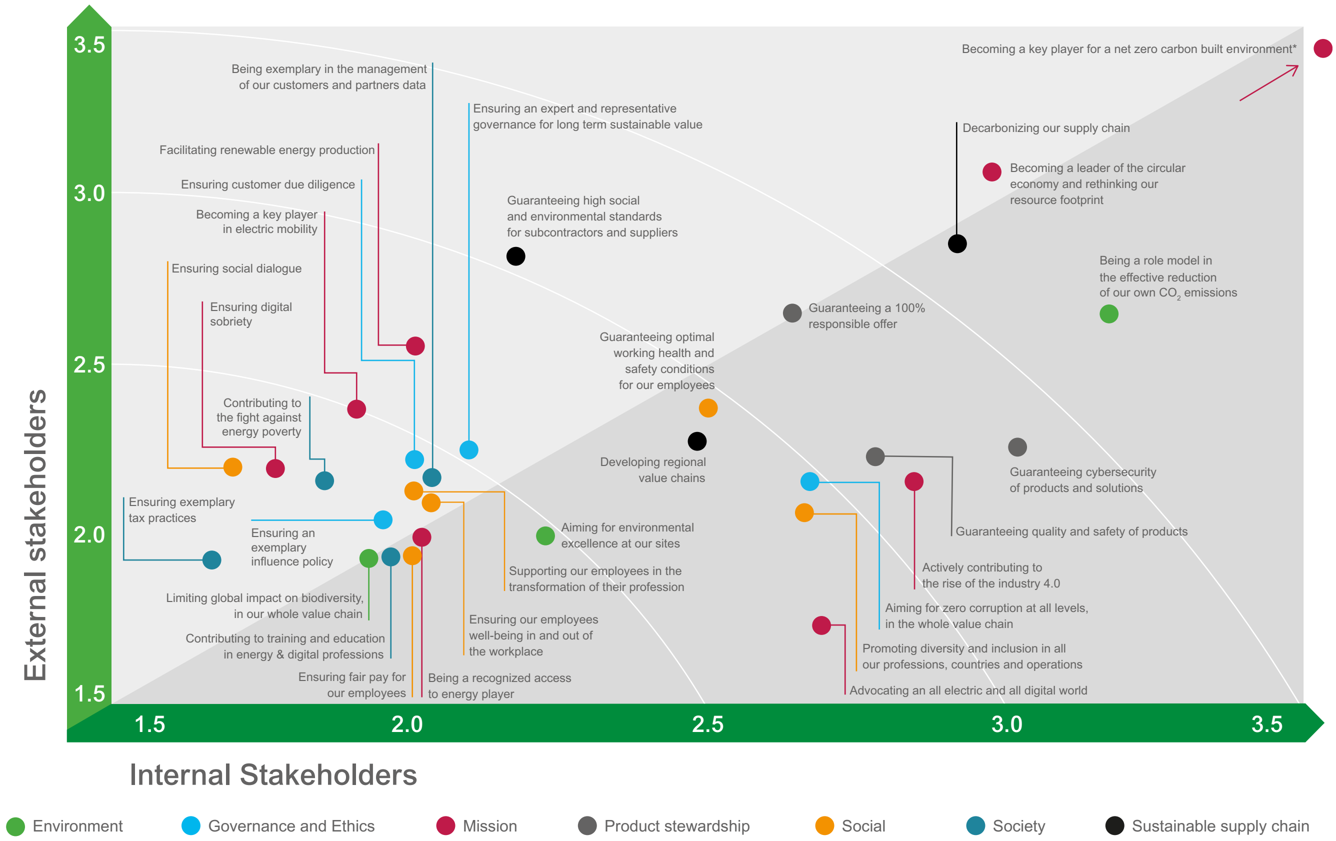
Overall, stakeholders point to growing instability – whether environmental, social, political, or economic. This creates uncertainties for businesses, which should work on building resilience:

- Climate is the main trend identified externally and internally. It includes the trend for energy transition and electrification, on which external stakeholders expect Schneider Electric to take the lead.
- Inclusion and the need for a just transition covering the Company's extended responsibility to its ecosystem, in particular in the supply chain, to ensure the low-carbon transition equally benefits all. Stakeholders also mentioned the growing expectations in providing ethical and sustainable products.
- Resilience, and the move towards more local supply chains, specifically post-COVID-19, can be a way to mitigate geopolitical uncertainty and a rise in protectionism.
- Ethics in digital: the growth of digitalization and the need for stronger ethics represents both an opportunity and a risk for Schneider Electric. This covers topics such as the power of data and the ethical use required, the opportunities and dangers of Artificial Intelligence (AI), as well as people's well-being, or job security in a transitioning world.
- Resource scarcity and circular economy showed very high expectations internally.

During the discussions, some elements were often mentioned:

1. The vision of the Group, endorsing the link between sustainability and digital, is complex and not always easy to understand for non-experts. Schneider Electric could be more pedagogic in its advocacy.
2. There are high expectations for Schneider to become a globally recognized leader for a decarbonized world, with its products and solutions, and in terms of thought leadership.
3. All 31 topics are deemed important, reinforcing our holistic vision of sustainability. Issues were prioritized based on three groups:
   - Licence to operate – fundamental "must have" topics such as product quality and safety, and cybersecurity.
   - Standard issues – topics which are on track, and on which Schneider Electric must remain mobilized (e.g., health and security, environmental excellence, corruption).
   - Key transformational topics – those which have the potential to transform markets and differentiate Schneider Electric from others (e.g., climate change engagement, circular economy, human engagement).
4. The SSI is a renowned and transformative program which is a source of pride internally, and recognition externally, but which needs a new lease of life: simplified, with increased internal buy-in and awareness.

Materiality matrix



Top four expectations

The materiality matrix above displays the results of the analysis, which can be summarized in four megatrends:

1 Leading climate action in our ecosystem with our partners.

2 Pioneering circular economy and being efficient with resources.

3 Ensuring a fair transition and guaranteeing high ethical, social, and environmental standards along more local value chains.

4 Leverage digital in cybersecure solutions to boost positive impact.

The 2021 registration document, Schneider Electric's commitments for the climate (see page 126), and the 2021-2025 Schneider Sustainability Impact cover all these priority challenges through Group policies, improvement plans, indicators, and short or long-term goals.

2.1.5.3 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 sustainability in cooperation with various players. Schneider confirms its commitment to and participation in discussions on challenges related to climate change. In the following table we present Schneider's main memberships.

Topic	Commitment
Sustainable governance and cross-functional topics	**International**: World Business Council for Sustainable Development (WBCSD); United Nations Global Compact (Board); Business for Inclusive Growth coalition (B4IG); International Chamber of Commerce (ICC, Environmental and Energy commission); Business for Social Responsibility (BSR). **Europe**: International Business Europe; CEO Alliance; Energy Solutions; European Partnership for Energy and the Environment (EPEE); VDMA (network organization for the mechanical engineering industry in Germany and Europe). **France**: French trade association for electrical equipment, automation, and related services (Gimélec); French Study Center for Corporate Social Responsibility (ORSE, Board); *Entreprises pour l'Environnement* (EpE); French Association of Private Sector Companies (AFEP); French Business Confederation (MEDEF); French trade association for electronic, electric, and communication equipment (FIEEC); French Chamber of Commerce and Industry (CCI France, Environmental and Energy commission). **United States**: National Electrical Manufacturers Association (NEMA, Chair), National Association of Manufacturers (NAM, Executive Committee); Information Technology Industry Council (ITI). **United Kingdom**: BEAMA (UK trade association for manufacturers and providers of energy infrastructure technologies and systems).
Climate	**International**: Energy Transitions Commission (ETC); signatory of the United Nations Global Compact Business Ambition for 1.5°C Pledge; Carbon Pricing Leadership Coalition; Caring for Climate; The Climate Group and We Mean Business (RE100, EP100, EV100, Responsible Climate Policy, Report Climate Change Information/TCFD); Business Climate Summit; Clinton Climate Initiative; The 2°C Challenge Communiqué; White House Pledge; Global Footprint Network. **France**: EpE (ZEN 2050); French Business Climate Pledge; Climate Chance.
Cybersecurity	**International**: ISO/IEC JTC 1/SC 27: Information security, cybersecurity, and privacy protection; IEC/TC65/WG10: Security for industrial process measurement and control – Network and system security; IEC/ACSEC (Advisory Committee on Information security and data privacy), IT Industry Council (Board and Cybersecurity Chair). **Europe**: CEN/CLC/JTC 13 – Cybersecurity and Data Protection; CLC/TC 65X – Industrial-process measurement, control, and automation; Digital Europe (board); The European cybersecurity organization (ECSO, convenorship of the group in charge of the standardization, certification, and supply chain management aspects); EG2 group (part of the European Commission Smart Grid task force, in charge of advising it for a future network code for electricity supply cybersecurity). **National**: IEEE Power System Communications & Cybersecurity Committee (PSCC); ISA99: Industrial Automation and Control Systems Security; The Cybersecurity Coalition.
Energy/ Energy efficiency/ Electric mobility/ Digital/ Renewables	**International**: Alliance to Save Energy; The Green Grid (Board); eu.bac (the European association for building automation and controls – energy efficiency in buildings); Orgalim; CAPIEL/CECAPI (CAPIEL vice Chair; Impact of Digitization for Buildings; Smart buildings); Global Alliance for Building and Construction (GABC); Energy Solutions; CEO Alliance. **Europe**: European Alliance to Save Energy (Vice-chair); Energy Solutions; Solar Power Europe; Wind Europe. **France**: National Industry Council; National Energy Transition Council, Green Building Plan; Promodul, financing company for energy transition; Avere (Electric Vehicle Association, Board and Vice-Chair); IFPEB (Institut français pour la performance énergétique du bâtiment); Industry of the Future Alliance; P2E Initiative; Ignes (digital, energetic, and security engineering industries); France Data Centers; Comité Stratégique de Filière (CSF); Industries des Nouveaux Systèmes énergétiques; Minalogic, Conseil National de l'industrie.
Industry 4.0 and Smart Manufacturing	Industry 4.0 enables smart manufacturing with a wide offer of information and operational technologies as well as communication technology. The acceleration of digitization, software, and data in the industrial field is orchestrated by Industry 4.0 for more interoperability, efficiency, and value creation. **International**: OPC Foundation (Board, CTO); FDT Group (Board); FieldComm Group (FCG, Board); ECLASS (Board); AutomationML (Board); Open Process Automation Forum (OPAF); Industrial Digital Twin Association (IDTA, Chair); Digital Twin Consortia (DTC); Industrial Automation and Control Systems Security (ISA 99); Edge Computing Consortium (ECC); IEC TC65 (Industrial-process measurement, control, and automation, Secretary and chair of Sub-committees); ISO TC184 (Automation systems and integration, Chair); ISO/IEC JTC1 SC 41 (IIOT and Digital Twin); CEN/CENELEC ISO joint working group on CyberSecurity; ISO Smart Manufacturing Coordination Committee; IEC Smart Manufacturing System Committee, Universal Automation.Org (UAO, President of the Board) for distributed control and Orchestration. **National**: Industrie 4.0 (Germany); Alliance Industrie Du Futur (France); Piano Industria 4.0 (Italia), Smart Manufacturing (USA); International Coalition for Intelligent Manufacturing (China).

Topic	Commitment
Smart grids and sustainable cities	**International**: Grid Edge Executive Council (Greentech Media); OpenADR Alliance; Peak Load Management Alliance; IEEE (T&D and Power and Electronics Society); Association of Energy Service Professionals (AESP); Association for an Energy Efficient Economy (AEEE); Urban Infrastructure Initiative led by the WBCSD; Electric Drive Transportation Association (EDTA); ISGAN (International Smart Grid Action Network); **Europe**: T&D Europe (the European association of the electricity transmission and distribution equipment and services industry, President, Executive Committee), Orgalim (Infrastructure Task Force); CAPIEL (European Coordinating Committee of Manufacturers of Electrical Switchgear and Controlgear); smartEn (Smart Energy Europe, Chairman of the Board); **United States**: Research Triangle Cleantech Cluster (Raleigh, North Carolina); Fort Collins Cleantech Cluster (Colorado); Bay Area Climate Collaborative (SF Bay); North American Electric Reliability Council (NERC, Functional Model Demand Response Advisory Team); Pacific Northwest Demand Response program; Think Smart grids; Tenerrdis Energy Cluster.
Circular economy and product environmental performance	Circular economy initiatives and product environmental performance deliver product with lower environmental impact and full transparency on environmental attributes. **International**: Ellen MacArthur Foundation membership; PEP ecoPassport (Product Environment Profile, Presidency), PEP ecoPassport was selected by EU as leader of PEF (Product Environment Footprint) experimentation phase (2020-2021) for EEE cluster (Electric and Electronic Equipment), for promotion of transparent, robust and digital Product Environmental information; **National Initiatives**: AFEP (Circular economy working group); AFNOR Circular Economy; Gimélec (chairmanship of strategic taskforce for Circular Economy); MTES/Feuille de Route Économie Circulaire (active contributions, working groups).
Access to energy	Access to energy is a fundamental human right and a means for social and economic development. The pooling of forces and the sharing of knowledge between actors are essential to advance public policies, capacity building, new technologies or innovative financing. **International**: Alliance for Rural Electrification (ARE); Sustainable Energy for all (SE4ALL); International Finance Corporation (IFC) Energy2Equal initiative (Empowering Women in Africa's Renewable Energy Sector); Solar Impulse Foundation. **National Initiatives**: ADEME (French Ecological Transition Agency); Renewable Energy Trade Association (SER); HEC Movement for Social & Business Impact.
Diversity, Equity and Inclusion	Schneider Electric's diversity, equity, and inclusion ambition is to offer equal opportunities to everyone everywhere. The Group wants its employees – no matter who they are, or where in the world they live – to feel uniquely valued and safe to contribute their best. Promoting diversity, equity, and inclusion is a moral as well as a business imperative as a diversity of people and an environment of inclusion leads to greater engagement, performance, and innovation. **International**: Signatory of the United Nations Women's Empowerment Principles (WEP); Committed to the UN Generation Equality Forum; Signatory of the OECD Global Deal; Member of the World Economic Forum (WEF) Partnership for New Work Standards; Signatory of the Women's Forum climate charter; Member of the ILO Global Business and Disability Network (GBDN); Member of the Gender and Diversity KPI Alliance (GDKA). **National Initiatives**: Diversity Charter; Agreement for professional gender equality; Parenthood Charter; Disability Agreement; Agreement on inter-generational mechanism; Apprenticeship Agreement; Signatory of PaQte, a collective of companies working to be more inclusive with specific action plans for working-class neighborhood; Youth and regional development with associations (FACE, 100 Chances 100 Emplois, Energie Jeunes, ADIE, GEFLUC).
Education	**International**: Training program in energy management for disadvantaged people, in partnership with local vocational training centers and/or national or international non-profit organizations. **National Initiatives**: Schneider electric school, 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 and human rights	**International**: Transparency International, Global Compact LEAD (Decent Work in Global Supply Chains); Member and co-leader of the B4IG coalition's "Advancing human rights in direct operations and supply chains" working group; IDH - The Sustainable Trade Initiative. **National Initiatives**: *Cercle éthique des affaires* (Business ethics club, Board of Directors); *Club Droits Humains* (Human rights club) of Global Compact France; *Entreprises pour les droits de l'homme* (Businesses for Human Rights).
Biodiversity	Livelihoods (carbon offset fund for biodiversity and rural communities), act4Nature Initiative; Caisse des Dépôts et Consignations (CDC) – Positive Biodiversity Businesses club (B4B+) membership.
Philanthropy	**International**: International Association for Volunteer Effort (IAVE), more than 70 NGOs supported each year in over 35 countries; The European Venture Philanthropy Association (EVPA). **National Initiatives**: *Fondation de France*, Admical (*Association pour le développement du mécénat industriel et commercial*, member of the European network CERES); IMS-*Entreprendre pour la cité*; *Centre français des fonds et fondations*; *Alliance pour le Mécénat de compétences*. The *Rénovons* initiative/CLER the energy transition network; Hope, *la chaire pour lutter contre la Précarité Energétique/Fondation Grenoble INP; Stop à l'exclusion énergétique/Fondation des transitions*.

2.1.5.4 Schneider Electric contribution to standardization

With many experts actively participating in international and national standardization bodies, Schneider Electric is making a decisive contribution to the creation and distribution of standards that ensure the safety and reliability of electric facilities and equipment, and address their environmental impacts all along their life cycle to prepare for a better circular economy, support the new energy landscape with the goal of greener energy integration, safer energy delivery and better integration of prosumers, support the digital transformation of the industry and any other customer values.

Schneider is very active in international committees, covering also National Committees in US, China, India and historically Europe. CEN (European Standardization Committee), CENELEC (European Committee for Electrotechnical Standardization) and ETSI (European Telecommunications Standards Institute) are the three official European standardization bodies.

CEN-CENELEC-ETSI serve as a main contributor of the French electrotechnical institute, which is a founding member of international (IEC – International Electrotechnical Commission) and European (CENELEC) organizations.

CEN

CEN is an association that brings together the National Standardization Bodies of 34 European countries. CEN provides a platform for the development of European Standards and other technical documents in relation to various kinds of products, materials, services and processes. CEN supports standardization activities in relation to a wide range of fields and sectors including: air and space, chemicals, construction, consumer products, defence and security, energy, the environment, food and feed, health and safety, healthcare, ICT, machinery, materials, pressure equipment, services, smart living, transport and packaging.

CENELEC

CENELEC is an association that brings together the National Electrotechnical Committees of 34 European countries. CENELEC prepares voluntary standards in the electrotechnical field, which help facilitate trade between countries, create new markets, cut compliance costs and support the development of a Single European Market. CENELEC supports standardization activities in relation to a wide range of fields and sectors including: Electromagnetic compatibility, Accumulators, primary cells and primary batteries, Insulated wire and cable, Electrical equipment and apparatus, Electronic, electromechanical and electrotechnical supplies, Electric motors and transformers, Lighting equipment and electric lamps, Low Voltage electrical installations material, Electric vehicles railways, smart grid, smart metering, solar (photovoltaic) electricity systems, etc.

ETSI

ETSI creates globally applicable standards for information and communications technologies (ICT), including fixed, mobile, radio, converged, broadcast and internet technologies. Authorized by the European Union, ETSI implements legislation governing electronic use and other EU initiatives

IEC

The IEC is a global, not-for-profit membership organization that brings together more than 170 countries and coordinates the work of 20,000 experts globally. The IEC publishes around 10,000 IEC International Standards which together with conformity assessment provide the technical framework that allows governments to build national quality infrastructure and companies of all sizes to buy and sell consistently safe and reliable products in most countries of the world. IEC International Standards serve as the basis for risk and quality management and are used in testing and certification to verify that manufacturer promises are kept.

Smart grids and sustainable cities

Involved in IEC and CENELEC, at governance and technical levels, Schneider Electric participates actively in the standardization of smart grids, for which it leads the definition of standards and the standardization roadmap within the European smart grids coordination group, as well as the group in charge of standardizing the interfaces between smart buildings and smart grids.

- Schneider co-chairs the Smart Energy Grid coordination group of the CEN-CENELEC-ETSI responsible for ensuring availability of an appropriate set of standards for the rollout of smart grids in Europe, as well as supporting the coming new legislative "Clean Energy Package".
- It chairs the group at the IEC level in charge of defining the roadmap of international standards to support the rollout of the Smart Energy sector (smart grids, in addition to interfaces with other energies). This roadmap also includes cybersecurity and resilience, as well as the impact of the IoT.
- It chairs and actively contributes to the definition of Prosumer's electrical installations, installations integrating local production such as PV, wind, storage to ensure they are designed and erected with a high level of safety and efficiency.
- It chairs the IEC's Advisory Committee for Energy Efficiency (ACEE) and chairs the Advisory Committee on Safety (ACOS).

Circular economy and product environmental performance

Schneider contributed to the European Commission's Circular Economy package, with CEN-CENELEC-ETSI developed a set of published standards assessing durability, reparability, reusability, recyclability, ability to be remanufactured, etc. which fall within the scope of the EcoDesign directive. Schneider has appointed active experts in each of the working groups.

It contributes to the terminology of circular economy being the first step of the digitalization of this topic, and also contributes to the material efficiency within environmentally conscious design, to the life cycle assessment product category rules and specific rules for high and low voltage equipment, and to greenhouse gas emission reduction quantification.

Standardization to accelerate environmental transformation

Since February 2007, Schneider has represented France on the IEC's Advisory Committee for Environmental Aspects (ACEA). ACEA works to advise and coordinate the IEC's efforts to tackle environmental issues.

- It is particularly heavily involved in the working group on sustainability (chairing environment and circular economy groups) and in the work on the rational use of energy.
- It chairs the IEC TC111 Committee on Environmental standardization of Electric and Electronic Equipment and IEC TC 23 Electrical Accessories (protection devices, wiring devices, home and building control systems).
- It is the secretary of IEC SC23K on Energy Efficiency Products, Systems and Solutions.
- In 2018 it led the UPS manufacturers' group in the EU Commission's Product Environmental Footprint (PEF) pilots for defining rules to assess the PEF of products put on the EU market, prior to its implementation of the European policy.
- It chairs ISO TC 184 (Automation systems and integration).

Digital transformation

Digitization is the key driver for the advanced manufacturing, optimizing the production with more flexibility, more interoperability, more predictability, and continuity, providing a new level of system efficiency and sustainability. More data, software and tools enabling virtual descriptions, defined in digital twins, creating new capabilities and services combined with Machine learning and Artificial Intelligence.

That's why Schneider Electric is strongly involved in ISO and IEC technical committees, and association like Industrial Digital Twin Association to deep dive and deploy the Asset Administration Shell through industrial Use Cases of the standardized digital twin and in Universal Automation.Org, to address a more functional and distributed approach for the orchestration of industrial systems.

National committees

Schneider Electric chairs many French standardization committees hosted by AFNOR (French standards organization) and in other national committees, such as the chair of the French and Swedish Committees for environmental standardization and the French Committee on Circular Economy. It was a major contributor to smart manufacturing initiatives such as the AIF in France. Notably, it is a member of the Council Board and of the IEC Conformity Assessment Board.

2.1.6 Main ESG risks and opportunities

2.1.6.1 Evaluation methodology

As part of its Extra-Financial Performance Declaration, the Group presents the main risks and opportunities identified with respect to major societal challenges in this section.

In order to compile the list of main extra-financial risks for the Group, a panel of both internal and external tools is used to address the expectations of its stakeholders as best as possible.

The Group Sustainability team leads the evaluation, working in close collaboration with the Group Risk Management function and with the Duty of Vigilance Committee.

The Group's corporate governance bodies supervise the development of internal control and risk management systems. The Audit & Risks Committee has particular responsibility for following up on the efficiency of internal control and risk management systems and reports to the Board of Directors.

Internal tools:

- A regular stakeholder consultation (materiality assessment and matrix), at least once every three years (last exercise done in 2020);
- The Group risk matrix, led by the Group Risk Management function, updated every year;
- Specific committees (Carbon, Human Resources, Ethics, etc.);
- Vigilance risks matrix.

Continuous monitoring of external signals and international frameworks:

- Regulatory framework: the key topics listed under Article R. 225-105 of the French Commercial Code (Extra-Financial Performance Declaration);
- International institutions/organizations (United Nations Global Compact and SDGs);
- Environment, Social, and Governance (ESG) rating agencies;
- Specific requests from investors and customers;
- Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and various frameworks (SASB, GRI, etc.).

The analysis covers the entire value chain of the Group and its stakeholders: suppliers and subcontractors, transactions, customers, as well as Schneider Electric's scope – extending to the activities at its Foundation – on cross-functional, environmental, social, and societal topics, human rights, and anti-corruption, with a double materiality approach.

Each topic is monitored by the relevant departments and their management teams, or "Risk Overseers", who are in charge of proper risk assessments and the implementation of mitigation and prevention actions. The main departments and managers are:

- Sustainability, Access to Energy, and Environment, and the Global Sustainability SVP and Chief Strategy & Sustainability Officer;
- Human Resources and the Chief Human Resources Officer;
- Procurement and the Chief Procurement Officer;
- Governance, Safety, and Ethics, and the Chief Compliance Officer and Chief Governance Officer.

The main identified risks are quantified on probability of occurrence and magnitude of impact by these departments to determine gross risks, and an assessment of current mitigation measures informs on potential net impacts. Extra-financial risks presented here are gross risks, i.e., absolute risks before a mitigation plan is implemented. The main net extra-financial risks are presented in "Chapter 3, How we manage risks at Schneider Electric", page 243.

On this basis, the list of extra-financial risks is reviewed and validated by relevant SVPs, the Board of Directors' secretariat, Internal Audit team, Group Risk Management function and presented to the Human Resources & CSR Committee and to the Group Sustainability Committee at least every 3 years, in coherence with the SSI calendar.

Seven main risk categories were identified and are presented in detail in the following pages:

- Business conduct
- Corporate governance
- Cybersecurity and data privacy
- Environment
- Product, projects, system quality and offer reliability
- Human rights
- Responsible workplace
- Talent development and competencies

2.1 Sustainability at the heart of our strategy

Following its assessment of material risks, Schneider Electric presents its main ESG risks and opportunities.

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Business conduct			
Competition law			
Non-competitive behavior Schneider Electric products are sold worldwide and are subject to national and supranational competition laws and antitrust regulations. Non-compliance could result in fines and impact the company's reputation.	Trust Charter Conflict of interest Policy Competition Law Policy	• New whistleblowing system in place this year called the Trust Line	Increase relationship with suppliers to ensure compliance.
Corruption and bribery			
Corruption is the abuse of entrusted power for private gain. It may occur through third parties' activities (partners, suppliers, agents, companies to be acquired) and cause various impacts for the company: • Reputational • Legal • Financial • Development of the company • Employer brand	Trust Charter Anti-Corruption Policy Business Agents Policy Gifts & Hospitality Policy Donations Policy Conflict of Interest Policy (new) Business Agent Policy (new)	• Trust Line whistleblowing system • Specific risk mapping dedicated to "Ethics & Compliance" risks • SSI #7: Measure the level of confidence of our employees to report unethical conduct: 81% achieved, aiming for 10pts increase by 2025 • Four additional modules as part our anti-corruption e-learning • SSE #13: 100% of employees trained every year on Cybersecurity and Ethics in 2025 (96% achieved 2021)	More opportunities with actual and potential customers Talent attraction and retention
Corporate governance			
Delivering on ESG performance			
Failure to achieve our long-term sustainability commitments • Brand and reputational impact • Distrust from stakeholders	Internal Governance in place at every level (Board, Executive Committee, Operations) to drive and monitor progress Quarterly Schneider Sustainability Impact (SSI) public disclosure SSI performance embedded in managers' and leaders' short-term incentives	• SSI 2021 performance reached 3.92/10, beyond 3.75/10 target • Top 1% of several ESG Ratings Worldwide confirming we are headed in the right direction	Higher credibility and trust to support our customers in their Climate and Sustainability journey Risks mitigation ahead of competition thanks to the SSI disruptive and virtuous continuous improvement process
ESG compliance			
Failure to report, lack of transparency New Corporate Social Responsibility regulations, Standards and market expectations are redefining what "Sustainable businesses" are • Brand and reputational impact • Risk of exclusion from growing Socially Responsible Investment (SRI), ESG or green portfolios	Transparent public reporting on sustainability objectives and performance in quarterly SSI reports and in annual reports aligned with key frameworks (GRI, SASB, TCFD, WEF Common Metrics, SDGs) Regular engagement with stakeholders to identify critical sustainability topics (materiality analysis) Engagement and dialog with investors to ensure expectations are met	• Upgraded quarterly SSI reports • Winner of the 2021 Transparency Awards for ESG information	Greater attractivity to investors, customers and talents Strengthened partnerships with clients, suppliers, and other partners in the Group's ecosystem Anticipation of sustainability trends and risk mitigation Influence other companies to have better practices

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Cybersecurity and data privacy			
Business disruption			
Industrial activities Risk of a malicious exploitation or intrusion into the infrastructures of Schneider Electric production and distribution centers • Impacts on productivity, data privacy, operations • Financial cost, and loss of confidence from stakeholders	Directive Site Protection Data center, IT Room and Network Enclosure Security Policy IT Disaster Recovery Plan for Business Continuity Policy Network Security Policy Acceptable Use of Assets Policy Security testing for products and systems	• 200+ Cybersecurity leaders appointed and trained • Operational Technologies (OT) workers security awareness deployed • Access level defined, granted, and checked as per the profile/need • Endpoints inventory and protection • Topography of OT network, OT monitoring and threat detection, security policy compliance, incident response process • IT/OT network segmentation secured industrial Personal Computer (PCs), secure remote access, backup restore for PCs and Programmable Logic Controller (PLCs)	Improved supply chain resilience Greater confidence of our customers and partners into our supply chain and products Market access to critical infrastructures/customers Advanced discussions with authorities and greater collaboration on safety and security
Human resources (HR) and employee collaboration Risks of HR systems disruption or HR data leakage • Impact on business continuity, legal compliance and overall reputation	Acceptable Use of Assets Policy Crown Jewel Security Policy Digital Certification Policy Email Security Policy Personnel Management Security Policy Third-Party Security Policy User Access Management Policy	• Cybersecurity Charter shared and signed by all employees and contractors • All employees trained every year on Cybersecurity and Ethics; dedicated mandatory training for high-value asset administrators • Monthly phishing campaigns • Data protection and cleanup yearly campaign • Yearly access audits on all HR applications • Data Protection Impact Assessments for high-risk applications • External pen tests performed on all high-value asset applications • Background verification checks in accordance with relevant laws and regulations	Attractiveness of Schneider Electric for prospective candidates aligned with Trust Charter commitments
Compliance			
Data privacy, retention & residency • Risk of compromise, modification or exfiltration of data from Schneider Electric's data systems • Representing a non-compliance to data protection regulations and laws as well as business purpose leading to potential penalties • Non-compliance to data protection regulations leads to potential fines	Data Privacy Policy Data Classification Policy Global Data Retention Record Creation Backup and Recovery Policy Log Management & Monitoring Policy Acceptable Use of Assets Policy Digital Certification Policy	• Mandatory Cybersecurity & Data Privacy annual training sessions • Data privacy champions appointed • Annual review of all policies • Data Retention implemented by area • Sensitivity label feature enabled on Microsoft Office 365 Suite for all employees	Increase sentiment of trust for our customers, partners and larger community Prove alignment to regulations and devotion to ESG requirements

2.1 Sustainability at the heart of our strategy

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Cybersecurity and data privacy (continued)			
Damage to customers assets			
Field services operations & remote customer support Risk of malware distribution into the production environment of a customer through compromised Field Service end-point or on-site activities • Impact on customer assets and production • Reputational impact	Cyber Badge Principles Third-Party Security Principles Network Security Policy Malicious Software Policy	• Cybersecurity contact identified, ad hoc and periodic assessments for strategic ones For our customer-facing employees: • Deployment of Cyber Badges across 20,000+ customer-facing employees. • Compliance monitoring of Cyber Badge deployment For our customer-facing suppliers: • Consistent Cybersecurity and Privacy Terms & Conditions developed for all suppliers	Increase sentiment of trust for our customers, partners and larger community • Absolute requirement • Global Action Plan
Customer staging and project commissioning Risk of compromised customer assets having an impact at site level, as a result of a failure in the control environment of Schneider Electric • Reputational Impact • Repairment cost	Security Principles Cybersecurity Policy for Products & Systems Network Security Policy Malicious Software Security Policy Source Code Security Policy	• Deployment of an end-to-end Project Supply Chain Security methodology • Datamining for preparing recommendations	Greater confidence of our customers in our products Market access to critical infrastructures Advanced discussions with authorities and greater collaboration on safety and security Fulfillment of contract requirement opening the door for additional or further opportunities. On-time with tendering process
IP theft and loss			
R&D repositories and source code compromise • Compromise, deterioration or exfiltration of R&D repositories and source code • Jeopardizing Intellectual Property availability, integrity and confidentiality	Source Code Security Policy Cybersecurity Policy for Products and Systems Information Security Charter Sensitive Source Code Security and Confidentiality Affidavit	• Site security controls compliance, training and awareness deployed • Assets inventory, topography of R&D sites • Protection against vulnerabilities or malware • Pen tests conducted • Least Privileged Access Control, Disaster Recovery Plan, Network Segmentation, Port Management, and Protocol Hardening applied • Source code reality checks conducted on code content, code engineering, governance, etc. • Threat detection of signals on the surface web, the dark web, social media etc. to spot cracked software, Source Code and IP exposed etc.	Effective visibility for risk management and proper actionable outcomes Perceived as a trusted partner Reducing risk through advance detection of exposure of sensitive code or potentially compromised or modified applications which could facilitate criminal activity or customer compromise

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Environment			
Climate change			
Failure to meet 1.5°-aligned GHG reduction emissions targets • Greater financial costs than anticipated • Lock-in emissions of assets with long operating lifetime or long-term leases • Reputational impacts and loss of trust from customers, investors and employees • Limited engagement of suppliers to decarbonize Scope 3 upstream emissions	Climate strategy for operations and supply chain Business strategy on Electricity 4.0 and Industry 4.0 Thought leadership with Schneider Sustainability Research Institute Climate initiatives (such as Climate Group)	• SSI #1: Grow our green revenues to 80% (71% achieved) • SSI #3: Reduce CO_2 emissions from top 1,000 suppliers' operations by 50% (1% achieved) • SSE #1: 150 Zero-CO_2 sites (51 achieved) • SSE #2: 100% substitution with SF_6-free MV technologies (38% achieved) • SSE #3: 90% of electricity sourced from renewables (83% achieved) • SSE #4: 15% CO_2 efficiency in transportation (-1% achieved) • SSE #5: 15% energy efficiency in our sites (6.6% achieved) • SSE #7: one-third of fleet comprised of electric vehicles (7,7% achieved)	Market growth for Schneider Electric energy efficiency, electrification and renewable offers Showcase of EcoStruxure™ in our sites Customer attractivity
Inadequate evolution of the supply chain footprint Supply chain disruption due to increase of climate-related risks as well as the evolution of international trade and market barriers. • Delays in production and delivery, incurring important costs • Impact on customer experience if delays are too long	Regional Supply Chain footprint Supply chain resiliency with multi-sourcing Independent risk assessment (fire, weather, climate) of our Industrial sites	• Preventive and reactive risk management of Natural risks in Supplier Risk Management • Recurring risk assessment of our Industrial sites through Global Risk Consulting program • Introduction of CO_2 simulations to compare alternative supply chain strategies and footprints, and network models • Implementation of deliberate redundancies of both dual factories for same products, and dual suppliers ("Power of Two") for all critical parts and components	Strong local presence and strategic relationships with suppliers Shorter lead times and low logistics costs and CO_2 from deliveries Ability to make products and gain market share if our supply chain is more resilient than that of competition
Workplace disruption Permanent site disruption due to increased frequency and severity of extreme weather events • Loss of output and remediation costs • Impact on operations	Enterprise risk management Business continuity Disaster Recovery Plans	• Pilot flood study at a critical location in conjunction with our insurance company launched • New Resilience Index created for most critical locations to measure, monitor and improve the site's resilience to external risks	Business continuity expertise extended to critical suppliers Recurring risk assessment program extended to critical supplier locations
Resources			
Resource scarcity Volatile prices and materials and resource availability • Cost increase of primary materials and energy • Disruption of supply	Supply chain resiliency Green materials Sustainable packaging Raw material productivity and hedging strategy Water stewardship in water-stressed areas Proactive product returns and take-back policies for a range of offers	• SSI #4: Increase green material content in our products to 50% (11% achieved) • SSI #5: 100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard (21% achieved) • SSE #11: 100% of sites in water-stressed areas have a water conservation strategy and related action plan (9% achieved)	Green offer differentiation. Resilient and efficient supply chain Access demanding green markets Superior resiliency in case virgin raw materials availability gets challenged

2.1 Sustainability at the heart of our strategy

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Environment (continued)			
End-of-life management of products Safety risk if assets handled by non-certified third parties (repair, end-of-life): • People health and safety impact • Resource waste	Circular offers: ECOFIT™, and takeback schemes (End-of-life, EOL, etc.) End-of-life information for our products with Green Premium™	• SSE #10: 420,000 metric tons of avoided primary resource consumption through 'take-back at end-of-use' since 2017 (203,881 achieved)	Market growth for Schneider Electric circular offers (repair, retrofit, takeback, EOL)
Lack of product substance regulations compliance Strengthening of chemical substance regulation, market shift, and consumers preferences for eco-friendly products: • Difficulty to access market if products are forbidden or blacklisted • Multiplication of uncoordinated regional legislation	Substances and Material Directive: REACh, RoHS, China RoHS, CA Proposition 65, TSCA, POP Schneider Electric Environmental Policy: Green Premium™ EcoDesign™	• SSE #6: 80% of product revenues covered by Green Premium™ (78% achieved) • Substances of Concern In Products (SCIP) registration deployment and communication • Implementation of new Green Premium™ claims to manage and promote recycled content and take back programs • Specific compliance analysis to unblock some markets	Opportunity with Toxic Substances Control Act (TSCA) regulation to demonstrate robust substance and material process and transparency. Market opportunity for Green Premium™ offers
Soil, air and water pollution At Schneider Electric sites: • Non-compliance leading to fines • Health impacts on personnel and local communities • Site property pollution and environmental provisions	Group Environment Policy Environmental risk analysis Environment due diligence in M&A	• Integrated Management System with ISO 14001 certification (244 sites certified ISO 14001 in 2021). • Company-wide Look at Environmental Assessment and Risk Review (CLEARR) Assessment for industrial Global Supply Chain factories. • Environmental provisions	Robust management system to drive environmental performance Increased stakeholder trust
Product, project, system quality & offer reliability			
Deficient product safety			
Product malfunctions or failures could result in: • Liabilities for tangible or intangible damages, or personal injuries • Incurred costs related to the product recall, to new development expenditure, and use of technical and economic resources • New or more stringent standards or regulations for quality and safety controls could result in capital investment or costs of specific measures for compliance.	All our sites are certified ISO 9001 Quality is one of our Trust pillars Phoenix program launched for 4 years is covering our End-To-End Supply Chain ReeD (Reliability End-To-End by Design) to cover Design practices Implement Nets on legacy offer to ensure we capture defects or potential defects internally.	• Development of Agile method in Offer Creation enabling Quality and Customer Satisfaction Transformation, • Phoenix achievement in 2021 initiating move from Reactive to Predictive • ReeD program allows us in 2021 to kick off a strong learning path around Reliability Designer • Creation of the committee Offer Safety Alert Prevention, to coach all Root Causes Analysis Leaders	Listening to signals from within the group and from customers Challenging innovation and R&D to seek for perpetual improvement Become a leader in products quality driving brand reputation and value

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Human rights			
Conflict minerals			
Sourcing of conflict minerals and other similar sensitive materials • Financing directly or indirectly armed groups, fuel forced labour and other human rights abuses • Corruption and money laundering. • Reputational cost	Schneider Electric encourages its suppliers to build and maintain a due diligence process to ensure conflict minerals-free sourcing The Group is an active Responsible Minerals Initiative (RMI) member	• Conflict-free mineral monitoring • 87% of the smelters and refiners identified in our supply chain conformant or active in a recognized third-party validation scheme • Schneider Electric has a “conflict-free objective” • SSE #12: Deploy a ‘Social Excellence’ program through multiple tiers of suppliers (baseline to be defined in 2022) • SSE #17: 4,000 suppliers assessed under our ‘Vigilance Program’ (1,203 achieved)	Increase relationship with suppliers, and improved reputation. Increase trust with customers favoring business relations
Human rights			
Violations of human rights and fundamental freedoms • Reputation and brand image • Legal impact • Health & well-being impact for employees of Schneider, its suppliers and sub-contractors	Trust Charter and Trust Line whistleblowing system for internal and external stakeholders Supplier Code of Conduct Schneider Human Rights Policy	• Environmental Engineering and Health Services (EEHS) risk mapping of suppliers • On-site supplier audits with RBA protocol • EEHS in procurement process • Continuous improvement with ISO 26000 standard • SSI #6: 100% of our strategic suppliers provide decent work to their employees (pilot launched Q1 2022) • SSE #12: Deploy a ‘Social Excellence’ program through multiple tiers of suppliers (baseline to be defined in 2022) • SSE #17: 4,000 suppliers assessed under our ‘Vigilance Program’ (1,203 achieved)	Increased cooperation with suppliers Increased trust with our customers
Responsible workplace			
Health and Safety			
Serious or fatal employee injury or illness • Loss of, or impact to, employees • Loss of productivity • Property damage • Impact to Company image • Customer confidence • Fines	Safety strategy Global safety directives Serious Incident Investigation Process (SIIP) GlobES reporting, Global Safety Alerts, EHS assessment	• SSE #14: 0.38 or below Medical Incident rate (0.65 achieved)	Increase confidence of current and prospective employees. Systemic MIR drives Safety continuous improvement
Equity, Diversity & Inclusion			
Inclusive workplace Risk of not providing equal opportunities to everyone and limiting the ability to attract and retain the best talents • Cost of turnover • Loss of women in top potential pipeline • Legal issues • Company image	Recruitment of women Women representation in leadership roles Gender pay equity Diversity & Inclusion Committee.	• SSI #8: Increase gender diversity, from hiring (50%) to front-line managers (40%) and leadership teams (30%), (41%, 27% and 26% achieved respectively) • Financial Times, Forbes, Bloomberg, Great Place to Work in the US and Universum recognized Schneider Electric as a great place to work and a leader in Diversity, Equity and Inclusion in 2021	People attraction and retention with equal opportunities for everyone Follow contemporary trends and show support to all communities openly

2.1 Sustainability at the heart of our strategy

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Responsible workplace (continued)			
Well-being and mental health			
Not providing ideal working conditions leads to • Absenteeism • Cost of turnover • Disengagement • Company image on the market	Employee Value Proposition Global Family Leave Policy Pay equity Global Anti-Harassment Policy Career development and learning Flexibility@Work hybrid policy Well-being practices and training	• 99% of countries deployed the new flexibility @ work policy to support hybrid work. • New Ways of working playbook and training rolled out to all managers and employees	Recognition of Schneider Electric as an attractive employer Improved talent retention
Talent development and competencies			
Talent acquisition and retention			
Risk of not attracting, developing, and retaining the best talent in the market especially for critical skills • Cost of recruiting and onboarding • Gaps in critical skills • Impact on talent's brand perception	New talent acquisition platform to manage prospective talents and hiring processes Grow the early talent pipeline through global program and country-specific initiatives Annual performance and development approach, with fair, transparent and competitive rewards and development Open Talent Market (OTM) for internal mobility, project and mentoring Programs for specific segments of talents at different stages of their professional career Upskilling for today and tomorrow with a strong focus on digital skills, commercial excellence, leadership and functional expertise	• Global Career Week with employees participating from over 90 countries and >250 events • SSE #21: x4 the number of employee-driven development interactions on the OTM (x2.1 achieved) • SSE #22: Digital upskilling through the Digital Citizenship program (74% in 2021) • Accelerated employee branding at global and target country levels; Glassdoor rating of Schneider Electric continued to grow, reaching 4.2/5 in 2021 • Technical and digital skill assessment tool for GSC and distribution centers to review competency levels, gaps and actions for upskilling	Recognized as an employer of choice and market leader for talent development for everyone, everywhere leading to greater talent attractivity
Rewards, benefits and engagement			
Risk of having disengaged employees feeling that their opinion is not valued: • Impact the financial results of the Group • Difficulty to retain talent	Embed a culture of continuous listening, recognition, and ongoing feedback to drive engagement and performance	• A global annual survey covers 100% of Group employees with additional focus on action planning, including a nudge and peer to peer session for managers, deeper verbatim analysis; design and launch of pulse survey targeting populations for whom attention is needed (newly acquired entities, entities undergoing change projects). • SSE #24: 75% Employee Engagement Index (71% achieved)	Greater employee performance, brand image and loyalty Ensure that the group maintains its position of attractive employer

2.1.7 Key external frameworks and ESG ratings

2.1.7.1 External guidelines

The United Nations Global Compact and Sustainable Development Goals (SDGs)
The Global Compact was launched in 1999 by United Nations Secretary-General, Kofi Annan. It brings companies and non-governmental organizations together under the aegis of the United Nations. 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. In line with the requirements of the Global Compact, Schneider publishes an annual Communication on Progress (COP) and meets the requirements of the Global Compact Advanced Level.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries – developed and developing – in a global partnership. Schneider Electric is committed to contribute to the 17 SDGs through its sustainability programs.

International Organization for Standardization (ISO)
In 2010, the ISO published its guidelines on organizations' social responsibility (ISO standard 26000). This standard promotes a compromise involving different players from the public, private, and non-profit sectors from around 100 countries, and a vision of how an organization should view societal responsibility. This standard legitimizes the sustainability 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 since 2012 to promote the adoption of the ISO 26000 principles with its suppliers.

Schneider also adopts other ISO guidelines or certifications: see ISO 14001 and ISO 50001, page 129; ISO 45001, page 109; ISO 9001, page 74; ISO 27000, page 105; and ISO 14025 and 14021, page 159.

The Global Reporting Initiative (GRI)
The GRI was established in 1997 as a mission to develop globally applicable directives to report on economic, environmental, and social performances. 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. In 2016, Schneider integrated updates to the GRI Standards. Schneider Electric SE has reported in accordance with the GRI Standards for the period from 1 January 2021 to 31 December 2021. The Board of Directors has reviewed and approved the reported information, including the organization's material ESG topics, under Disclosure 2-14 in GRI 2: General Disclosures 2021. A reference table with its indicators and those proposed by the GRI is available on the Schneider Electric website.

The Sustainability Accounting Standards Board (SASB)
The SASB Foundation was founded in 2011 as a not-for-profit, independent standards-setting organization. Schneider Electric provides information in alignment with SASB reporting guidelines for its sector (Electrical and Electronic Equipment).
A correspondence table can be found in page 218.

The Task Force on Climate-related Financial Disclosures (TCFD)
In June 2017, the TCFD, a working group led by Michael Bloomberg under G20 Financial Stability Board's (FSB) mandate, published its recommendations for companies' climate action disclosure. CEOs from more than 100 companies signed a statement of support for the TCFD recommendations and Schneider Electric's CEO was among them. Detailed information can be found in Schneider Electric's CDP Climate Change public disclosure and in this report on page 220.

The Science-Based Target initiative (SBTi)
Science-Based Targets (SBTs) specify how much and how quickly companies need to reduce Greenhouse Gas (GHG) emissions in order to avoid a 1.5°C or 2°C global temperature increase, compared to pre-industrial levels. Schneider Electric is part of the 1,000+ companies globally that have committed to reduce GHG emissions in alignment with prevailing climate science through the SBTi. The Group's GHG footprint is calculated following the World Resources Institute (WRI) GHG Protocol (see page 130). The Group's target to achieve net-zero operational emissions and to reduce Scope 3 emissions by 35% by 2030 (versus 2017), was validated 1.5°C aligned by the SBTi in 2019.

Organisation for Economic Co-operation and Development (OECD)
The OECD is an international organization that works to build better policies for better lives. Schneider Electric is aligned with the OECD Guidelines for Multinational Enterprises. Schneider Electric signed the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and established a "Conflict Minerals Compliance program" based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from conflict affected and high-risk areas.

International Labour Organization (ILO)
Schneider Electric is a Member of the ILO Global Business and Disability Network (GBDN) and adheres to the principles of the ILO Declaration on Fundamental Principles and Rights at Work. The Group's Principles of Responsibility were inspired in part by the standards issued by the ILO.

2.1.7.2 Ratings and ESG indices

Dow Jones Sustainability Index (DJSI)
In 2021, Schneider Electric was one of 322 companies in the DJSI World Index for the eleventh year in a row, which is comprised of corporate leaders in global sustainability as identified by S&P Global, and represents the top 10% from among around 2,500 companies worldwide representing 45% of global market capitalization. Schneider Electric obtained an 86/100 score compared with an industry average of 28/100.

CDP Climate A list and Supplier Engagement Leader
In 2021, Schneider Electric is among just 200 Climate Change A list companies out of 13,000+ companies assessed by CDP, and the only one in its sector to achieve this 11 years running. Schneider Electric also scored A in CDP's Supplier Engagement Rating (SER) in 2021. The SER assesses performance on governance, targets, scope 3 emissions, and value chain engagement in the CDP Climate Change questionnaire.

At the time of writing, it belongs to several STOXX indices, in particular Global Low Carbon Footprint, Global Climate Change Leaders, EURO STOXX 50 Low Carbon, Global ESG Environmental Leaders indices.

CDP Water
Schneider Electric received a B score for its fourth participation in CDP's Water Security questionnaire.

Vigeo Eiris industry leader
Following assessment in July 2021 by Vigeo Eiris (part of the Moody's Group), Schneider Electric ranked first in the Electric Components and Equipment sector at the highest level (Advanced), with a rating of 71/100 (+5 points versus previous rating). As of February 2022, Schneider Electric is part of the Euronext Vigeo Eiris World 120, Europe 120, Eurozone 120, and France 20 indices, which are composed of the highest-ranking listed companies in terms of their performance in corporate responsibility. The average score for companies in the World 120 is 58/100.

FTSE4Good
Schneider Electric is part of the FTSE4Good Developed, FTSE Environmental Opportunities, and FTSE EO Energy Efficiency indices.

EcoVadis Advanced level and Platinum rating
In 2022, Schneider Electric has achieved Advanced level with a rating of 82/100 and obtained a Platinum medal (top 1% of all companies assessed) for the second year in a row

MSCI industry leader
Schneider Electric has been at AAA grade since 2011, an industry leader and a member of the MSCI World ESG Leaders, World Select ESG Ratings & Trend Leaders, and Socially Responsible indices

Sustainalytics leader
Following its assessment in October 2021, Schneider Electric was ranked 8/210 in its industry group with a 17.1 risk rating (Low Risk), thereby confirming its inclusion in STOXX Global ESG Leaders, Environmental Leaders, Social Leaders, Governance Leaders, and EURO STOXX Sustainability indices.

ISS
Schneider Electric achieved a 1 ranking in Environment, 1 in Social, and 3 in Governance at ISS (Institutional Shareholder Services, Inc.) in the 2021 QualityScore. The rating scale runs from 1 to 10, with 1 representing the lowest risk level and 10 the highest. Schneider Electric is at Prime level at ISS-ESG with an absolute B rating, the best rating in its industry (Electric Components) out of 182 companies.

ECPI
As of December 2021, Schneider Electric is included in the ECPI Carbon, Ethical, Renewable Energy, Global Developed ESG Best in Class, Megatrend, Climate Change, and Circular Economy leaders.

Sustainability external ratings	DJSI	CDP Climate Change	Vigeo Eiris	EcoVadis	MSCI ESG Ratings	Sustainalytics
2021 Schneider score	86/100	A	71/100	82/100	AAA	17.1
Industry average score	28/100	B-	39/100	45/100	BB	29
Progress vs. 2020	-2 pts	same	+5 pts	same	same	same
Highlights	11th year in world index	11th year in A List	World 120 and Europe 120 Indices	Platinum medal	AAA for eleventh year	Low risk
Assessed universe (# companies)	2,500	13,000	5,000+	90,000	8,500	14,000

2.

2.1.7.3 Other awards in 2021 and beyond

Impact and ESG

Global 100 most sustainable corporations
Schneider Electric has featured on Corporate Knights' Global 100 list of corporate sustainability leaders every year since 2012, making it to the top spot in 2021, and 4th in 2022.

2021 most responsible French companies
In November 2021, Schneider Electric was ranked 7th among 250 French companies by French magazine, *Le Point* and German independent institute, Statista for its commitment to sustainability and its innovative tool — Schneider Sustainability Impact.

Impak Finance
The new independent, B-Corp Certified impact rating agency, has ranked Schneider Electric 1st in CAC 40 for its contribution to the United Nations SDGs for the second year in a row in 2021. The Group obtained a score of 434/1000, way ahead of the CAC 40 average of 231/1000.

Fortune's Change the World List
Schneider Electric retains spot in the 2021 Fortune Change the World List, a global ranking of the top 50 companies making positive social or environmental impact through activities integral to their core business strategy and operations.

Climate

Carbon Clean 200 list
Schneider Electric has consistently been included in Corporate Knights' Carbon Clean 200 list since ranking inception in 2016 for its revenue devoted to energy transition. In 2022, the Group ranked 9th worldwide.

EcoAct Climate Reporting Performance
Schneider Electric ranked 4th for international companies and 1st among EURO STOXX 50 companies on EcoAct's Climate reporting performance leaderboard.

***Champions du climat* 2021**
Recognized as a Climate Champion by Challenges, the French weekly business magazine, for reducing its annual Scope 1 and 2 GHG emissions.

Supply Chain

Best Global Sustainable Supply Chain Organization
Schneider Electric has been named the Best Global Sustainable Supply Chain organization at the Global Sustainable Supply Chain Summit 2021 (GSSC Summit). This award puts Schneider Electric ahead of its peers in terms of operating greener and fairer supply chains.

EcoVadis Sustainable Procurement Leadership Awards
Schneider Electric was selected for the EcoVadis Sustainable Procurement Leadership Awards 2022, receiving the Best Value Chain Engagement award as a recognition of its excellence in engaging trading partners and internal stakeholders in sustainability initiatives.

Gartner 2021 Supply Chain top 25
Schneider Electric maintained its 4th position in 2021 in the Gartner Supply Chain top 25 ranking for the exemplary management of its value chain.

Diversity & Inclusion

Bloomberg Gender Equality Index
In 2022, Schneider Electric confirmed its inclusion in Bloomberg's Gender Equality Index among 418 companies for the fifth consecutive year. Schneider Electric scored above the overall GEI average, with its highest score in the equal pay and gender pay parity category, where the company scored significantly higher than the global GEI average score.

Financial Times Top 50 Diversity leader 2022
Schneider Electric was recognized as a Top 50 Diversity leader by the Financial Times for the third year in a row, ranking 5th in its industry.

Equileap Global Gender Equality Report and Ranking
In March 2022, Schneider Electric ranks 20th globally out of 3,895 publicly listed companies assessed based on 19 gender equality criteria, including gender balance from the board to the workforce, as well as the pay gap and policies relating to parental leave and sexual harassment, among other topics.

Ethics and Governance

Ethisphere
In 2022, Schneider Electric was again recognized as one of the World's Most Ethical Companies by Ethisphere, a global leader in defining and advancing the standards of ethical business practices; only three French companies were included in this year's ranking.

Best vigilance plan
In January 2021, Schneider Electric won the Best 2020 Vigilance Plan after an assessment of all the CAC 40 companies by the Sustainable Investment Forum (FIR) and A2 Consulting.

Grand Prix de la Transparence
In 2021, Schneider Electric remains in the Top 20 most transparent companies by ranking 11th out of 141 companies, and was bestowed the Extra Financial Award (Grand Prix de l'Information Extra-Financiere).

Employer awards

Universum Top 50 World's Most Attractive Employers
In 2021, Schneider was recognized by students worldwide as one of the World's Most Attractive Employers ranking 24th in Engineering and IT by Universum. Over 220,000 respondents from the Universum Talent Surveys have ranked the companies they find most desirable to work for.

Fortune's World's Most Admired Companies
In 2022, Schneider is recognized by Fortune as one of the "World's Most Admired Companies", ranking 3rd in the electronics industry sector for the fifth consecutive year.

Glassdoor
Schneider received a score of 4.2/5 from Glassdoor as of February 2022. Based on more than 10,000 reviews, 87% of surveyed participants would recommend the Group to a friend, and 96% approve the CEO.

2.2 Driving responsible business with Trust

In this section

"Our Trust Charter underpins every aspect of our business, as well as expressing our willingness to behave and respond respectfully and in good faith to all our stakeholders. As our Code of Conduct, it is our compass in a world which is more and more complex. Its purpose is to guide us collectively and individually."

Hervé Coureil, Chief Governance Officer and Secretary General

Context and goals

2021 has been a year of transformation for Schneider Electric. The Group has set ambitious targets to accelerate the fight against climate change and social inequality, whilst mitigating the impact of the COVID-19 crisis on its operations, supply chain, customers, and employees. To do so, Schneider collaborates for a more sustainable world, and collaboration requires a firm foundation of trust.

Present in over 100 countries with diverse standards, values, and practices, Schneider Electric is committed to behaving responsibly in relation to all its stakeholders. Convinced that its responsibility extends beyond compliance with local and international regulations, the Group is engaged to doing business ethically, sustainably, and responsibly.

Schneider lives up to the highest standards of corporate governance, through initiatives that monitor and educate teams on ethics, cybersecurity, safety, and quality. The 2021 Trust Charter is the evolution of the Group's Principles of Responsibility and sets out the expectations of how we work at Schneider and equips teams to confront any unethical behavior they might encounter.

Trust serves as an ethical compass for all Schneider Electric's interactions with stakeholders and all relationships with customers, shareholders, employees, and the communities they serve, in a meaningful, inclusive and positive way.

Under our 2025 Sustainability Strategy, we commit to live up to our principles of trust by upholding ourselves and all around us to high social, governance and ethical standards. In this report, we share our progress on the transformations engaged in 2021 under the Trust pillar of our Schneider Sustainability Impact and Schneider Sustainability Essentials programs.

2021 Highlights

Schneider was awarded the Ethisphere 'most ethical company in the world' in 2021 and 2022, for eleven consecutive years.

The 2021 Trust Charter sets out the expectations of how we work at Schneider and equips teams to confront any unethical behavior.

Schneider awarded the 2021 'Grand Prix de la Transparence' in the ESG information category.

Best Vigilance Plan

In January 2021, the Group was awarded the Best Vigilance Plan by the Sustainable Investment Forum and A2 Consulting.

Triple recognition in UK and Ireland demonstrating excellence in safety, health and environmental impact.

Gartner #1 Supply Chain in Europe
Our second consecutive year at the top.

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[1]	2021 progress[2]	2025 Target
Trust	6. Strategic suppliers who provide decent work to their employees[3]	--	In progress	100%
	7. Level of confidence of our employees to report unethical conduct	81%	+0pts	+10pts

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[1]	2021 progress[2]	2025 Target
Trust	12. Deploy a 'Social Excellence' program through multiple tiers of suppliers[3]	--	In progress	--
	13. Train our employees on Cybersecurity and Ethics every year	90%	96%	100%
	14. Decrease the Medical Incident rate	0.79	0.65	0.38
	15. Reduce scrap from safety units recalled	4,202	4,024	2,101
	16. Be in the Top 25% in external ratings for Cybersecurity performance	Top 25%	Top 25%	Top 25%
	17. Assess our suppliers under our 'Vigilance Program'	374	1,203	4,000

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs.
(2) Each year, Schneider Electric obtains a "limited" level of assurance from an independent third party verifier for all of the SSI and SSE indicators (except for SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in this section.
(3) 2021 performance is *in progress* for SSI #6 Decent work and SSE #12 'Social Excellence' because the programs are still in development.

2.2.1 Trust Charter, Schneider Electric's Code of Conduct

In 2021, Schneider Electric evolved its Principles of Responsibility to the Trust Charter, acting as our Code of Conduct and demonstrating our commitment to **ethics**, **safety**, **sustainability**, **quality**, and **cybersecurity**. Schneider Electric believes that trust is a foundational value. It is earned, it serves as a compass, showing the true north in an ever more complex world and Schneider Electric considers it to be core to its environmental, social, and governance (ESG) commitments.

As trust fuels empowerment, each section of the charter states clear do's and don'ts and provides clear references to relevant policies and procedures, which are adapted to meet local legal requirements when necessary. This Code of Conduct applies to everyone working at Schneider or any of Schneider's subsidiaries. It is both an individual and collective responsibility to comply and respect laws and regulations, to apply Schneider Electric policies, and to uphold strong ethical principles to earn trust at all times.

2.2.1.1 Earning trust with people

Trust powers all Schneider Electric's interactions with stakeholders and all relationships with customers, shareholders, employees, and the communities they serve, in a meaningful, inclusive, and positive way. With this in mind, the document is organized across four chapters:

- **Trusted Teams** that are built thanks to leaders setting the tone and exemplifying Schneider Electric's culture, as well as through creating equal opportunities, harnessing the power of all generations, championing well-being and new ways of working, and being S.A.F.E. First;
- **Trust with Customers and Partners** is earned by striving for high quality, resiliency, the highest standards for cybersecurity, data privacy and protection, as well as prohibiting any form of corruption, requiring third-party integrity, avoiding conflict of interest, upholding fair competition, abiding by export controls and sanctions, and selecting and managing suppliers responsibly;
- **Trust with Investors** comes from preventing insider trading, delivering accurate financial statements, records, and tax information, delivering solutions in compliance with financial and risk management standards, and preserving our information technology and related intellectual property assets as well as Schneider Electric's reputation;
- **Trust with Communities** is possible by acting for a climate positive world, being efficient with resources, upholding responsible lobbying and political activity, empowering local communities, not using "conflict minerals", and acting as good corporate citizens.

2.2.1.2 Communication and training for all employees

Schneider Electric trains all its employees yearly on essential topics. 2021 was a transition year, and as such employees were assigned training on the Principles of Responsibility and informed, through this course, of the upcoming transition to the Trust Charter on September 30. The course was made available as e-learning for connected employees, and an in-class version for non-connected employees. The training completion rate for all Schneider Electric eligible employees at the end of the campaign was 99% (connected employees: 99% completion; non-connected employees: 98% completion). A new mandatory training for all employees dedicated to the Trust Charter will be part of the 2022 campaign.

In addition to the Trust Charter being available in 30 languages on se.com, a Trust Portal was made available to Schneider's employees to link them towards related content such as policies, useful contacts, sites, guidelines, templates, and reports for each section of the Trust Charter. In 2021, we saw an increase of global policy views of +61% compared with 2020.

Leadership at every level of the organization was involved in the design, creation, and deployment of the Trust Charter to ensure that everyone at Schneider Electric is aware of the importance of trust and understands how to get the most out of our Code of Conduct.

Discover our Trust Charter with se.com →

2.2.2 Ethics & Compliance program

Each year, Schneider Electric's Enterprise Risk Management team draws up a risks matrix at Group level which is presented to the Executive Committee and used to identify all risks faced by the Company; as part of this wider exercise the Company conducts a risk assessment on ethics and compliance matters.

The exposure of the Group to risks of non-compliance and unethical practices has been increasing for several years, due to broader externalities for the Group through its geographic expansion, participation in complex projects, and a large range of acquisitions, all leading to the need to strengthen the effectiveness of its risk-based Ethics & Compliance program.

Over the past years, the increase of law enforcement by public authorities, new regulations, and higher reputational risk with media exposure have led to the design of a preventive approach of several risks including corruption, fraud, violation of fundamental human rights (health and safety, discrimination, harassment, and sexual harassment), anti-competitive practices, sanctions, and export control.

Adopting a full compliance approach on these topics brings trust to employees, customers, partners, suppliers, and local communities.

2.2.2.1 Governance of the Ethics & Compliance program

Schneider Electric has built a strong governance to lead the Ethics & Compliance program to the best standards, with responsibilities at Board, executive, corporate, and zone levels.

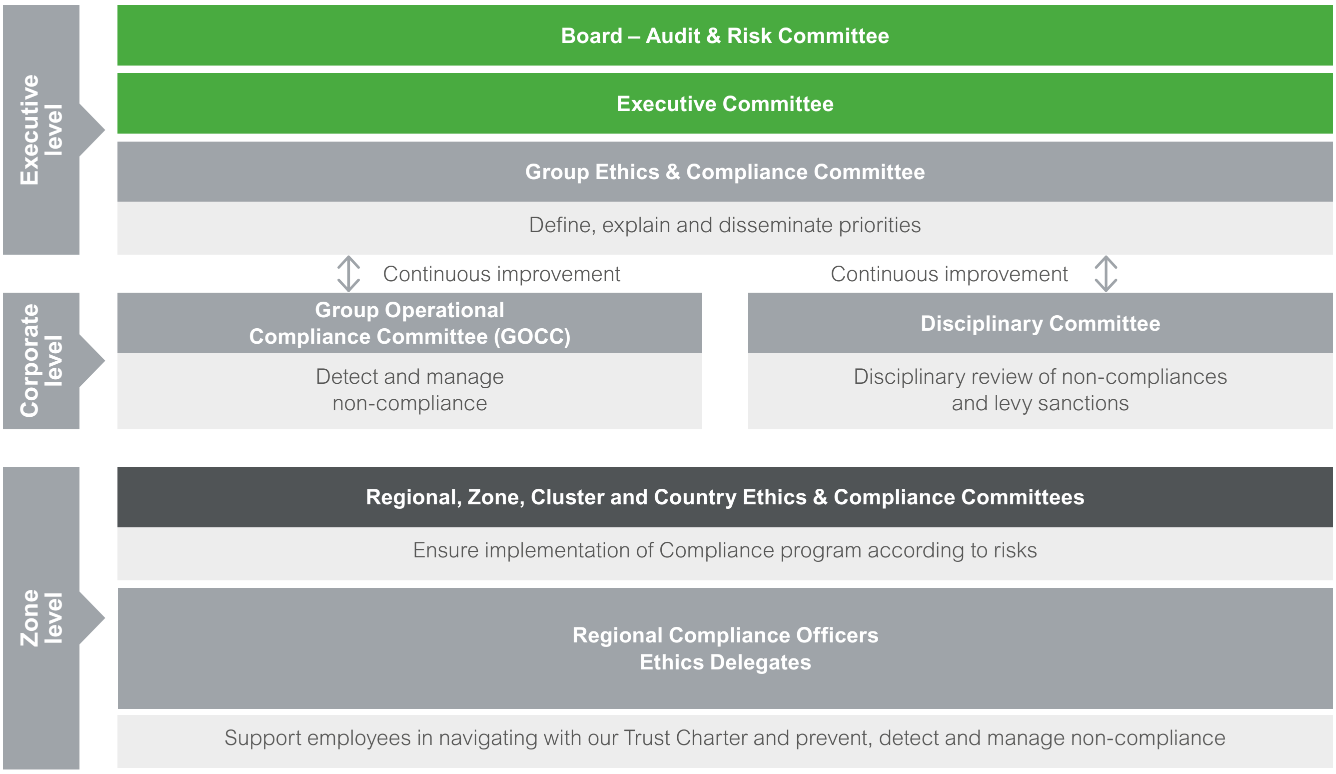
2.2.2.1.1 Executive level

Board Audit & Risk Committee

Schneider Electric's Board of Directors oversees the Ethics & Compliance program through a dedicated annual session of the Audit & Risks Committee during which the program, risks and improvements, and action plans, are reviewed by the Directors. Once a year, the Directors also review the Ethics & Compliance program's effectiveness and the allocation of resources to the program (human and financial). In addition, the Directors agree on the audit plan which covers several audits related to the Ethics & Compliance program, and the program's members are notified of their findings and related recommendations once finalized.

Group Ethics & Compliance Committee

Schneider Electric has also put in place a dedicated governance to lead the Ethics & Compliance program to the best standards. The program is overseen by the Group Executive Committee, through the Group Ethics & Compliance Committee. This Committee is composed of nine permanent members in charge of defining the program's strategy and priorities: Chairman & CEO; Chief Governance Officer (Committee Chairperson); Chief Human Resources Officer; Chief Strategy & Sustainability Officer; Chief Compliance Officer; Chief Legal Officer; Chief Corporate Citizenship Officer; Group Internal Audit & Control Officer; and Senior Vice-President, Sustainability Development. They ensure that the program is consistent with the Group's strategic goals. This Committee meets twice a year.



2.2.2.1.2 Corporate level

The Group Ethics & Compliance Committee is assisted by the Group Operational Compliance Committee (GOCC) and the Group Disciplinary Committee, which both ensure effectiveness of the speak-up culture (a culture in which employees feel free and psychologically safe to share their ideas, opinions, and concerns, without fear of retaliation) and whistleblowing system, and fair and transparent disciplinary policy.

Group Operational Compliance Committee

The GOCC detects and manages cases of non-compliance with the Ethics & Compliance program in accordance with the Group Case Management & Investigation Policy released in February 2020 and updated in October 2021, and reviews monthly the effectiveness of the whistleblowing system. The GOCC is composed of the following members: Chief Compliance Officer (secretary of the Committee), Chief Legal Officer, Group Internal Audit & Control Officer, Group Compliance Director, Group HR Compliance Officer, and Head of Fraud Examination Team.

Group Disciplinary Committee

The Group Disciplinary Committee is in charge of levying sanctions and remediation actions on serious non-compliance cases upon request of the GOCC. The Group Disciplinary Committee is composed of the following members: Chief Governance Officer, Chief Human Resources Officer, Chief Compliance Officer (secretary of the Committee), Chief Legal Officer, and one rotating member.

Ethics & Compliance department

Schneider Electric has also created a standalone Ethics & Compliance department, chaired by a dedicated Chief Compliance Officer acting on behalf of the Group Ethics & Compliance Committee, and reporting to the Chief Governance Officer, to drive the strategy on the Ethics & Compliance program. The Ethics & Compliance department includes the following teams: Group Compliance, Group HR Compliance, Health & Safety, Fraud Examination, IT Assets Governance, Policy Management, Business Continuity Planning and Digital Transformation for Ethics & Compliance. It works closely with the Legal, Human Resources, Finance, and Strategy & Sustainability departments, as well as Internal Control and Audit. This cross-functional and integrated approach is central to the program's effectiveness.

2.2.2.1.3 Operational level by geographic zone

Regional Ethics & Compliance committees ensure implementation of the Ethics & Compliance program in alignment with risks identified. Operationally, they rely on Regional Compliance Officers who drive the implementation in the zone, with the support of Ethics Delegates and relevant subject matter experts at local levels.

2.2.2.2 Pillars of the Ethics & Compliance program

All Schneider Electric employees are expected to comply with Schneider's Ethics & Compliance program. Its daily application helps them to act with integrity and transparency, and to comply with all international and local regulations.

The Ethics & Compliance program is based on management commitment (called "tone from the top"), which makes its pillars effective. Top management sets the Ethics & Compliance standards and promotes a culture of integrity throughout the Group and its operations. In addition, middle management walks the talk by complying with rules, spreading the right message in their teams, and supports reporting of misconducts.

2.2.2.2.1 Risk assessment at Zone level

In 2021, Schneider Electric carried out specific risk mapping dedicated to "Ethics and Compliance" risks on the following risks: Corruption, Conflict of Interest, Human Rights & Labor Laws, and Sanctions & Export Control. The objective of this "Ethics and Compliance" risk mapping is to capture operational risk exposure at zone level, based on local interviews led by the Regional Compliance Officers and the Legal teams.

The process at regional level was as follow:

- **step 1** – each region defined its local risk universe taking into account local specific risks,
- **step 2** – each region assessed its gross risks and effectiveness of its local mitigation measures, generating a mapping of regional net risks, and
- **step 3** – each region defined action plans (validated by the respective regional Ethics & Compliance committees) to reduce the risk exposure. In addition, a global gross and net risks mapping was consolidated at Group level, as well as a set of action plans to be taken at global level. All action plans will be monitored during the course of 2022.

2.2.2.2.2 Code of Conduct and policies

To ensure that the tools are provided to follow the Trust Charter, it is complemented by global and local policies, providing specific answers to the different principles, legal obligations, and local practices. On ethics and compliance matters, Schneider Electric has deployed several policies:

- Anti-Corruption Policy (aligned with French Sapin II law requirements),
- Gifts & Hospitality Policy,
- Competition Law Policy,
- Business Agent Policy,
- Anti-Harassment Policy,
- Human Rights Policy, and
- Export Control Policy.
- In 2021, Schneider published and rolled out a new Conflict of Interest Policy and a new Donations Policy.

2.2.2.2.3 Training and awareness

At Schneider Electric, we value training, at both local and global levels as it is the best way to prevent risks and raise awareness on ethical topics.

Each year a global campaign of mandatory trainings is run for all employees, called *Schneider Essentials*, from March to end of September. These global trainings are available in 18 different languages in our Learning Management System and each takes 30 mins to complete. In 2021, Schneider Essentials trainings were:

- Trust Charter,
- Cybersecurity for Schneider Electric,
- Building a culture of respect, and
- Sustainability at the Core of our Purpose.

For about 40,000 employees exposed to corruption risks, an additional anti-corruption training is required each year.

Through Schneider Sustainability Essentials #13, the Group monitors and discloses each quarter completion rate on ethics (Trust Charter and anti-corruption for eligible employees) and cybersecurity trainings, aiming for 100% each year and externally audit annual performance. At the end of 2021, SSE #13 reached 96% completion rate.

A dedicated module on Ethics & Compliance was prepared for the induction path for Country Presidents. The module raises Country Presidents awareness about their role and responsibility in supporting the Ethics & Compliance program.

Besides training of our employees, since 2020 and as part of the integration process of companies acquired, a specific training for leaders of the acquired company is organized through the Ethics & Compliance program. The training entails a specific focus on what is expected from the leadership teams, including endorsing the program and actively following up employees completion of mandatory trainings on Trust Charter and anti-corruption.

In November 2020, Schneider Electric organized its first global “Ethics & Compliance Day” campaign in order to promote the Company’s values on business ethics and to bring a focus on the need of a working environment that promotes a speak-up culture. A second “Ethics & Compliance Day” took place in June 2021, focusing on raising awareness about biases of ethical thinking.

Furthermore, in-person learnings were organized in sensitive geographic areas regarding ethics and compliance challenges (Brazil, India) or in locations where a specific risk is higher (such as the export control risk).

Trust

SSE #13

100% of employees trained every year on Cybersecurity and Ethics

Feedback received from our employees confirm that our trainings efficiently help them to act as “integrity ambassadors”.
Cybersecurity training: *“Very much anchored in real life both professional and personal. Did not see the 30m pass. Way to go!”*
Principles of Responsibility training: *“I love the fact that this course reminds you the basics and makes you use your brain and put yourself in the shoes of colleagues in difficult situations. Love the voice of so many of our colleagues too!”*
Anticorruption training: *“The content is simple and easy to understand. This is a must for any Schneider employee.”*

Baseline	2021 Progress	2025 target
90%	96%	100%

2.2.2.2.4 Third-parties compliance

Third-party relationship management programs are complex as each third party presents multiple risks and different oversight functions need to be consulted to perform individual risk assessments. For example, business agents can be used for many legitimate purposes, such as to perform tasks that Schneider Electric cannot perform as efficiently; however, experience has shown that using them can be very risky in terms of exposure to bribery or corruption. Schneider Electric Business Agent Policy sets out the rules under which we will determine whether there is a legitimate business purpose before engaging. We also need to ensure that we conduct an effective and efficient due diligence review to ultimately make the most informed decision and mitigate any risks to the best possible extent. We have adopted a risk-based approach to our due diligence enabling our teams to dedicate the most significant part of their time and energy to situations that represent the most risk exposure. Hence, we have various due diligence policies and processes depending on the type of third party subject to the due diligence.

Business agents cover all third parties retained entirely or in part to assist Schneider Electric, directly or indirectly, in its business operations, including to obtain a sales order, contract award, permits, licenses, or other business advantage for Schneider Electric. They are subject to a due diligence and approval process, which was centralized with the Business Agent Policy in 2019 with digitization beginning in 2020. Several documents and information are gathered and sent to the Group Compliance team who will perform the due diligence and manage the approval process by analyzing risks of corruption, sanctions, and unethical practices. At the first level of assessment, the business agent could be approved based on the level of risk, or additional checks could be carried out if necessary. The Group Compliance team can request to also review and validate payments to a business agent based on this assessment.

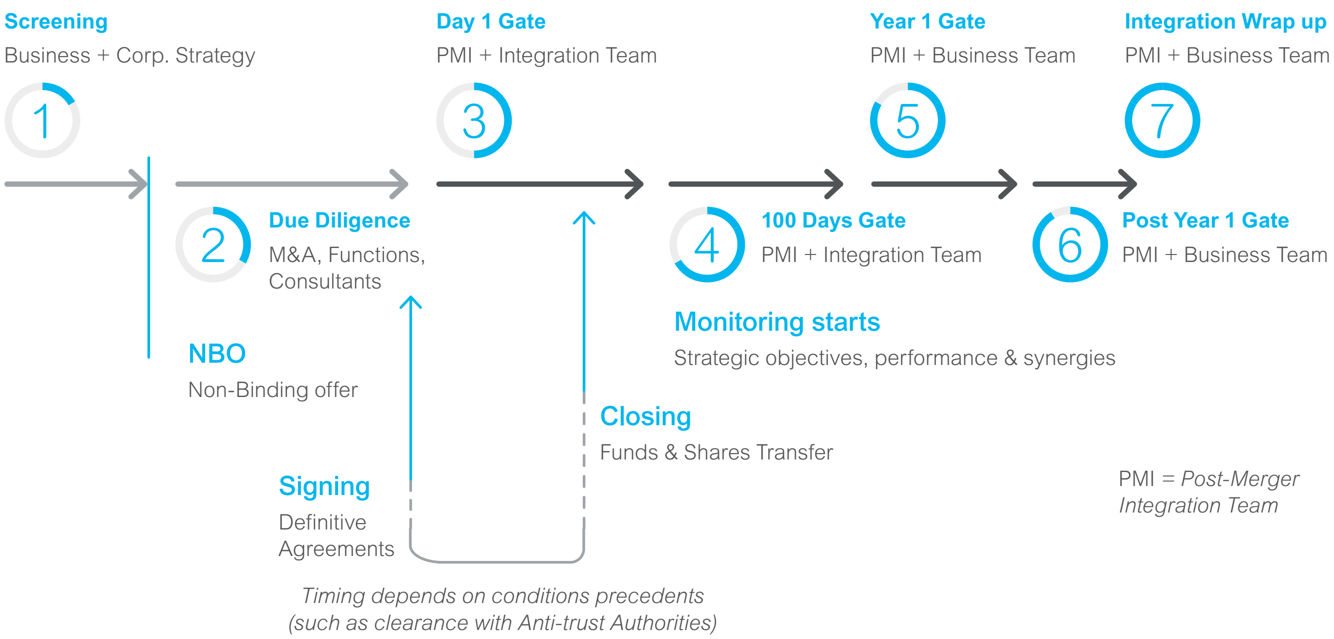
Our robust network of suppliers is the foundation of our supply chain, and we extend the same level of ethical control to them as we do to ourselves. For more information, please refer to section 2.2.11 "Sustainable relations with suppliers", page 117. Since 2021, the Group Compliance team has been working to further strengthen the controls carried out as well as understanding our risks when doing business with Schneider Electric customers in close collaboration with both digital and export control teams.

M&A operations represent specific risks regarding ethics and compliance, specifically corruption and export control risks. With the support of the Group Ethics & Compliance Committee, a specific process and guidelines were put in place in 2020 to ensure full compliance of M&A operations with anti-corruption and export control regulations: this process was built by the Group Compliance Director, the Global Export Control Director, and the M&A team, ensuring a methodology that fit with M&A processes and ways of working. In 2021, this process was extended to the management of Human Rights risk.

2.2.2.2.5 Specific accounting controls

Schneider Electric has developed accounting control procedures to ensure that books, records, and accounts are not used to hide fraud. Since June 2021, work has been initiated to strengthen specific anti-corruption controls for a defined set of sensitive-judged accounts and transactions.

Seven steps to securing long-term value creation in acquisitions



2.2.2.2.6 Whistleblowing

As a pillar of Schneider Electric's Ethics & Compliance program, the development of a strong speak-up culture is embodied by reporting mechanisms such as reporting to a person who can be trusted, such as a manager, HR business partner, Legal Counsel, or Compliance Officer without fear of retaliation. In addition, employees and external stakeholders (suppliers, subcontractors, customers, business agents, etc.) can directly access the whistleblowing system through the Trust Line portal, which provides support to people if they are a victim/witness to a potential violation of the Trust Charter. The Trust Line is available online globally, at all times, and protects the anonymity of the whistleblower (unless there is legislation to the contrary). Since December 2019, employees can better report their concerns, by selecting a type of concern and checking its definition. In compliance with local legislation, this system is provided by an external, impartial third-party company and proposes alert categories, a questionnaire, and an information exchange protocol between the person issuing the alert and the person responsible for the internal investigation.

Each concern reported on the whistleblowing system is analyzed by the Group Operational Compliance Committee (GOCC) and relevant Regional Compliance Officer, and where considered necessary, investigated. Each year, a detailed report on the effectiveness of the system is presented to the Audit & Risks Committee, which reviews effectiveness of the alert system.

Unless there are legal provisions to the contrary, the system can be used to send any concern in every country in which the Group operates, especially regarding health and safety, discrimination, harassment (including sexual harassment), unfair treatment, labor practices, favoritism, violation of our Anti-Corruption Policy, fraud, conflict of interest, and antitrust.

In 2021, 655 Ethics & Compliance concerns were received through our internal reporting mechanisms (585 internal and 70 external). After first analysis, 582 (89%) concerns were considered as valid alerts. After being investigated, and at the time of writing, 168 (26%) of those valid alerts were confirmed and led to 94 actions including for instance employment termination in 23 confirmed alerts and written warnings in 11 confirmed alerts. HR-related concerns represented most of confirmed alerts. As it may take several months to analyse and investigate some complex cases, evaluation of concerns received until 31st December 2021 is still ongoing.

For HR related concerns, even if investigation does not allow to qualify the situation, actions may be taken, such as assigning obligation of coaching and/or training or improving internal processes.

In 2021, to measure the effectiveness of the Trust Line, Schneider Electric has added to its annual employee engagement survey, OneVoice, a new question: "I can report an instance of unethical conduct without fear". 81% of employees surveyed answered "yes", and the Group will work to increase this measurement by 10 points by 2025 as part of Schneider Sustainability Impact.

Trust

SSI #7

Measure the level of confidence of our employees to report behaviors against our Principles of Trust

A speak-up mindset exists when employees and stakeholders feel safe to speak out about issues, concerns, and ideas in good faith, respectfully, and without fear of retaliation. It helps protect Schneider Electric and its employees from the effects of misconduct, including legal liability, serious financial losses, and lasting reputational harm. It also fosters a corporate culture of trust and responsiveness.

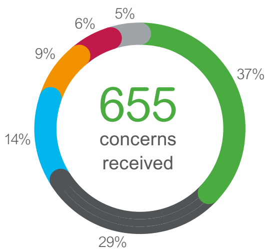
Experience feedback from an employee in France in 2021

"First it took me some time to understand that the situation I am facing is not in line with our policies. Then it took me some time to have enough courage to do it, we always have doubts. Finally, I decided to speak up. My manager listened to me and took the situation seriously. Today I feel safe and confident. This is very difficult to speak up and we feel uncomfortable to do it. But I know now that it was the only right decision that I could take."

Baseline	2021 Progress	2025 target
81%	+0pts	+10pts

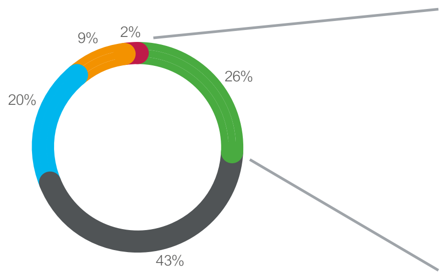
*2021 is the baseline performance

Number of concerns received through our whistleblowing system per region



- North America
- Rest of the World
- Europe
- China
- France
- India

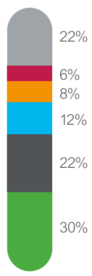
Status of concerns received* through our whistleblowing system



- Valid alerts confirmed after investigation
- Valid alerts not confirmed after investigation
- Valid alerts under investigation
- Not valid alert
- Ongoing assessment

*as of 31st January 2022

Distribution of confirmed alerts by type of issue



- Discrimination, Harassment, Unfair treatment
- Fraud
- Conflict of interest
- Bribery & Corruption
- Health & Safety
- Other

2.2.2.2.7 Disciplinary measures

In the event of non-compliance with the Ethics & Compliance program by an employee (especially based on the findings of an investigation), disciplinary measures may apply depending on local disciplinary policies and law. The relevant managers, or the Group Disciplinary Committee for the most sensitive alerts, take the appropriate measures in order to sanction the party or parties involved and to remediate consequences of the misconduct (such as launch a specific audit, review a process, perform training, etc.).

A specific disciplinary regime is specified in the Anti-Corruption Policy, detailing the measures that Schneider Electric can take in the event of a misconduct. This disciplinary regime was implemented within the Group according to local disciplinary policies and law, when the policy was deployed in 2019 and 2020.

2.2.2.2. Monitoring and audit

The Ethics & Compliance program is an integral part of the Group's Key Internal Controls. In 2021, this Key Internal Control framework has been significantly reshaped and enhanced, which will allow for improved monitoring of key pillars of the Ethics & Compliance program. Whenever an evaluation indicates points of weakness, action plans must be set up and monitored by internal auditors. Also, Schneider Electric is working on additional second-level controls to monitor and assess the effectiveness of some of the recent evolutions of the Ethics & Compliance program.

Furthermore, the Group's Internal Audit program includes specific tasks related to the Ethics & Compliance program, and to activities or subsidiaries for which an evaluation of the maturity and effectiveness of the program will be reviewed. Several internal audits were conducted in 2021 resulting in recommendations related to the improvement of the Ethics & Compliance program.

For more details on Key Internal Controls and the Group's Internal Audit, Please refer to **page 247.** →

2.2.2.2.9 Ethics and compliance leadership in times of crisis

The focus on ethics and compliance has increased due to the COVID-19 pandemic, with actions put into place such as global guidance for all Country Presidents on "Ethics & Compliance considerations in the management of COVID-19", global risk-management live talks focusing on general compliance, HR compliance, and export control, and finally, meetings with subject matter experts to identify and manage the main risks related to COVID-19.

2.2.2.2.10 External engagement

Schneider Electric participates in the initiatives of many non-governmental organizations (NGOs) and professional associations, such as Transparency International France, a leading NGO that aims to stop corruption and promote transparency, responsibility, and integrity across all sectors.

Schneider is also member of *Le Cercle d'Éthique des Affaires* (The Ethical Business Circle), a professional association that facilitates co-operation between business leaders across France to share best practices.

To maintain innovation in its approach to ethics and compliance, Schneider became the eighth sponsor of the Master of Law and Business Ethics at CY Cergy Paris University in 2020 and benefits from the work of the Master's Chair, led by experts in France and in the United States, as well as from listening to the students and reviewing their work.

2.2.3 Zero tolerance for corruption

The exposure of the Group to corruption risk has been increasing for several years, due to the expansion of the Group's activities in new economies, especially in Asia and Africa, through organic growth, and mergers and acquisitions.

The business model of the Group relies on a large ecosystem of partners. This ecosystem may represent a risk for the Group, being accountable for activities performed on its behalf, and in regards to potential conflicts of interest or unethical solicitations.

In addition, the Group is participating in complex projects involving a large range of partners in sectors at risk, such as oil and gas, and with end-users from the public sector in countries at risk.

Over the past years, the increase of law enforcement by public authorities, higher press coverage of fines imposed on companies, and new regulations requiring a strong compliance program have significantly changed the potential impact of corruption risks.

Schneider Electric has a zero tolerance policy with regard to corruption. This commitment materialized through a strong and continuously developing Anti-Corruption Compliance program, which is part of the Ethics & Compliance program.

2.2.3.1 Risk assessment

To meet the legal obligations specified by the December 9, 2016 French law known as the Sapin II law, the Company launched a risk mapping exercise focusing on corruption risks, which was conducted in 2018 at global level and in 2019 at regional levels. In 2020, action plans were implemented in accordance with risks identified.

In 2021, this risk assessment was updated as part of the new Ethics & Compliance risk mapping, which focuses in particular on Corruption and Conflicts of Interest. Please refer to section 2.2.2 "Ethics & Compliance program", page 95.

2.2.3.2 Risk management

2.2.3.2.1 Anti-Corruption framework

As stated in our Trust Charter and Anti-Corruption Policy, Schneider Electric is committed to comply with all applicable laws and regulations, such as the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and the French Sapin II law.

Schneider Electric applies a zero-tolerance policy towards corruption and other unethical business practices and considers that "doing things right" is a key value-creation driver for all its stakeholders. We count on our employees and third parties to promote business integrity. For doing so, we must provide them with the tools to encourage them to act right.

In order to meet the requirements of the French Sapin II law, the Group released an Anti-Corruption Policy. The Policy was reviewed in November 2019 to take into account results of the corruption risk mapping and to provide employees with examples illustrating situations they may face. The Anti-Corruption Policy shall serve as a handbook that anyone may consult when having doubts about appropriate business practices. It is not intended to address every issue one may encounter, but it provides appropriate examples of corruption risks and offers guidance to resolve many ethical dilemmas.

The Gifts & Hospitality Policy provides guidance to employees on the ethical handling of gifts and hospitality received and given by Schneider Electric employees.

A new version of the Business Agent Policy was released in August 2019 to meet legal requirements and public authorities' guidance, especially regarding risk-based approach of the due diligence, as well as internal recommendations following several audits performed on applicability of the policy in 2018.

The risks associated with onboarding new acquisition targets are numerous and consequently, Merger and Acquisition (M&A) guidelines have been published to identify, manage, and mitigate those risks at the earliest stage possible. These guidelines aim to cover the very first steps of identifying potential targets (M&A strategy), what to look out for in data-rooms, and finally how we plan to integrate the acquired entity into our compliance organization. These same rules also apply when Schneider Electric decides to make a divestiture with a step-by-step approach to managing the transition.

In 2021, a Conflict of Interest Policy was published, in particular creating a procedure to disclose and manage any identified conflict of interest. A Donations Policy has also been published and implemented, which aims, among other things, to manage risks of unlawful use of money and then corruption.

2.2.3.2.2 Empowering employees against corruption

In 2020 and 2021, a set of anti-corruption e-learnings was built, providing guidance on real life risk scenarios; it was designed taking into account the trainees' needs and expectations, and is mandatory for targeted employees exposed to corruption risks through their job codes, i.e. those identified as such by the corruption risk mapping. This led to a curriculum of modules of e-learnings, deployed in 2020: a general module on the "zero tolerance" message against corruption and an explanation of the legal framework and risks, and two specific modules about third parties and gifts and invitations. In 2021, four additional modules were created about facilitation payments, conflict of interest, conditions that make people commit the wrongdoing, and how to raise concerns in Schneider Electric. The modules were supported by top leaders' videos demonstrating the "tone at the top" on this crucial matter and are available in 14 languages. In 2021, the set of anti-corruption e-learnings has been assigned to more than 40,000 employees and 97% completed it.

2.2.3.3 Focus on responsible lobbying, political activity, and donations

In its Trust Charter, Schneider Electric takes a clear stance with regards to responsible lobbying, political activity, and donations. As a Company, Schneider has a role to play in the public debate addressing leading issues with the global community. It is necessary that the Group states its positions clearly, participates in technical discussions, and supports responsible public policy development.

However, Schneider believes that this representation of interests shall be conducted in a transparent and fair manner, allowing its third parties and stakeholders to understand its activities, positions, and statements. In particular, Schneider Electric does not engage in political activity or political representation and does not make any payment to political parties in relation to its public representation. In 2021, Schneider Electric has not been involved in sponsoring local, regional, or national political campaigning.

In the US, political contributions can only be made by a corporation through a legally formed Political Action Committee (PAC) or Super Political Action Committee. Schneider Electric does not engage with Super PAC activity nor does it have a PAC in the US and therefore cannot make any political contributions in this country.

Donations and lobbying activities are risks specifically addressed in the Anti-Corruption Policy.

Schneider Electric presents information about its lobbying activities in the French High Authority for Transparency in Public Life, in the EU transparency register, and in the US Lobbying Disclosure Act Registration.

For 2017 to 2020, the Group discloses membership fees towards trade associations, business coalitions, and think-tanks to a large extent in the sense that many organizations' fees are not primarily focusing on political campaigns or legislative activities but rather on standardization activities and industry best practices. However, in an effort of transparency, those have been included as they could be referenced in policy development in the margin of their activities. The following geographies are covered: Europe, the US, China, and Russia, which are where the Group is mostly active when it comes to policy and legislation.

Total contributions to such groups globally amounted €3.2 million in 2017, €2.6 million in 2018, €5.2 million in 2019, €5.9 million in 2020. 2021 data is not available at the time of writing as reporting on these matters typically ends mid-year or end of year.

Largest contributions and expenditures concern two main engagement topics:

- The first is "sustainable energy for all": Schneider Electric believes that energy management and energy efficiency are critical to move towards a new energy landscape and therefore supports a policy framework that unleashes the business and climate opportunities related to the new energy landscape. Contributions and expenditures on this topic amounted €0.51 million in 2020 (€0.52 million in 2019) globally;
- The second is "powering the digital economy": The Group supports the emergence of digital economy to bring new opportunities for businesses and people and therefore supports a policy framework that facilitates the digital transformation globally. Contributions and expenditures on this topic amounted €0.47 million in 2020 (€0.27 million in 2019) globally.

2.2.4 Compliance with tax regulations

Schneider Electric Group engages to comply with the international and local tax regulations applicable in each of the countries in which it operates, and to provide to the tax authorities with all the information necessary to enable them to carry out their mission. The tax policy of the Group can be consulted on our website at se.com

2.2.5 High standards for the quality and safety of our products

Quality is defined as "conformance to requirements or fitness for use". Constant customer satisfaction and quality change would allow more proactive engagement to maximize our organization's ability to successfully achieve our overall business strategy, purpose, and mission. Schneider Electric therefore understands that delivering superior quality is the foundation of an ultimate customer experience.

2.2.5.1 Risks and opportunities

Schneider Electric has more than 260,000 references produced in 191 factories, spread across 46 countries around the world. Operating in essential industries, product quality and safety is a critical topic for the Group as product malfunctions or failures could result in Schneider incurring liabilities for tangible, intangible damages, or personal injuries. The failure of a product, system, or solution may involve costs related to the product recall, result in new development expenditure, and consume technical and economic resources.

Schneider Electric's products are also subject to multiple quality and safety controls and regulations and are governed by both national and supranational standards. New or more stringent standards or regulations could result in capital investment or costs of specific measures for compliance.

The above-mentioned costs could have a significant impact on the profitability and cash equivalent of the Group. The business reputation of Schneider Electric could also be negatively impacted. Indeed, the Group has been impacted by several recalls recently, more or less ranging from EUR 10 million to EUR 40 million, depending on the case.

Risks identified by Schneider Electric in regard to product, project, system quality, and offer reliability can be:

- Design quality concerns
- Manufacturing and Logistic issues
- Deficient product safety
- Software quality
- Brand labelling, Supplier & Supply mismanagement

The above risks have therefore convinced the Group to reinforce the focus on Quality, Reliability and Robustness of its offers and turn the above listed risks into opportunities for sustainability and efficiency such as:

- More reliability and agility in our designs for sustainable offers
- More robustness in our manufacturing and logistics processes
- More digital in our partnerships and more circularity in our supply chain to reduce our carbon footprint

2.2.5.2 Quality group policy

Schneider Electric, thanks to its "Issue to Prevention" process, systematically analyses the root causes of any failures in a continuous improvement approach. This process is split up into three clear steps:

1. **The resolution** – to solve the issue fast and well
2. **The analysis** – to identify severe and recurrent issues
3. **The prevention** – to fix the systemic root causes for good

From these analysis phases, Schneider Electric acknowledges that half of the failures come from the design stage and the other half from the manufacturing. Schneider has designed specific programs to address both ends of these failures.

It is the policy of Schneider to only sell products, solutions, and services which are safe when properly used for their intended purpose or for other reasonably foreseeable purposes contributing to the sustainability ambitions of the Group.

It is the obligation of Schneider to notify customers of safety issues caused by its offer that may result in bodily injury or property damage, and include instructions for immediate remedial actions, even after the end of the useful life of the offer.

Schneider Electric benefits from a full set of quality directives that require the application of systematic processes to properly address potential offer safety issues discovered inside or outside Schneider. These processes are to be used for all offers sold or manufactured by Schneider Electric. The application of these directives is evaluated periodically, and when deemed.

Schneider Electric's guiding principles are as follows:

1. **Customer First:** Quality is the safety of our customers. Schneider Electric prioritizes their interests and anticipates their needs through customer journeys and customer personas deployment everywhere in the Group. Schneider Electric follows customer-centric rituals as quality is every customer's right.
2. **Offer Quality:** Schneider Electric innovates with agility, discipline, and good business sense throughout the offer's lifecycle, from creation to supply, all the way through manufacturing, delivering, and operations and until services. Schneider Electric delivers safe, reliable, and cybersecure offers, for products, systems, and software, to secure customers' business continuity.
3. **Intelligence:** Schneider Electric runs strong analytics to convert our customer experience data into actionable information, enabling us to anticipate customer failures, prevent customer complaints, and improve on all touch points. Schneider Electric propagates this customer intelligence in all teams.
4. **People:** Schneider Electric empowers our teams to put customer first, and to look for superior customer driven skills. Schneider Electric removes internal barriers to always address customer issues first. Quality is every employee's responsibility.
5. **Ultimate experience:** Schneider Electric deeply analyzes customer experience on all touch points, leverages it to prioritize the investments, and tailors the sales tactics accordingly. Customer experience is recognized in the Group as a strong competitive advantage, to earn trust from customers and develop business in a sustainable manner.

There are directives and procedures, designed within dedicated committees to protect our Customers:

- **Quality Directive "Managing Customer Safety Risks"**. This directive requires the application of Schneider Electric's systematic processes to properly address potential offer safety risks of Bodily Injury or Property Damage, discovered inside or outside Schneider Electric. These processes are to be used for all offers sold or manufactured by Schneider Electric.
- **Quality Procedure "Offer Safety Review"**. The overall objective of offer safety is to reduce the risk arising from the use of Schneider's products, solutions, or services throughout their life cycle. Offer safety reviews are conducted by Offer Safety Review Committees and are used to focus attention on safety and help ensure that our offers are safe when properly installed (based on safety manual), maintained and used for their intended purpose and other reasonably foreseeable use or misuse.

2.2.5.3 Governance

At Schneider Electric, the customer satisfaction and quality network spreads all over the Group's layers and functions to cover our Global Supply Chain, our operations, and our lines of businesses.

Within such a complex organization, Schneider is engaged to include quality into the Group culture and spread the customer first mindset everywhere.

In this context, a new governance committee has been created gathering heads of businesses, the Head of Customer Satisfaction & Quality, the Chief Strategy & Sustainability Officer, EVP, Global Supply Chain, and Schneider Digital to address the quality transformation journey.

By engaging everyone on quality and customer satisfaction topics, Schneider allows every employee to speak up for them, or have customers and partners speak up.

It is the responsibility of the Group to ensure awareness-raising to customers on potential health safety impacts when it comes to product, services usage.

2.2.5.4 Due diligence and results

The Group policy is supported by a robust Quality Management System, which is improved continuously to fulfill expectations of all relevant parties. It is in full alignment with our Trust Charter, Schneider Electric's Code of Conduct, as well as in compliance with ISO 9001 standard. In 2021, 231 Schneider supply chain sites were certified to ISO 9001.

2.2.5.4.1 Reliability as a signature of Schneider Electric

To ensure improvement in the area of design, the Group launched in mid-2020, a dedicated program, ReeD (Reliability End To End byDesign), to secure fundamentals and ensure full integration of new customer expectations (from Quality to Reliability). It is the obsession of the Group to ensure that "Reliability" is a signature value of Schneider Electric branding:

- To deliver an outstanding customer satisfaction on products/systems robustness
- To create and deploy an easy access to the relevant knowledge

This reliability program has been designed with R&D at its heart, with huge interactions with all functions and businesses of Schneider Electric:

- By ensuring that new offers development is focused on customer promises.
- By animating mitigation plan until deviation is fixed.
- By ensuring Excellence in Offer Life Cycle changes.
- By transitioning from product quality to systems reliability.
- By combining people's competency with robust digital processes.
- By leveraging more digital tools to detect issues early and reduce the number of bugs seen by customers.
- Reinforce risk analysis to ensure proper usage of our systems, software, and products to prevent associated issues and risks.

2.2.5.4.2 Towards a sustainable quality excellence for an ultimate customer experience

Thanks to the implementation of a robustness program, Schneider Electric fosters a quality culture by boosting the basics to secure cultural transformation towards Sustainable Quality Excellence for premium customer experience through solid foundations such as people, organization, robustness, and suppliers.

For full visibility all along the supply chain, the scope of action has been extended outside and inside Schneider Electric. It is the will of the group to move from a reactive to a predictive mode, leveraging digital and analytics, and building an integration layer that connects critical offers.

Six digital streams have been designed to achieve defined goals:

- **Suppliers Process Monitoring** to build with suppliers the capabilities of real time process control.
- **Manufacturing Process Monitoring** to build with factories the capabilities of real time process control.
- **Logistics Process Monitoring** to build the capability of real time process control in Schneider Electric's logistics operations.
- **End-to-End Traceability** to serialize, track, and trace Schneider Electric's products.
- **Analytics & Optimization** to leverage descriptive, predictive, and prescriptive analytics on data generated to get actionable insights to improve industrial quality.
- **Digitization of Processes** to digitize processes for simplification, transparency, and robustness while capturing data for analytics.

2.2.5.4.3 Revalorising customer returns

When sustainability supports Customer Satisfaction, it translates into new processes and policies to allow returns of adapted products for reuse, remanufacture and refurbishment. The strong collaboration between Sustainability, Global Supply Chain, Lines of Business and Customer Satisfaction and Quality teams imagine these new processes, enabling Schneider Electric to revalorize customers returns through reuse of components or remanufacture of new products in Local Adaptation Centers. The benefits can be seen at customer satisfaction level: by producing and delivering back order impacted by components in shortages, by serving new customers orders and on Sustainability level with anticipation of upcoming regulation compliance (Anti-Waste law), reducing carbon footprint of our supply chain and reducing cost of non quality due to product scrap.

Schneider Electric has an Offer Safety Alert (OSA) process to alert the relevant Line of Business and other interested parties as soon as it is suspected that customers' health or property safety may be put at risk by Schneider products, solutions, or projects. The Offer Safety Alert Committee (OSAC) is a permanent corporate committee that oversees and regulates the management of OSA. Its mission is to ensure all OSA are managed with the due diligence and urgency to minimize safety risks to customers. Its independent, multi-discipline nature allows the OSAC to make decisions in our customers' best interest. As part of the Trust pillar of Schneider Sustainability Essentials 2021-2025, Schneider is committed to reduce by 50% the weight of scrap from safety units recalled by 2025 (SSE #15).

Trust

SSE #15

50% reduction in scrap from safety units recalled

In 2021 the Group recalled 14 products as approved by the Offer Safety Alert Committee. The Customer Satisfaction & Quality team reaches out to customers impacted by the recall to arrange for product replacement. Investigation will be conducted on products returned to Schneider's premises to determine the final root cause of the safety issue. The returned product thereafter will be assessed on its reusability and parts which could not be reused will be scrapped according to the local environmental regulations.

Baseline	2021 Progress	2025 target
4,202	4,024	2,101

2.2.6 Digital trust and security

2.2.6.1 Cybersecurity context and stakes

Hyperconnectivity brings the promise of improved efficiency, productivity, and safety, but, at the same time creates new sources of risks.

At Schneider Electric, we take this threat very seriously. Our commitment to Life is On begins with giving businesses and citizens trust in the New Electric World. Doing so requires that we not only help our customers to defend against these threats through our products and services, but also maintain a strong cybersecurity posture to avoid becoming a risk to them.

That is why cybersecurity and data protection are integral to Schneider Electric's business strategy and digital transformation journey and is at the core of our Trust Charter. At all levels of the Group, clear expectations for both individual and collective behaviors are defined in a cybersecurity "Trust pillar." In addition to corporate commitment, our executives play a crucial role in making cybersecurity a core tenet of our business and corporate culture through the sponsorship of the Executive Committee and oversight from the Board of Directors.

Our vision as a digital leader in energy management and industrial automation is to raise the bar with our ecosystem. We seek to embark partners, customers, and suppliers in our security posture.

This approach can be summarized in four steps:

1. Taking a risk-informed approach.
2. Managing cyber risks in depth to protect our customers, our operations, and our critical infrastructures.
3. Establishing a Group-wide cybersecurity culture.
4. Partnering with our ecosystem across the value chain to build trust and raise the defense level of the industry at large.

2.2.6.2 Reinforcing the Group's cybersecurity posture and that of its ecosystem of partners and customers

Schneider Electric deploys several actions to reinforce its cyber posture and that of its ecosystem of partners and customers:

- Holding a cyber-related business risk register to articulate potential vulnerabilities/attacks and define remediation activities.
- Identifying and prioritizing high-value digital assets to the Company's operation.
- Implementing cyber capabilities and digital locks around people, processes, and technologies.
- Deploying general and dedicated awareness and training programs on cybersecurity and data protection, with a strong focus on high-risk population (customer-facing people, HR).
- Monitoring, detecting, responding, and learning from cyber events.
- Performing reality checks via metrics, internal and external reviews, cyber crisis drills, and vulnerability assessments to our extended enterprise (including our acquired companies).
- Engaging cyber discussions with our customers, suppliers, and partners to improve the resilience across the value chain.
- Partnering with leading companies, experts, and authorities in the field of cybersecurity.

2.2.6.3 Proposing cybersecurity by design

- Cybersecurity Framework and other recognized standards, such as ISA/IEC 62443 and ISO 27000.
- Schneider Electric IoT-enabled EcoStruxure™ platform provides our customers with end-to-end cybersecurity solutions and services to protect a vast digital ecosystem.

As part of the Trust pillar of its 2021-2025 sustainability strategy, Schneider Electric commits to be in the top 25% in external ratings for Cybersecurity performance (SSE #16).

Trust

SSE #16

In the Top 25% in external ratings for Cybersecurity performance

Schneider Electric continuously and consistently monitors its posture with the support of cyber scoring agencies. This scoring capability enables the Group to identify and address vulnerabilities and weaknesses (along with Intelligence-driven detections) around main risk categories like Compromised Systems, Diligence, User Behavior and Public Disclosures. Addressing findings that can negatively impact overall cybersecurity rating and benchmarking our performance against is aiding our maturity journey on cybersecurity, from a performance, risk, and communication perspective.

With this discipline, we measure the improvement of our posture over years: from a baseline of 520 in January 2018, we have now reached a score of 800 for the year 2021. Evolution of our external rating since 2018 +54%.

Baseline	2021 Progress	2025 target
Top 25%	Top 25%	Top 25%

2.2.6.4 Training and awareness

Online training on cybersecurity is mandatory for all employees. This training helps employees to understand what cyber threats they may face and how they should behave to be protected from the risks. At the end of 2021, 99% of Schneider Electric employees have completed this training. Specific employee categories received mandatory training for risks linked to their activity.

Schneider Electric implemented the General Data Protection Regulation (GDPR) requirements and specific training was launched to present the major challenges of this regulation. This training is mandatory for Schneider Electric employees in Europe and key functions.

2.2.6.5 Data privacy and protection

Schneider Electric believes that the global implementation of a digital strategy must reconcile economic objectives and respect for fundamental human rights, including the right to protection of personal data and privacy.

Schneider Electric establishes an organization, work streams, policies, procedures, and controls required by the obligations stemming from GDPR and data privacy and protection regulations, including:

- Internal data privacy policy and Binding Corporate Rules (BCR).
- Training and awareness campaigns.
- Processing registers.
- Online privacy policy and privacy notices.
- Digital assets privacy assessment process.
- Data breach management and notification process.
- Maturity assessment and audit controls.

Schneider Electric has put in place a governance ecosystem including a Group Data Protection Officer, a DPO network, an implementation team, Data Privacy & Protection Champions and Steercos.

In 2021, Schneider Electric has strengthened its processes for data breach management, including specific training. It has deployed several awareness programs including on International Data Protection Day and on events management. Schneider Electric has also been rolling out its Global Data Privacy & Protection compliance approach beyond GDPR in China, the USA, and India and in globalizing its standards. A new data protection addendum has been deployed, including the new Standard Contractual Clauses of the European Commission.

2.2.7 Human rights

2.2.7.1 Risks and opportunities

Human rights, which have been a main priority of the Group for a long time, have been growing in terms of risk exposure, due to the increase of legal enforcement, geopolitical influence, and new challenges raised by social, economic, and digital disruptions such as forced labor, living wages, or migrant workers. Schneider Electric has consistently focused on human rights and has the ambition to remain an exemplary company on this subject.

Schneider Electric's review of risks and opportunities related to human rights covers fundamental human rights, decent working conditions and equal opportunities.

Fundamental human rights

- **Respect and dignity:** healthy and respectful relations at work between individuals and teams, and towards communities.
- **No Child labor:** defined by the International Labour Organization (ILO) as work that deprives children of their childhood, their potential, and their dignity, and that is harmful to their physical and mental development.
- **No Forced labor:** defined by the ILO as all works or services for which a person has not offered themselves voluntarily or willingly.
- **Freedom of association:** the right for workers to join professional organizations that can defend their interests.

Decent working conditions

- **Health and safety:** potential incidents of various degrees of severity related to workplace conditions.
- **Security at work:** physical or verbal violence that may originate from internal or external threats.
- **Working time and leave:** ensuring employees work on a schedule that respects legal time frames, rest periods, and leave provisions, and are given the opportunity to balance personal and professional time.
- **Wages and benefits:** paying employees a compensation that is fair in view of their profile, skills, and qualifications.
- **Harassment:** continuous solicitation with the intention of exhausting a person or forcing that person into unwanted behavior.
- **Data privacy:** securing the data that individuals are placing into the Company's hands so that their privacy and freedom remain safe and protected.

Equal opportunities

- **Discrimination:** creating a situation of inequality based on an employee's personal characteristic, at work or when hiring.
- **Diversity and inclusion:** risk of introducing several biases that would result in an unbalanced representation of the society inside the Company, and the exclusion of some groups or communities from the Company.
- **Development of competencies:** giving employees the opportunity to learn, maintain, and develop their skills and abilities.

In accordance with the 2017 French duty of vigilance law and its ambition to behave as an exemplary company, Schneider Electric implemented a specific vigilance plan. In 2021, Schneider reviewed and updated its "duty of vigilance risk matrix" which highlights human rights risks at its sites, as well as for suppliers, contractors, and local communities. Several actions are implemented to mitigate the highest identified risks in this matrix.

For more details, see section "2.2.9 Vigilance plan", page 112. →

2.2.7.2 Group policy

Schneider Electric's human rights approach is articulated around three principles.

1. Schneider is committed to fully respecting and applying laws and regulations in all countries where it operates.
2. Schneider is committed to fostering and promoting human rights throughout all its operational sites and subsidiaries worldwide.
3. Schneider wishes to support human rights beyond its borders, leveraging its large network of partners and stakeholders to promote the implementation of actions that will ensure the respect of people's rights.

Human rights in the Trust Charter

Through its Trust Charter, published in 2021, Schneider Electric is taking a strong position on what values it stands for. Human rights are fully embedded in this Trust Charter with guidance on the following challenges:

- Create Equal Opportunities
- Harness the Power of All Generations
- Champion Well-Being and New Ways of Working
- Be S.A.F.E. First
- Reach the Highest Standards for Cybersecurity, Data Privacy, and Protection
- Select and Manage Suppliers Responsibly
- Empower Local Communities
- Do not use "Conflict Minerals"
- Protect the Vulnerable from Abusive Working Conditions
- Respect the rights of Association, Representation, and Social Dialogue

Global Human Rights Policy

Schneider Electric has formulated a specific Global Human Rights Policy that defines its position on human rights. It is applicable to all Schneider permanent or temporary employees working on Group premises. It also aims to inspire external stakeholders. For all human rights risks identified above, and based on the "Protect, Respect, Remedy" principles, the policy provides a framework and gives guidance to employees and teams on how to behave in their daily operations or when facing a specific situation.

In 2021, Schneider Electric has started to work on the second version of its Global Human Rights Policy, providing an update notably with the Company's commitments regarding migrant workers and artificial intelligence. The full deployment is forecasted for the second quarter of 2022 including e-learnings and trainings modules.

Alignment with international standards and frameworks

Schneider Electric adheres to the following principles or guidelines:

- The ILO Declaration on Fundamental Principles and Rights at Work.
- The international human rights principles encompassed in the Universal Declaration of Human Rights, which sets out a common standard for all types of organization.
- The OECD Guidelines for Multinational Enterprises, which formulate recommendations for companies, including for the respect of human rights.
- Since 2003, Schneider Electric is part of the United Nations Global Compact. In 2011, the United Nations issued the Guiding Principles on Business and Human Rights which precisely define the roles and responsibilities of States and businesses on these matters. Schneider Electric is committed to these Guiding Principles and to the United Nations Convention on the Rights of the Child.

Specific policies

In addition to its Trust Charter and the Global Human Rights Policy, Schneider Electric has implemented specific global policies to provide guidance in the following areas:

Human resources

- Diversity & Inclusion Policy: applies to the entire Company and covers all facets of diversity, as Schneider Electric wants to mirror the communities in which the Group operates. This policy is based on respect and dignity, which are the foundations for fairness and equity.
- Family Leave Policy: provides a framework so that every employee, whatever the country of employment, can take some specific leave to enjoy some of life's special moments with their families.
- Anti-Harassment Policy: states Schneider Electric's commitments to have zero-tolerance for any kind of harassment or offensive behavior.
- Flexibility at Work Policy: defines global Flexibility at Work pathways, mandatory and recommended, to ensure consistency and equitable treatment in the application of flexible work arrangements across business units and countries for all eligible Schneider Electric employees.
- Employee Benefits Policy: defines the global principles, standards, and governance for the provision of employee benefits at Schneider Electric.

Health and safety

- Health & Safety Policy: states the rules and guidelines applicable to all Schneider Electric employees, and also to specific populations performing specialized tasks. It is supported by learning tools, and it is the subject of an annual "Global Health & Safety Day".
- Travel Policy: defines the rules applicable to travelers, including the safety guidelines, procedures, and processes to ensure the safety of Schneider business travelers at all times.
- Security Policy: defines the global scope of security applicable to all entities, locations, and activities. This policy also emphasizes the crucial role of managers to ensure security.

2.2.7.3 Deployment of internal actions

Schneider Electric entities and subsidiaries are monitored through the implementation of Key Internal Controls. These controls are designed in co-ordination with the Internal Audit team and consist in an annual self-assessment covering different operational topics. Human rights and health and safety controls are included in this annual review. The results of these assessments allow Schneider Electric to benchmark the entities and to prioritize mitigation plans when necessary.

Internal actions regarding respect and dignity, freedom of association, health and safety, working time and leave, wages and benefits, harassment, discrimination, diversity and inclusion, and development of competencies are described in section "2.5 Great People making Schneider Electric a great company", page 164.

Schneider Electric is implementing training programs that are specific to the policies listed above, to raise the level of awareness of employees and give them advice on how to react or behave in specific situations. Some of these trainings are mandatory, others are part of recommended training paths. Such programs cover a very wide area of topics, from anti-harassment to well-being, or how to overcome bias and develop an inclusive culture. For more details, see section 2.5.3 Talent attraction and development, page 177.

Specifically, for health and safety, the Group maintains a follow-up of safety metrics. Incidents are reviewed with management, corrective actions are implemented when necessary, and communications are sent to relevant teams throughout the Company. When needed, a global safety alert can be launched to draw all relevant employees' attention. Schneider Electric organizes a yearly "Global Health & Safety Day", to inform all employees and keep the level of awareness high on this key topic. For more details, see section "Employee health and safety", page 109.

2.2.7.4 Deployment of actions towards suppliers

Human rights are included in the integration of the sustainable purchases approach in the selection of new suppliers. Schneider Electric uses a qualification process called Schneider Supplier Quality Management (SSQM) to select new suppliers. It is based on an evaluation questionnaire combined with on-site audits, which include human rights and health and safety assessments.

Schneider Electric's Supplier Code of Conduct states the framework in which the Group wishes to operate with vendors. Schneider Electric expects suppliers to respect the fundamental principles on health, safety, people's protection, and development as defined in this document. Strategic suppliers are also assessed through Ecovadis 3rd party, leveraging ISO26000 norm, where Labor and Human rights is one of the four pillars of the methodology.

Other actions are implemented through the Group's vigilance plan. For more details, see section "2.2.9 Vigilance plan", page 112, and section "2.2.11 Sustainable relations with suppliers", page 117.

2.2.7.5 Deployment of actions towards contractors

Schneider Electric has developed specific actions to mitigate human rights risks related to project execution environment, anywhere co-ordination with project contractors is necessary.

The Group is working on the evolution of the project decision-making process to incorporate a risk assessment covering ESG topics including human rights. The aim is to better calibrate the mitigation measures and anticipate their implementation earlier in the project process.

Schneider Electric is also conducting specific on-site audits for contractors included into the Vigilance Supplier Audit program. At the end of 2021, 13 subcontractors have been audited. For more details, see section "2.2.10 Relations with project execution contractors", page 116.

2.2.7.6 Deployment of actions towards local communities

Local communities are integrated in the vigilance risk matrix on two types of locations: Schneider sites (factory or an office building) and customer project sites (where the Group is operating as a contractor or subcontractor for a customer). The risks for these locations were assessed for the first time in 2020 in the vigilance risk matrix and in 2021 Schneider Electric deepened the analysis with a specific segmentation to select potential risks that may have an impact on local communities. For more details, see section "2.2.12 Vigilance with local communities", page 124.

2.2.7.7 Partnerships and working groups

The Group has joined *Entreprises pour les droits de l'Homme* (EDH – Businesses for Human Rights), a leading French association of businesses providing its members with tools and advice on implementing the United Nations Guiding Principles on Business and Human Rights. In 2018, Schneider Electric also joined the Responsible Business Alliance (RBA), a non-profit coalition of more than 120 companies from the electronic, retail, automobile, and leisure industries, for compliance with human rights and sharing the best practices with regards to on-site auditing and monitoring of suppliers' activity, including forced-labor issues.

The Group also joined the Global Compact LEAD working group "Decent Work in Global Supply Chain". Schneider Electric co-leads the G7 Business for Inclusive Growth (B4IG) coalition's "Advancing human rights in direct operations and supply chains" and "Building inclusive workplaces" working groups.

As a result of the working group on advancing human rights, in 2020, B4IG members adopted a collective statement supporting a European framework on mandatory human rights due diligence and providing suggestions to be considered in legislation. In 2021, the working group has implemented a toolbox gathering best practices from companies' members and put specific attention on migrant workers and fair recruitment.

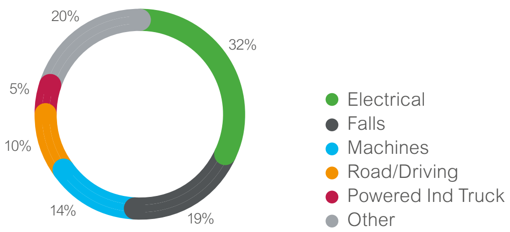
2.2.8 Employee health and safety

2.2.8.1 Risks and opportunities

At Schneider Electric, risk assessments and strategic action plans are performed, based on the primary risks associated with the workplaces. These plans include opportunities to reduce serious and fatal incidents, maintain legal compliance, provide safe working conditions, and encourage employee engagement in the safety processes throughout the organization.

The plans are built on the Top 5 Hazards found in every aspect of the Company, which include driving, electrical, falls, powered industrial trucks (PIT), and fixed powered machines (FPM).

Injuries based on the Top 5 Hazards since 2018



2.2.8.2 Group policy

2.2.8.2.1 Safety is a value

Safety is a value on which Schneider Electric will not compromise, and this applies to Schneider Electric employees, customers, partners, and those working on their behalf. Safety is a pillar of the Trust Charter and it reinforces the Group's commitment to provide a healthy and secure workplace for all. In addition, Schneider Electric's ambition is to achieve the highest standards of safety excellence. Schneider Electric is committed to invest in its people and its workplace as stated in its Group Safety and Occupational Health Policy, stating "the ambition is to be the standard for safety excellence worldwide."

The Safety and Occupational Health Policy establishes the commitment that Schneider Electric has made to maintaining safe and healthy working conditions, to fulfil legal obligations, to engage employees in safety processes, and to continually improve the health and safety program. It is the cornerstone of its certified Safety Management System. The policy includes the Group's Health and Safety Vision and Mission as such:

Vision:

…to be the standard of excellence and the benchmark for health and safety within the industry.

Mission:

…to protect occupational health and safety of employees, customers, contractors, and visitors, in the Group's locations, at offsite locations, and while travelling…

…to preserve Company license to operate through robust EHS compliance and risk management…

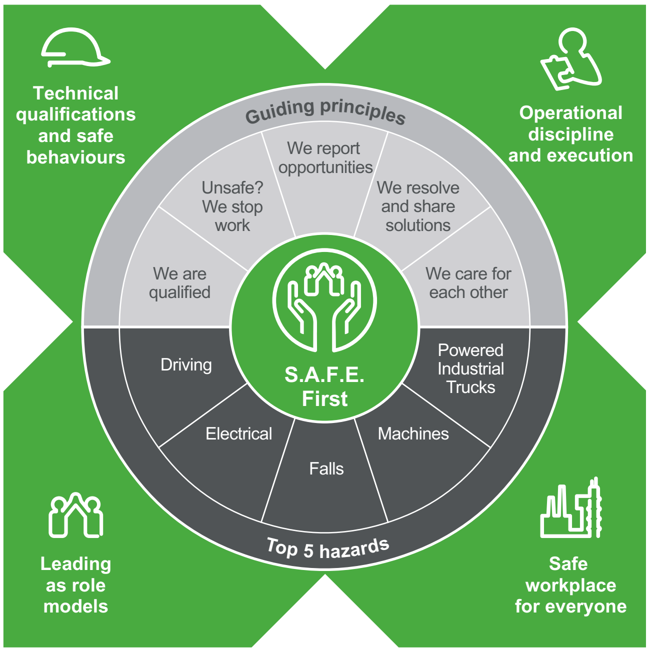
…to provide employees safe, pleasant, and efficient workplaces for enhanced well-being and effectiveness…

…to enhance our brand image and contribute to world sustainability through employees' behavior and innovation.

In 2021, as part of its improvement efforts, Schneider Electric successfully achieved re-certification for ISO 45001 Safety Management System as part a fully integrated management system certified through Bureau Veritas. This certification is in place for over 200 locations, including 176 manufacturing and logistics sites and the central office.

2.2.8.2.2 EHS strategy

The Schneider Electric global safety strategy includes "S.A.F.E. First" at the core. Developed as a personal reminder to pause and reflect on safety before beginning any task, the program empowers employees to perform S.A.F.E. First checks and if "Unsafe? We stop work".



To drive Sustainable Safety Results, four strategic priorities have been defined and embedded in the "S.A.F.E. First" global safety strategy:

- Leading as a role model
- Technical qualifications and safe behaviors
- Operational discipline and execution
- Safe workplace for everyone

The Schneider Electric Top 5 Hazards are constantly being enhanced in terms of safety standards, training, and communication.

The global safety strategy also takes into consideration the five guiding principles that help to determine actions to be taken as part of a work task. They are:

- Ensuring employees are qualified for the work task before performing work.
- Empowering employees to stop work if unsafe.
- Reporting opportunities for improvement.
- Resolving and sharing solutions to problems.
- Encouraging employees to care about their own safety and the safety of their co-workers and customers.

Continuing from the efforts in 2020, Schneider Electric has taken further preventive measures to mitigate the risk of employee exposure to the Novel Coronavirus (COVID-19), such as restrictions on business travel, and limiting local visitors. Schneider Electric has developed various Health and Safety guidance documents, such as dealing with suspected COVID-19 case, safe operating guidelines, vaccination guidance, and procedures to support our communities facing the challenge of setting a "new normal" workplace.

2.2.8.3 Due diligence and results

2.2.8.3.1 Annual EHS Assessments

To ensure successful implementation of the strategy, annual Environmental, Health, and Safety (EHS) Assessments are performed in industrial sites worldwide. The EHS Assessment is a global process in which a site is evaluated to identify opportunities and to recognize excellence. At regional and global levels, EHS teams consolidate site results to identify and prioritize actions to support site performance, training needs, and cross-site mentoring opportunities. The EHS Assessment uses the same structure as the Schneider Performance System (SPS) (Company performance standardization tool) for simplified user-adoption and to enable further alignment to the SPS.

2.2.8.3.2 Global Safety Culture Survey

As part of our safety strategy, Schneider Electric has launched its first Global Safety Culture Survey in 2021 to measure employee safety engagement, identify further safety opportunities, and develop future safety initiatives. The response rate of 77% of employees surveyed, showed solid engagement. The survey results shows that 87% of employees are positive about the Safety Culture at their site.

2.2.8.3.3 Safety awareness and communication

Communication is important to ensure coordinated and standardized program implementation. This is evident through quarterly safety campaigns, safety alerts, workplace standards, and employee engagement to identify safety opportunities.

These communication programs are deeply embedded into the safety culture at Schneider Electric. The Group also monitors proactive leading indicators, including safety employee engagement, which tracks the rate of employee participation in safety opportunities, and the effective application of the EHS Assessment tool. Safety opportunities reporting is well established with over 300,000 safety opportunities reported each year. The focus in 2022 will be to translate these opportunities into risk reduction actions.

Training on hazards and their associated risks is an important part of Schneider Electric employee expectations. There are 258 safety-related topics, housed in the My Learning Link database. Schneider Electric employees have completed an average of 4.76 hours of safety training in 2021.

Each quarter, the Group focuses on a key safety subject to bring attention to both workplace and human factors, that have caused serious injuries at Schneider Electric. The campaign includes a dedicated web-portal to access tools, videos, training materials, posters, and leader-led topics to further promote the importance of safety worldwide. The four quarterly safety campaigns culminated with the annual "Global Health & Safety Day" celebration held on October 18, 2021. During "Global Health & Safety Day" we emphasized the importance of "S.A.F.E. First, we all have a role to play", through webinars, and persona posters that each Schneider Electric employee can relate to. A special emphasis was placed on the importance of performing "S.A.F.E. First Checks" to ensure that each employee is mentally focused and physically well before starting any new task.

2.2.8.3.4 Results summary

Schneider Electric has been very successful in meeting goals for the reduction of workplace injuries and illnesses, including those injuries resulting in lost time days. Over the past 10 years, the Group has reduced the frequency of incidents (Medical Incident Rate, MIR) by 81% and the severity of incidents (Lost Time Incident Rate, LTIR) by 77%. 2021 has shown an MIR increase of 12% versus 2020, with a corresponding LTIR performance increase by 6%. 2020 excellent performance aside, impacted positively by the pandemic, the 2021 overall safety performance remains very much aligned with the last 10 years improvement trend.

The MIR is the number of work incidents requiring medical treatment per million hours worked (i.e. average hours of 500 employees working for one calendar year). Work related injuries and occupational illnesses requiring medical treatment are included. The Occupational Illness Rate is tracked independently for benchmarking purposes and also to drive continuous improvement. The Occupational Illness Rate is 2.6% of our total medical incidents (MIR) in 2021.

2.2.8.3.5 Recognition and awards

Schneider Electric was the recipient of several awards for occupational health and safety programs in 2021. This includes 163 Occupational Excellence Achievement Awards from the National Safety Council (NSC) for safety performance that was 50% or better than their industry peer group. In addition, 5 Schneider Electric operations were recognized with the Industry Leader Awards in 2021 for outstanding safety achievements for the top 5% of companies that qualified for the NSC Occupational Excellence Achievement Award.

In Russia, Mari El republic, Schneider Electric Potencial manufacturing site was awarded 1st place in the governmental nomination "prevention of working places injuries and occupational diseases". Schneider Electric Egypt Distribution Center has been awarded a "prestigious International Safety Award" from the British Safety Council.

Schneider Electric UK&I received 3 RoSPA Awards (The Royal Society Health & Safety Performance Awards) during 2021: Gold award for demonstrating well developed occupational health and safety management systems, for managing occupational road risk and a winner award for demonstrating excellence in environmental as well as health and safety management.

Multiple recognitions from different geographies were awarded to Schneider Electric for the pandemic COVID-19 management, highlighting Schneider Electric leadership and commitment towards employees Safety.

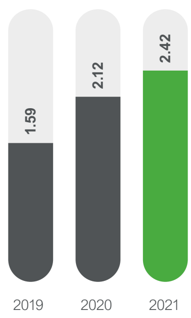
Employee engagement = Safety opportunities reported including near-miss and safety ideas

Employee engagement 2.42 ↑

52%
Improvement versus 2019

(2019 = 1.59)

Employee engagement trend



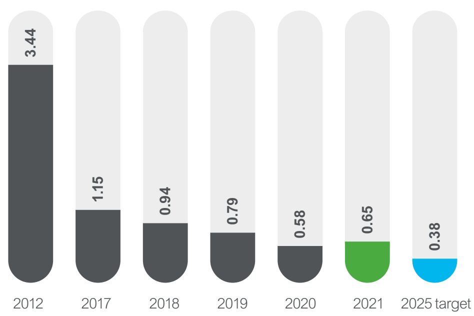
MIR = Medical Incident Rate. Work-related medical incidents.

MIR 0.65 ↑

18%
Improvement versus 2019

(2019 = 0.79)

MIR historical trend



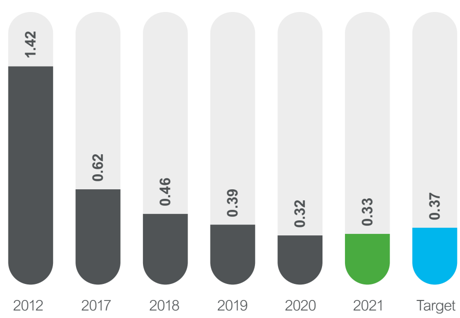
LTIR = Lost Time Incident Rate. Captures the number of work-related incidents requiring time off work (>24hrs)

LTIR 0.33 ↑

11%
Better than target

(Target = 0.37)

LTIR historical trend



2.2.8.3.6 Future evolution of safety at Schneider Electric

Safety is a never-ending journey towards excellence. Schneider Electric goals and initiatives are to be the standard in safety excellence worldwide. This pursuit begins with the Group employees, starting with leaders. Safety is leadership led, and the Group's ambition is to progress the entire community towards full empowerment as defined in the "S.A.F.E. First" Human Factors training, Safety Culture Assessment, and leadership action plans, which were developed in 2020 and implemented in 2021.

In 2022, Safety Competency will be enhanced by strengthening our Health and Safety subject matter expert program "EDISON" in each and every region. They will contribute to our 2022 Global Health & Safety program deployment.

While our quarterly health and safety spotlights will re-enforce the "S.A.F.E. First" pillars, our safety persona will be developed further to ensure employees understand and adopt "S.A.F.E First, we all have a role to play".

In 2020, Schneider set a 5 years safety target to reduce the Medical Incident rate to 0.38 based on 2019 MIR baseline performance. 2019 was selected as baseline year to mitigate COVID-19 impacts. The MIR performance has reduced from the baseline of 0.79 in 2019 to the result of 0.65 in 2021, which represents 34% of the 5-year target. 2021 shows an increase of MIR versus 2020, which was an exceptional performance, impacted positively by the pandemic. The employee safety engagement further improved in 2021 with 2.42 safety opportunities reported by employee, an increase by 23% versus 2020 and by 52% versus 2019.

Trust

SSE #14

0.38 or below Medical Incident Rate

In Schneider Electric, we believe that all accidents are preventable, and Schneider Electric uses the MIR indicator to measure progress made against this target. Schneider Electric 2025 target of 0.38 MIR represents 1 accident per 1,450 employees per year, which is a big step towards Schneider Electric's ambition of 0 accidents. Every accident that Schneider Electric avoids, prevents pain and suffering that Schneider Electric employees would have experienced. This KPI drives many Safety programs in Schneider Electric. For example, in 2021, after 3 years of Machine Safety program deployment, Schneider Electric have reduced machine related Medical Incidents to 3 in 2021, a reduction by 91%.

Baseline	2021 Progress	2025 target
0.79	0.65	0.38

2.2.9 Vigilance plan

2.2.9.1 Context

Schneider Electric seeks to be a role model in its interactions with customers, partners, suppliers, and communities when it comes to ethics and the respect and promotion of human rights. The Group strives to have a positive impact on the planet and the environment by contributing to finding solutions to limit climate change.

The Group's vigilance plan reflects this ambition. It also complies with the provisions of 2017 French law on Corporate duty of vigilance. The plan includes:

- A risk analysis specific to vigilance: risks that Schneider Electric poses on the ecosystem and environment;
- A review of the key actions implemented to remediate or mitigate these risks;
- An alert system;
- Governance specific to vigilance.

In this Registration document, Schneider Electric reviews the risk matrix analysis and some of the actions to mitigate these risks are described. When necessary, the reader will be directed to other sections of the report to get relevant and detailed information. For more comprehensive and complete information, the full vigilance plan of the Group is available as a standalone document and can be downloaded from Schneider Electric's website at se.com

2.2.9.2 Evaluation of the main risks towards Schneider Electric's environment

2.2.9.2.1 Methodology

Schneider Electric developed a specific risk matrix for the implementation of its vigilance plan which is reviewed annually. The methodology is consistent with other risk evaluations maintained at Group level but focuses specifically on the risks posed by Schneider on its environment and ecosystem.

In order to enhance the existing risk matrix and cover a more comprehensive scope, in 2020, a review of the methodology for the risk matrix was done with an external consultant, Ksapa. This review led to a harmonization of the definitions, a sharper granularity of risk categories, a reorganization of the supplier categories, and a focus on local communities. In 2021, Schneider went further to deepen its analysis on local communities specifically. Other than this point, no further modifications were brought to the risk matrix or the methodology for its annual update.

The scope of work covered is Schneider Electric and its subsidiaries, joint ventures, suppliers, and subcontractors.

2.2.9.2.2 Risk categories

Four risk categories have been identified: human rights, environment, business conduct, and offer safety and cybersecurity. In order to be able to make a granular assessment of the risk level based on the nature of that risk and the magnitude of its impact on Schneider Electric's ecosystem, each category has been divided into specific risk areas.

Human rights:
- Decent workplace;
- Health and safety.

Environment:
- Pollution and specific substances management;
- Waste and circularity;
- Energy, CO_2, and GHG.

Business conduct:
- Ethical business conduct;
- Alert system, protection, and non-retaliation.

Offer safety and cybersecurity:
- Offer safety;
- Cybersecurity and data privacy.

2.2.9.2.3 Risk location

The Group has studied four areas where risks may occur:

- Schneider Electric sites: they have been segmented based on categories that present a specific level of risk. Employees with frequent travels (sales, field services, travelers, audit, top management) have been assessed separately;
- Suppliers: the level of risk differs based on the type of process and technologies used, and the Group has therefore segmented the analysis by component category of purchase. The risk level is an average assessment. The geographical location is factored in when selecting suppliers for the audit plan;
- Contractors: when implementing a customer project, like building a large electrical system at a customer's site, Schneider Electric is working with contractors, leveraging their expertise (civil work, electrical contracting, etc.). This "off-site" project work generates a specific level of risk for contractors. A separate "off-site and projects execution" category for contractors has therefore been defined for the assessment.
- Local Communities: Schneider Electric has identified two distinct segments: communities located around Schneider Electric sites and communities located around customer projects sites. Communities have been assessed against three risk categories; human rights, environment, and business ethics.

2.2.9.2.4 Risk evaluation and scale

The evaluation combines the probability of occurrence of the risk, with the seriousness of consequences from the risk. This is an evaluation of risk before impact of mitigation actions. After taking into consideration the impact of these mitigation actions, the level of risk may be significantly reduced. Risks are assessed on the following scale:

1 – Non-existent; 2 – Low; 3 – Medium; 4 – High; 5 – Very high.

In this 2021 risk assessment, no "Very high" risk levels were identified.

2.2.9.2.5 Key findings

In 2021, the Group conducted an update of the risk mapping with key internal experts. No changes were brought to the methodology compared to last year, and the structure of our risk matrix, although it can be further improved and refined, allows to capture the main natures of risk from a Duty of Vigilance point of view.

Overview of the main risks and their evolution:

- Schneider Electric sites: The COVID-19 pandemic, its social, business, and economic consequences has put significant pressure on teams and individuals. Although the first waves of the pandemic have been weathered, several countries like India or South Africa for example were severely hit. As a result, while some countries were going out of lockdowns and recovering "normal" ways of working, some others were going into confinement and restrictions. Operations were thus disrupted, and the global supply chain had to deal with such complexity country by country. Teams have been resilient, and supported with the implementation of flexible and adaptive ways of working, but the overall long term impact of the situation, although complex to measure, is of fatigue. In this context, measuring the evolution of mental health and psycho-social risks over time is necessary.
- Suppliers: Here also, the impact of COVID-19 is probably significant, but the measurement of its consequences over our supply chain will take longer. Our observations are that there has been an increase of pressure in fields such as health and safety (including mental health) due to tensions in the supply chain, and some deterioration of the human rights situation in some geographic areas.
- Contractors: As in 2020, the 2021 assessment confirmed external off-site contractors as one area that needs special attention. This is due to the specific nature of project work (civil work, installation, etc.) that implies high labor activity on construction sites. Projects have been under specific pressure, as supply chain disruptions created some periods of slow-down, or even complete halt of on-site works, followed by intense periods of catch-up. This situation increased risks linked to health & safety and human rights, probably augmented by social consequences among the population of contracted workers, and workers working abroad from their own country.
- Communities: the assessment work is still ongoing and therefore conclusions are still preliminary. Overall, it seems that communities located around Schneider Electric sites, at least for the largest sites, are not affected, or only marginally affected by Schneider Electric's presence. This is mostly due to the fact that Schneider Electric's sites are located in large, already structured industrial areas, or in cities. In regards to customer projects, the assessment shows that there may be some impact on communities. Schneider Electric is usually just one of the suppliers to the customer project, and the impacts are therefore highly variable and linked to the industrial profile of the end-customer. A more detailed evaluation is in progress.

Schneider Electric 2021 vigilance risk matrix

The risk matrix below summarizes Schneider Electric's risk analysis:

- Very high risk
- High risk
- Medium risk
- Low risk

		Schneider Electric sites						Suppliers							Contractors		Communities	
		Offices	Travelers, sales forces	Factories low voltage and electronics	Factories medium voltage	Project centers	Field services	Travels and hospitality	Transportation and shipping	Raw materials	Metal transformation and treatment	Plastics	Batteries	Other components	On Schneider Electric sites	Off site and projects execution	Around Schneider Electric sites	Around customers project sites
Human rights	**Decent workplace**	Low	Low	Low	Low	Low	Low	Medium	Medium	Medium	Low	Low	Low	Low	Low	Medium	Medium	High
	Health and Safety	Low	Low	Low	Low	Medium	Medium	Low	Medium	High	Medium	Medium	Medium	Low	Low	High		
Environment	**Pollution and specific substances management**			Low	Medium	Low	Low		Medium	High	Medium	High	High	Medium	Low	Medium	Low	Medium
	Waste and circularity		Low	Low	Medium	Low	Low	Low	Medium	Medium	Low	High	Medium	Low	Low	Medium		
	Energy CO_2 and GHG	Low	Medium	Medium	Medium	Medium	Medium	Low	High	High	High	High	Medium	Medium		Medium		
Business Ethics	**Ethical business conduct**	Low	Medium	Low	Low	High	Medium	Medium	Medium	Medium	Low	Low	Medium	Low	Low	High	Medium	High
	Alert system, protection and non-retaliation	Low	Low	Low	Low	Low	Low	Medium	Medium	Medium	Medium	Low	Medium	Medium	Low	Medium		
Offer safety and cybersecurity	**Offer safety**			Low	Low	Low	Low		Low		Low	Low	Low	Low		Medium		
	Cybersecurity and data privacy	Medium	High	Medium	Medium	High	High	Medium	Low	Low	Low	Low	Low	Low	Low	High		

2.2.9.3 Governance

The plan is governed by the Duty of Vigilance Committee, set up in 2017. The steering committee meets twice a year in normal circumstances. Overall, since its inception, 13 Committee meetings have been held (five in 2017, two in 2018, 2019, 2020 and 2021). The Committee's objective is to provide a discussion on strategic orientation and prioritize initiatives and the resources allocated to their implementation. This Committee also reviews the actions in progress and their results and defines decisions on next steps for action.

Composition of the Duty of Vigilance Committee
Chairman:
Executive Vice-President, Global Supply Chain
(Executive Committee member)

Management:
Senior Vice-President (SVP), Sustainability
SVP, Corporate Citizenship
SVP, Global Safety and Environment
SVP, Global Procurement
SVP Sustainable Supply Chain & Safety
SVP, Global Customer Projects
SVP, Ethics and Responsibility
SVP, Human Resources
SVP, Ethics and Compliance

Experts:
Environment Performance Measurement
Sustainable Procurement
Human Rights

2.2.9.4 Mitigation actions

The following measures are the main actions implemented to mitigate the highest risks identified in the vigilance risk matrix.

Key Topics	Risk Categories	Policies implemented and Mitigation Actions	Pages
Schneider Electric sites			
Human rights	**Decent workplace** **Health and Safety**	See section "2.2.7 Human Rights" (i) and section "2.2.8 Employee health and safety page 109" (ii) for more details on the deployment of health, safety, and human rights actions on Schneider Electric sites. It covers, notably: • Schneider Electric's employees' safety; • Human rights and people development policies; • Well-being programs.	(i) page 106; (ii) page 109
Environment	**Pollution and specific substances management** **Waste and circularity** **Energy CO_2 and GHG**	See section "2.3 Acting for a climate positive world", for more details on the deployment of environmental actions on Schneider's sites. It covers, notably: • Certification of its sites to ISO standards; • Schneider Electric specific programs to reduce CO_2 emissions; • Reduction of SF_6 emissions; • Schneider Energy Action program for energy efficiency; • Reduction of waste and increased circularity.	page 126
Business Ethics	**Ethical Business Conduct** **Alert system, protection and non-retaliation**	See section "2.2.2 Ethics and Compliance" (i) and section "2.2.3 Zero-tolerance for corruption" (ii) for more details on the deployment of business ethics actions on Schneider Electric sites. It covers, notably: • Internal and external alert systems; • Third-party relationship management; • Specific anti-corruption actions.	(i) page 95; (ii) page 101
Offer safety	**Offer safety**	See section "2.2.5 High standards for the quality and safety of our products" for more details on the deployment of offer safety actions. It covers, notably: • Sustainability Quality Excellence; • Reliability.	page 102
Cybersecurity and Data privacy	**Cybersecurity** **Data privacy**	See section "2.2.6 Digital trust and security" for more details on the deployment of data privacy and cybersecurity actions. It covers, notably: • Cybersecurity by design approach; • Personal data protection; • Training and awareness on cybersecurity.	page 105
Suppliers			
Suppliers	**Supplier vigilance**	See section "2.2.11 Sustainable relations with suppliers" for more details on the deployment of actions towards Schneider Electric's suppliers. It covers notably: • Continuous Improvement process based on ISO 26000 standards; • Decent Work program for strategic suppliers; • Vigilance plan for suppliers; • Zero Carbon Project.	page 117
Subcontractors			
Sub-contractors	**Subcontractors vigilance**	See section "2.2.10 Relations with project execution contractors" for more details on the deployment of actions towards Schneider Electric's subcontractors (or solution suppliers). It covers notably: • Integration of ESG into the project decision making; • Vigilance plan for project contractors.	page 116
Local Communities			
Local communities	**Around Schneider Electric sites** **Around customer projects sites**	See section "2.2.12 Vigilance with local communities" for more details on the deployment of health, safety, and human rights actions around Schneider Electric and customer projects sites. It covers, notably: • Risk mitigation around Schneider Electric sites; • Risk mitigation around customer project sites.	page 124

2.2.10 Relations with project execution contractors

2.2.10.1 Project execution environment

Schneider Electric's products and solutions are usually combined into larger systems such as electricity distribution and energy management in a building, or production process automation in a factory. The build-up of such systems can be complex and typically involves several different parties before they are commissioned by end customers. For Schneider Electric, there are two options: to sell components through channel partners who take the responsibility to build and deliver the system; or to build and deliver the system directly for the end customer, as a project. This second option requires coordinating several project contractors (panel manufacturers, system integrators, building contractors, etc.), usually on the premises of the end customer. The common characteristics of these projects are that they happen primarily off-site (mostly on customer premises, existing or future), and they involve several different parties, global or local, bringing their specific added value. Each project is specific, in its size, duration, and location. Therefore, the relations with contractors are specific to a contract, and not necessarily recurrent. In 2021, Schneider Electric worked with more than 9,900 active solution suppliers in the Group's portfolio (with a spend of over €1B).

2.2.10.2 Risks and opportunities

In the frame of the "Duty of Vigilance" plan, specific risks have been identified. For more details, please refer to page 112.

Human Rights: as project sites are located in countries where Schneider may not be present, and involve independent subcontractors, there is a risk that the Schneider Electric-recommended policies in terms of health and safety, as well as decent workplace, may not be properly implemented. The main risks are physical accidents and injuries, or the improper treatment of employees (wages and salaries, resting time), especially temporary and/or foreign employees.

Business Ethics: Projects that are conducted in countries where business ethics standards are insufficient may be subject to specific risks such as corruption, bribery, or pressures of a similar nature.

Cybersecurity: Some subcontractors may have digital interactions with the end customer and Schneider at the same time. Therefore, their level of cybersecurity and data protection may create some risks for the project and the final customer.

A solid management of Schneider Electric's subcontractors allows to reduce the risks of incidents or accidents on site, and therefore protects workers, the communities living around the project site, and the final customer's employees and assets.

2.2.10.3 Group policy

As part of its Duty of Vigilance program, Schneider Electric has deployed a policy of identification of risky subcontractors and implemented an on-site audit program. The results are described in the "Due diligence and results" section below.

In 2021, to further anticipate and reinforce its risk mitigation measures, the Group introduced an evolution of its project decision-making process. The aim is to include a risk assessment of human rights and environmental impacts at all key milestones of the process, and to select the mitigation measures that will allow to reduce these risks. During the execution of the project, a regular review of the efficiency and effectiveness of these measures will be conducted. This process evolution will be effectively applied to project reviews from early 2022.

2.2.10.4 Due diligence and results

Schneider Electric operates with a pool of project contractors (or "solution suppliers") from more than 9,900 companies. Not all of them may be active during a year. In the course of its supplier risk mapping exercise, Schneider Electric has identified approximately 200+ solution suppliers categorized as "high risk". Since 2018, 62 suppliers have already been audited, slightly below the ambition due to 2021 slow down as a consequence of COVID-19. The 13 audits on solution suppliers performed in 2021 have allowed Schneider to raise 157 non-conformities. Out of these non-conformances, 11 are assessed as "top priority".

The most recurring non-conformities with high risk solution contractors are: need of adequate and effective fire emergency evacuation and response drills, improvement of on-site security measures to protect workers (safety hazards, permit and testing reports for occupational injury and illness), identify correctly effective emergency.

In addition to these non-conformities, specific risks related to local contract negotiation and relations with local authorities may occur.

Actions following non-conformities are the same as with other suppliers (re-audits, trainings, workshops). Specific measures are implemented for this project environment: Schneider Electric implements regular reviews of safety incidents on customers' sites, involving the Global Safety team and the Project Management leadership. The Group also reinforced training on Anti-Corruption and Business Agent policies for its employees involved in commercial negotiations. The project follow-up with contractors and the selection processes for contractors has been adapted to ensure vigilance topics are considered early in the project stage.

2.2.11 Sustainable relations with suppliers

2.2.11.1 Risks and opportunities

Schneider Electric has been involved in an ambitious approach to include sustainable development challenges in supplier selection and working processes. This approach is all the more important as Schneider Electric's procurement volume represents more than EUR 12 billion – and more than 52,000 suppliers.

With a complex global supply chain, there are some potential risks that Schneider Electric is committed to mitigating in the areas of health and safety, human rights, ethics, the environment, and sustainable development. Proactively managing upstream supplier risks, through Schneider Electric's Supplier Vigilance, but also driving ambitious Sustainable Development programs and processes, also improves the Group's reputation and shareholder value, and greatly lowers legislative and business risks.

By working closely with its suppliers to develop their maturity in integrating sustainability, Schneider Electric further de-risks and improves its competitive advantage by continually improving the global supply chain. Key opportunities of collaboration with our partners includes: climate action, circular supply chain models, and socially inclusive workplaces.

2.2.11.2 Risk identification and management

Schneider Electric has a risk management system to identify and manage critical suppliers, and uses a tool, Supplier Risk Management (SRIM), to capture risks and ensure the follow-up of identified cases with an extended source.

The Group has also been performing sustainability risk assessments with its own procurement specialists, supported by its Schneider Supplier Quality Management (SSQM) processes and ISO 26000 assessments for strategic suppliers.

In addition, Schneider Electric is reinforcing its sustainability risk assessment by geography and type of activity as part of its vigilance plan.

Schneider Electric has launched the Trust Line, a professional alert system for stakeholders to escalate any violation of its Code of Conduct/ethics/responsible behavior along the Supply Chain.

2.2.11.3 Group policy

Since 2004, the Group has been encouraging its suppliers to commit to sustainable development initiatives. Since 2012, Schneider Electric has been continually improving as well mandating its strategic suppliers to make progress according to the ISO 26000 guidelines.

This approach is supported by the General Procurement Terms and Conditions which all suppliers must abide by: each supplier undertakes to apply the principles and guidelines of the ISO 26000, the rules defined in the ISO 14001 standard. Sustainability is considered as a key selection criteria.

Suppliers also commit to respect all national legislation / regulations, REACH regulation, RoHS directives, and, more generally, the laws and regulations relating to the prohibition or restriction of use of certain products or substances. Lastly, suppliers are expected to report the presence and country of origin of any and all conflict minerals supplies in accordance with the requirements of the US Dodd-Frank Act of 2010 known as the "Conflict Minerals" law. In this context, Schneider Electric has a "conflict-free" objective.

Schneider Electric publishes a charter for its suppliers, called the Supplier Guide Book, initially launched in 2016. The first section of this articulates expectations for suppliers on sustainable development in the following five areas: environment, fair and ethical business practices, sustainable procurement, labor practices, and human rights. In 2021, the Group adopted a new, revised Supplier Code of Conduct (SCoC), which aligned with the new sustainability commitments of the Group and laid out the most fundamental requirements that need to be met by the suppliers. The key focal areas include environment (climate action, circularity), human rights and decent working conditions, occupational health and safety, fair business practices, grievance redressal, inspection and corrective actions, sustainable procurement, and access to remedy.

2.2.11.4 Integration of sustainability criteria in the selection of new suppliers

Schneider Electric uses a qualification process called Supplier Approval Module (SAM) to qualify new and legacy suppliers. It is based on an auto-evaluation questionnaire combined with on-site audits by Schneider Electric certified auditors.

In 2021, to reinforce the assessment on Labor, Ethics, Environment, and Health & Safety, a new auto-evaluation questionnaire has been introduced as part of the qualification process for new suppliers. This self-assessment is the first qualification process step, and only potential new suppliers with approved self-assessments can be chosen to complete the qualification process with the SAM functional audits.

The SAM functional audits include different sections on sustainability as a criterion of evaluation, and these sections represent about 15% of the supplier evaluation criteria. The most relevant areas identified are:

- People and social responsibility: training, human rights, ISO 26000, and health and safety.
- Environment: ISO 14001 and energy savings, REACH and RoHS, and conflict minerals.

In 2021 Schneider Electric included SAM in the global Schneider Supplier Portal – Supplier Relationship Management (SSP-SRM tool). Due to this capability, SAM results are available for the Global Supply Chain community, and all newly assessed suppliers have their action plan registered in a central database, available to all in real time, making supplier interactions more fluid. These are tracked by Schneider Electric supplier leaders on a monthly or pluri-annual basis depending on the severity of the risks and classification of the supplier.

Schneider Electric completed 740 qualification processes in 2021, including new and legacy suppliers.

Schneider Electric's sustainable procurement strategy

When it comes to procurement, Sustainability is at the very heart of our mission. To streamline global action, we have implemented a Sustainable Procurement Strategy, which was the result of a multi-stakeholder consultation process. This strategy is focused on a vision of collaboration with our global supplier network to build an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives.

The strategy rests on the foundation of robust procurement processes, that embed sustainability criteria at various stages and de-risk the operations by adhering to the relevant legal and prevailing norms.

Sustainable Procurement Vision

Collaborate with global supplier network for an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives

Supplier code of Conduct

Summarizes the most fundamental requirements from Schneider Electric towards its Suppliers.

We expect these principles illustrated in this document to be applied by all suppliers.

Sustainable Procurement Business Procedures

- Schneider Electric Supplier Quality Management (SSQM)/ Supplier Approval Module (SAM)
- Business Review
- Sustainable Development, Environment, Ethics And Compliance Terms and conditions

Strategic Goals and Programs

Net zero CO_2 emissions	The Zero Carbon Project	**SSI #3:** Reduce CO_2 emissions from top 1,000 suppliers' operations by 50%
Circular supply chain	Green Materials	**SSI #4:** Increase green material content in our products to 50%
	Sustainable Packaging	**SSI #5:** 100% packaging uses recycled cardboard & no single-use plastic
Environment friendly	Reach/RoHS	Continued adherence and compliance to regulations governing hazardous materials and conflict minerals
	Conflict Minerals/Cobalt	
Decent working conditions & human rights	Decent Work	**SSI #6:** 100% strategic suppliers provide decent work to their employees
Holistic approach	Duty of Vigilance	**SSE #17:** 4,000 suppliers assessed under Vigilance Program
	ISO 26000	Improve sustainability profile of strategic suppliers

2.2.11.5 Promotion of a continuous improvement process based on the ISO 26000 standard for strategic suppliers

Sustainable development is one of the seven pillars used to measure supplier performance, allowing the highest-performing suppliers to become "strategic" suppliers. Performance resulting from the EcoVadis evaluation is an important element of the sustainable development pillar.

The ISO26000 evaluation by EcoVadis remains one of the key aspects of Schneider Electric's supply chain and procurement-led sustainable development strategy. The elements of the assessment are an integral part of the business reviews scheduled between buyers and suppliers, on a quarterly to yearly basis, depending on the suppliers. This monitoring supposes an improvement from the supplier.

The Group has set out to engage all its strategic suppliers in a process of continuous improvement on this pillar. At the end of 2021, strategic suppliers represented c. 60% of Schneider Electric's purchases volume. Strategic suppliers who have passed the third-party evaluation process cover 70%+ of total strategic purchasing volume.

In 2018, the Group took on the ambitious target of achieving +5 points out of 100 in the average ISO 26000 assessment score of its strategic suppliers between 2018 and 2020 as part of the SSI. In 2019, this target was raised to +5.5 points. At the end of 2020, +6.3 points were achieved, with an average of 57.4 points.

2021 target was set at +1 point minimum, and the end of year result was +1.3 points with an average of 58.7 points.

The new ambition for 2021 – 2025 is to raise the bar even higher to achieve an average of 65 points within 5 years.

2.2.11.6 Vigilance plan for suppliers

Supplier risk categories and audit plan

Schneider Electric is conducting a specific evaluation of suppliers. This evaluation covers all natures of risks identified and considers specific parameters such as the type of industrial process used by the suppliers, their technology, and the geographic location of those suppliers. This allows the Group to factor in risks that may arise from a country's specific situation (social, political, etc.). These parameters are compiled in a third-party independent database (Responsible Business Alliance methodology, RBA, ex-EICC, of which Schneider Electric has been a member since January 2018). Schneider's entire network of tier 1 suppliers (52,000) is processed through this methodology and is refreshed every year with the new supplier baseline.

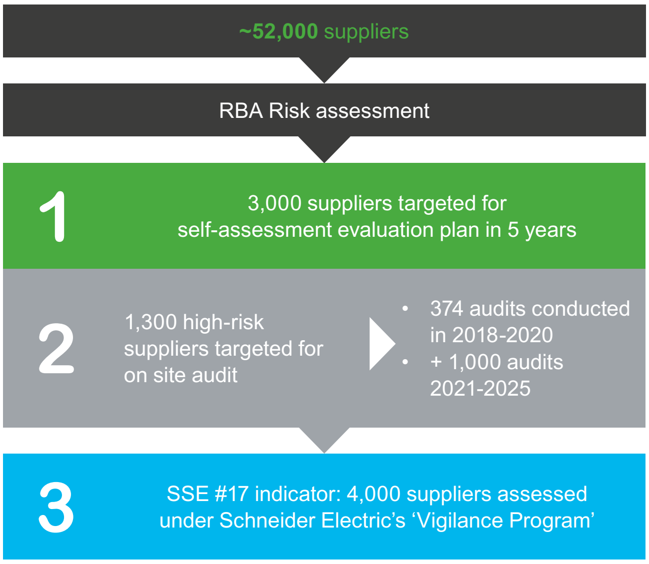
The audit plan started in 2018. 2020 was the third year of implementation and Schneider Electric completed this schedule with 374 audits.

From 2021 to 2025, Schneider Electric has defined new objectives as part of the sustainability strategy: expanding from the previous plan, the Group set an objective to conduct 1,000 on-site audits on high-risk suppliers and deploy 3,000 self-assessment audits for other suppliers. This audit plan is integrated into the Schneider Sustainability Essentials (SSE).

Overall plan

For our 2021 plan, the Group identified ~1,300 "high risk" suppliers; this number varies depending on the year.

The 2021 – 2025 overall ambition is to cover 1,000 suppliers through on-site audits, directly or through third parties, and 3,000 through a remote assessment.



On-site audits

Schneider Electric's audit questionnaire and audit methodology are fully aligned with the RBA framework. The RBA framework is linked to the Duty of Vigilance risk matrix categories as follow:

- Human Rights: decent workplace: 36 questions, health and safety: 40 questions.
- Environment: 21 questions.
- Offer Safety: non-applicable in RBA framework.
- Business Conduct: 11 questions.
- Cybersecurity: non-applicable in RBA framework.

In 2021, despite COVID-19 travel restrictions in first part of the year, the Group conducted 205 initial on-site audits with suppliers (audits conducted for the first time with a supplier). These audits allow Schneider Electric to identify non-conformances and request the supplier to implement corrective actions.

Re-audits with suppliers already audited were also conducted to review the corrective actions implemented to remediate non-conformances identified during the initial audit.

Information and findings regarding on-site audits with new suppliers are described below.

A major part of non-conformance in 2021 is related to health and safety, labor standards and management systems (36%, 29%, and 20% respectively). Graph 3 gives the breakdown of non-conformances by topic and graph 4 gives them by geography.

Top priority are the most serious non-conformances. For each case, escalation is done at Chief Procurement Officer level. An analysis of the 249 "top priorities" raised in 2021 shows the following issues are the most recurring:

- **Labor standards** (61% of top priority non-conformance issues): lack of respect of working time and resting days (time measurement systems are often insufficient); poor overtime reporting and payment; lack of formalization of working contracts
- **Health and safety** (33% of top priority non-conformance issues): weak emergency procedures; insufficient emergency training issues and preparation drills; insufficient fire alarm and protection systems; lack of medical response equipment; and lack of training.
- **Environment and management systems** (6% of top priorities): lack of administrative compliance, management tools, and systems; and insufficient waste management and pollution prevention systems.

Remote self-assessment

From 2021 to 2025, Schneider Electric has defined new objectives as part of the sustainability strategy: conduct 1,000 on-site audits on high-risk suppliers and deploy 3,000 self-assessment audits for other suppliers.

This year, in 2021, a specific self-assessment questionnaire has been elaborated, building on the experiences of on-site audits performed during the past three years. Among the questions asked, the core ones aim at checking whether the suppliers are compliant on mandatory subjects of labor, human rights, environment, and health and safety. After an initial pilot test, a large-scale launch was made in second half of 2021. At the end of the year, 624 suppliers had submitted answers. Procurement teams are currently in the process of reviewing answers to identify which suppliers may be eligible, in a second phase, to an on-site audit.

2.2 Driving responsible conduct of business with the Trust Charter

Remediation and mitigation actions

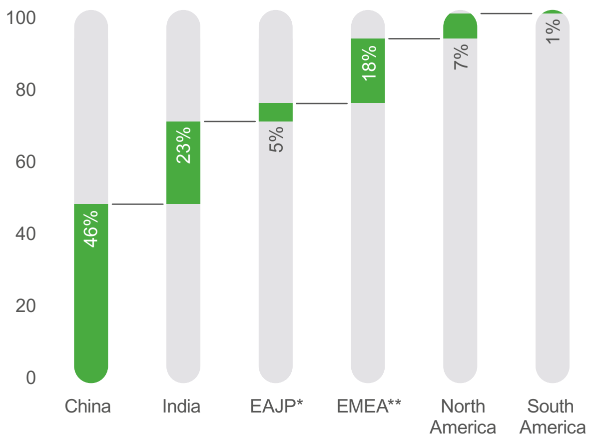
As of end of 2021, Schneider Electric has closed 97% of 2020 and 3% of 2021 non-conformances (all types). Schneider Electric's approach is to help suppliers remediate the issues by sharing good practices and providing them with guidance and training. When non-conformances are not remediated (mainly top priorities), escalation to the Chief Procurement Officer may lead to an end of the business relationship. In 2021, one relationship with a supplier has been terminated.

In order to reinforce the co-ordination between Schneider Electric teams and suppliers on vigilance topics, a specific training program has been implemented.

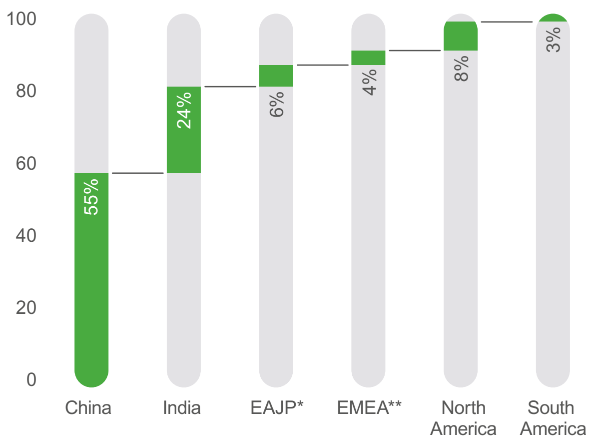
The primary target audience is the Schneider Electric Procurement team, and the training modules aim to increase their knowledge on the nature of risks, so they can integrate these topics early in the discussions with suppliers. At the end of 2021, ~580 employees have taken this training. These trainings combine in-class experience with e-learning sessions.

To raise suppliers' awareness, improve their ability to identify risks earlier, and implement mitigation solutions, Schneider Electric organized face-to-face workshops dedicated to vigilance subjects. At the end of 2021, ~500 supplier team members have attended these events. These sessions include in-class face-to-face workshops and digital webinars.

% Risky suppliers identified in 2021 by geography – Graph 1

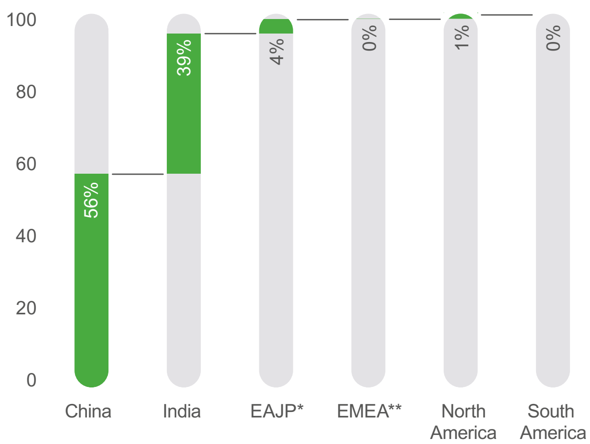


% Audits carried out in 2021 by geography – Graph 2



% Non-conformances in 2021 by topic – Graph 3

% Non-conformances in 2021 by geography – Graph 4



* EAJP: East Asia Japan Pacific
** EMEA: Europe Middle East Africa

Impact

From the beginning of the program in 2017 to the end of 2021, 579 suppliers have been audited on site, and 7,000+ non-conformances were raised, and subsequently remediated. 37% were related to health and safety issues, and 25% were related to labor issues. Among the most serious ones are issues of fire safety, protection of workers from accidents and injuries, respect of a decent working time including proper resting periods and payment of overtime.

Overall, the resolution of these non-conformities has allowed to improve the working conditions for the employees of these suppliers. Although this is a rough estimate, we estimate that 185,000 employees have seen their working conditions positively impacted by the Supplier Vigilance program.

Trust

SSE #17

4,000 suppliers assessed under our ‘Vigilance Program’

The five-year program ambition incorporates 1,000 on site audits and 3,000 remote self-assessments. Schneider Electric is well on track to reach the new target. The 205 initial on site audits performed in 2021 have allowed Schneider to raise 3,000+ non-conformances. Out of these non-conformances, 200+ are assessed as “top priority” and are given very specific attention during the re-audits of the suppliers. Schneider Electric’s objective is to close 100% of all types of non-conformances identified, whatever their priority level.

Baseline	2021 Progress	2025 target
374	1,203	4,000

2.2.11.7 Conflict Minerals rule

In August 2012, the US Securities and Exchange Commission (SEC) adopted the Conflict Minerals rule as part of the Wall Street Reform and Consumer Protection Act. As defined by the legislation, “conflict minerals” include the metals tantalum, tin, tungsten, and gold, often called “3TG”, which are the extracts of the minerals cassiterite, columbite-tantalite, and wolframite, respectively. The legislation focuses on the sourcing of these minerals to be “DRC conflict free” – meaning when these minerals were extracted, they did not directly or indirectly benefit armed groups in the Democratic Republic of Congo (DRC) and adjoining countries. This rule requires companies to conduct a “reasonable country of minerals’ origin inquiry” and due diligence to determine whether “conflict minerals”, as defined in the rule, are used in their supply chain.

Although the US SEC Conflict Minerals rule does not apply directly to Schneider Electric – since it is not registered with the US SEC – it is deeply concerned about social and environmental conditions in some mines that could supply metals for its products. As part of the Group’s sustainable business practices, it is committed to increasing its responsible metal sourcing efforts.

In working towards these commitments, Schneider Electric has taken numerous steps including:

- Updating its Procurement Terms and Conditions to reflect its expectations from suppliers.
- Establishing a “Conflict Minerals Compliance program” supported and sponsored by its top leadership. This program was developed based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (CAHRA) and other appropriate international standards, which covers a wider scope of minerals and countries.
- Identifying the use of conflict minerals in its products.
- Engaging with its suppliers so that they respond in a timely manner to its requests for evidence of compliance.
- Participating in smelter outreach program.

Schneider Electric is working with an expert third party, collecting information from its suppliers to identify the source of the minerals in question and ensure they are recognized as “conflict-free” within established international standards such as the Responsible Minerals Initiative (RMI), the London Bullion Market Association (LBMA), and others. The Group is aware of the complexity of this task, and that it will take time to collect the required information, but it is committed to contributing to this responsible sourcing initiative as well as responding to its customers’ potential concerns.

At the end of 2021, 85% of the smelters and refiners identified in our supply chain were designated as compliant with a recognized third-party validation scheme or actively engaging in same (equivalent to more than 87% of the relevant spend being compliant). The remainder are either from outside the conflict zone outlined in Section 1502 of the Dodd Frank Act, or solely using recycled and scrap materials. When the country of origin is known to be in the conflict zone, 100% of the smelters and refiners were verified conformant. Therefore, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries.

2.2.11.8 Cobalt program

Mid-2020, Schneider Electric added cobalt to its Conflict Minerals Compliance program. Cobalt sales have been identified as potentially funding or supporting inhumane treatment, including human trafficking, slavery, forced labor, child labor, torture, and war crimes in known CAHRA. These areas are identified by the presence of armed conflict, widespread violence, or other risks of harm to people. These areas are often characterized by widespread human rights abuses and violations of national or international law. The program, currently ramping up, is focusing on the responsible sourcing of cobalt used as a key element for lithium ion batteries in Schneider Electric’s supply chain.

2.2.11.9 Decent work

Background

Supply chains power the economic engine of the world. On the one hand they help companies leverage the global capabilities and benefit from the collective genius; on the other hand, they help economies progress and engage in global commerce. However, the benefits of this global integration are often unequally distributed. One of the areas where this is prominent is working conditions and rights available to the workers in their workplace.

Working condition crisis

Studies and research across the world have shown that mere involvement in global commerce is not sufficient to uplift underprivileged populations. According to the United Nations, over 700 million workers lived in extreme or moderate poverty in 2018 and as per estimates by civil society organizations, more than 40 million people are trapped in modern day slavery worldwide, with more than 70% being women and children. The recent onslaught of COVID-19 has had a negative impact on employment conditions. A survey by the United Nations Global Compact revealed that global labor income declined by an average of 10% in the first three quarters of 2020 compared with 2019. Widespread job losses and loss of earning members increase insecurity, making workers vulnerable to poor and exploitative working conditions. The scale of this challenge is too great to be handled by governments alone. Corporations need to take responsibility and do their part in ensuring that worker rights are respected universally.

Suppliers Decent Work initiative: A holistic approach

The extent and severity of the crisis requires a systematic, broad based, ecosystem approach and not simple rectification of observed malpractices. The focus needs to be opening dialog and normalizing universal worker rights irrespective of the geography or the context of employment. A key element in this is to institutionalize policies and additional processes that adopt a preventive approach for the worker rights violation and protect the dignity of the individual. Gradually, such actions need to become the new norm for evaluating performance of supply chain.

Towards this objective, as a first step, Schneider Electric will implement a Decent Work program with its strategic suppliers. The program will be based on the key tenets of the International Labour Organization's (ILO's) definition of decent work.

Key pillars of the Decent Work program include:		
1.	**Employment opportunities**	Employment opportunities should be available in a transparent, well-informed manner, and without any charges to all eligible, as a right. In case of any expense incurred by the worker towards obtaining employment, the same should be reimbursed by the employer. The work should respect and uphold the dignity of employees and proactively create an environment to resolve and remediate modern slavery, forced labor, and bonded labor. There should be a process to ensure no child is employed.
2.	**Adequate earnings and productive work**	Employment should be a source of economic independence and dignified living. The gradual decline of industrial wages and the COVID-19 crisis have severely impacted the economic outlook of the workforce, globally. Companies should review the wage policies to ensure affordability of a dignified living by the workers. Additionally, employment should equip the workforce to improve current skill set and knowledge for future employability.
3.	**Decent working hours**	Excessive working hours is a legal violation, often accepted as "necessary". It is generally connected with low industrial wages and used as an excuse to not provide appropriate wages. Companies should review and remediate excessive hours and should align with the legal and/or international requirements.
4.	**Stability and security of work**	Employment should be a source of economic stability and peace of mind. Uncertainty of job security increases stress and makes the workforce vulnerable to abuse and hazardous working conditions. The problem has been exacerbated due to COVID-19-related job losses.
5.	**Social dialogue and workplace relations**	Employees should have the right to engage with management and collectively put across their concerns and demands. Collective bargaining encourages workers to timely raise concerns, acts as a barometer and early warning system to assess worker satisfaction and reduces worker vulnerability.
6.	**Fair treatment in employment**	Employment should be based on merit, ability to do the job, and fair treatment should be extended to all employees. Differences in lifestyle, choices, etc., often become a source of discrimination, victimization, and harassment. This curbs freedom of expression, hiding preferences, and creates mental health challenges. Companies should ensure a workplace that accepts diversity and provides an inclusive work environment.
7.	**Safe work**	Employment should result in economic independence and augment the ability to exercise a healthy and prosperous life. It should not result in ill-health, risk to well-being, or be a source of injury/misery.
8.	**Social protection**	Industrial wages are often not sufficient to meet the adequate living standards. The problem is exacerbated in cases of health emergencies. Social protection, provided by employers/governments, provide a much-needed safety net from economic shock, descent into poverty, and vulnerability. Companies should ensure that all employees have access to the social security safety net.
9.	**Purchasing practices**	Purchasing practices and requirements significantly impact working conditions. They influence the working culture of the supplier organization to meet customer requirements. The power of procurement can be a strong driver for positive change to include decent work conditions as a pre-requisite among the supply chain partners, when balanced with other commercial criteria.
10.	**Balancing work and family life**	Family responsibilities disproportionately impact genders and result in unequal participation in economic activities. Workplaces should strive to create a level playing field and provide all possible opportunities to employees to participate in economic activities without compromising the family responsibilities, which may require periods away from work (e.g., maternity, family care, flexible hours, adequate child care). Work environment should act as a leveller/equalizer and not augment the disparity.

Implementation plan

The program will be launched in the first quarter of 2022 with technical training sessions for participating suppliers. The sessions will focus on the rationale and elaborate on the requirements of the program. In addition, special focus will be given to build capacity and highlight the systems and processes that need to be implemented and actions that need to be taken by companies to ensure decent work conditions in their organization. The evaluation of supplier performance will be done on the basis of an online questionnaire that will be rolled out via the SSPSRM – the supplier relationship portal.

A specifically trained team will be deployed at the Global Procurement Services to lead the launch of the initiative. The suppliers will be required for respond to the questions and upload evidence to support the responses. All responses and accompanying evidence must be evaluated to meet the minimum criteria of decent work, in order to qualify. In cases where the supplier actions do not meet the minimum requirements, feedback will be given, and corrective actions need to be implemented by the suppliers in a timebound manner. Upon rectification, the information needs to be resubmitted along with the evidence for the re-evaluation. The survey responses will be evaluated and corroborated with the evidence and validated by sample on-site audits. These audits will be conducted by the trained Duty of Vigilance auditors.

2.2.11.10 Supplier diversity program in the United States

Schneider Electric US' supplier diversity program strives to identify, include, and engage qualified diverse suppliers to support the company's goals to foster equal opportunities.

Schneider Electric US is in constant pursuit of qualified businesses that are certified as one, or more, of the following business classifications and provide quality products and services at competitive prices:

- Small Business Enterprise (SBE);
- Veteran (VET);
- Minority-Owned Enterprise (MBE);
- Women-Owned Enterprise (WBE);
- Historically Underutilized Business Zones (HUBZone).

As of end of December 2021, 19,3% of Schneider Electric US' suppliers were diverse, aiming to demonstrate year to year improvement in utilization of diversely owned businesses.

2.2.11.11 The Zero Carbon Project

Schneider adopted a very ambitious target for 2050: to operate a net-zero carbon emission supply chain, meaning that all Schneider factories and transportation, and that of its suppliers in the entire upstream value chain would be operating without using any fossil fuel and run only on clean energy. To achieve this ambitious target of 2050, as the first step, Schneider has launched The Zero Carbon Project, which aims at reducing 50% of operational carbon emissions from its top 1,000 suppliers by 2025.

Read more details on The Zero Carbon Project in Chapter 2.3 "Acting for a climate positive world", **page 126**, and in chapter 2.7 "Methodology and audit of indicators" **page 206**. →

2.2.11.12 Green materials and sustainable packaging

Sustainable Packaging (SSI #5)

Resource efficiency and conservation are the underlying principles that guide all actions at Schneider. During the period of 2018 – 2020 the Company implemented an initiative to successfully move to 99% of cardboard and pallets used in the transport of goods to be sourced from recycled or certified sources.

In 2021, this ambition was extended to use recycled cardboard in all primary and secondary packaging and remove all single use plastic from Schneider packaging by 2025 (SSI #5). To achieve this transformation, a two-pronged approach is deployed. On the one hand, a cross functional team is deployed to review the packaging design and explore and authorize the use of alternate materials for packaging; on the other hand, various procurement teams engage with suppliers across regions to ensure the deployment of the roadmap by the suppliers to meet the prescribed requirements.

To ensure streamlined actions, dedicated categories of packaging material were identified to be included in the transformation. As a result of concerted efforts by various teams, 21% of the packaging spend in scope was attributed to sustainable packaging.

Green Materials (SSI #4)

Similarly, another initiative has been launched to increase the proportion of green material in our products by 50% by 2025 (SSI #4).

The scope of this initiative currently includes:

- thermoplastics (direct and indirect purchase);
- steel (direct purchase); and
- aluminum (direct purchase).

Other kinds of materials like steel purchased as fabricated components, other non-ferrous metals (such as copper, silver or brass), and thermoset, both direct and indirect procurement, will be considered for next phases. At the end of 2021, 11% of materials in scope were qualified as "Green".

For thermoplastics, the 2021 performance was achieved mainly by embedding recycled plastics in products and by obtaining supplier proof for both recycled and green flame retardant.

For steel, a good progress was made notably thanks to the certification of large steel suppliers to Responsible Steel in 2021, as well as sourcing from suppliers using Electric Arc Furnace.

For aluminum a similar approach than the one for steel will be applied, focusing on building trust and transparency with suppliers.

Read more details on the Green materials and sustainable packaging in chapter 2.4 "Be efficient with resources", **page 144**, and in chapter 2.7 "Methodology and audit of indicators" **page 206**. →

2.2.11.13 Rollout of eco-responsible initiatives

Schneider Electric is rolling out several eco-responsible initiatives with its suppliers.

For example, Schneider has chosen to go further than the European REACH and RoHS regulations. The approach is rolled out in the Group over the whole product portfolio and to all suppliers, regardless of their geographic origin. To support the REACH and RoHS projects, Schneider has implemented a data collection process supported by a dedicated team to gather the required information from its suppliers. This has allowed it to significantly reduce its response time to collect such information and therefore be quicker to respond to its customers' inquiries. In addition to data collection, the Group put in place a review process for this data to guarantee its quality. Thanks to this process, the level of verification required for a given supplier can be adjusted in order to make the controls more stringent in cases where deviations have been detected.

Another example is Schneider's commitment to supporting the small and medium enterprises (SME) network. This support is given through an approach to work in an adapted manner with certain suppliers. In France, Schneider Electric is a major player in the International SME Pact.

Finally, by the very nature of its activity, the Group continually encourages its ecosystem (including customers and suppliers) to implement energy efficient solutions.

2.2.12 Vigilance with local communities

In 2020, Schneider Electric extended the scope of its risk analysis to communities. The notion of communities, here, corresponds to people living in a geographic proximity of Schneider's local operations. As a result of this proximity, their conditions of living could be affected by the Group's activity. Schneider's local operations can be of two types:

- Local facilities, such as a factory or an office building.
- Local project sites where Schneider is operating as a contractor or subcontractor for a customer.

2020 was the first time Schneider Electric was formally addressing this risk analysis for communities, developing a framework with the help of an external consultant. In 2021, the Group deepened its analysis by selecting the sites that may present some risks for communities and conducting an analysis specifically for each of these sites.

2.2.12.1 Communities living around Schneider's local sites

2.2.12.1.1 Risk assessment for the 30 largest Schneider sites

This detailed risk evaluation covers the 30 largest sites by size and employees, both commercial and industrial.

Potential impacts analysis

The first step of this evaluation was to analyze the potential impact that a Schneider site may have on its surroundings. For that purpose, a comparison was made between the size of the site, and the size of the urban area surrounding it. To take a practical example, in Shanghai, a large Schneider Electric office site may be important at Schneider level (>2,000 employees) but will have very little impact on its immediate urban surrounding (Shanghai is a multi-million inhabitants city). On the opposite end, a smaller site may have a bigger impact on its rural surrounding in Africa or South Asia.

Risk nature and level

The second step was to qualify the natures of risk and their level, using public data available at country level on topics such as ethical standards (National Corruption Index), individual development (Human Development Index), or health and human rights (Human Right score). Using this data, a composite country risk index was built to reflect the risk level for countries where Schneider's main sites are located.

Conclusions

The third step was to combine Schneider's site impact level with the composite country risk index. The overall result shows that the level of risk on local communities living around Schneider Electric sites is "low" in most cases. This owes mainly to the fact that the Company is usually located in large, urban, or peri-urban areas, crowded with many similar or larger companies. In case of factories, they are mostly located in already existing dedicated industrial areas, with solid infrastructures and transportation networks, and Schneider Electric's presence does not have an impact on them.

Among the top 30 sites, the Group only identified a few that may have a "moderate" impact on local communities and found no site where Schneider Electric could have a "high" or "very high" impact.

It is to be noted that although we speak about risks, the notion of impact can also be positive, as it is part of Schneider Electric's policy to include local parameters in its sourcing policy: providing employment; including a percentage of local companies and contractors for services (catering, maintenance, etc.).

2.2.12.1.2 In depth evaluation of 5 sites

The management and safety officers of these sites are engaged with a dedicated questionnaire, covering environmental and human rights potential risks and opportunities for the local communities. The result of the evaluation shows that among the five sites reviewed, four have no significant impact and one may have some specific impacts.

Four sites with low impact, well mitigated:

- The four factories studied are located within dedicated industrial parks, with specific infrastructures including transportation and access. No competition for local resources (water, power, staple goods, etc.) were reported. Their impact on the urban surroundings is low, as they are either located next to a very large city, or in one case, in the countryside and at a reasonable distance from the nearest village.
- These sites provide a significant source of employment for local people. Besides, these entities foster local development initiatives such as supporting schools, cultural programs, or local infrastructures (such as hospitals).
- The industrial activities performed on these four sites are mostly the assembly of components. There are some marginal activities of plastic injection that are subject to local and national regulations, with regular compulsory reporting.
- One of the sites is part of an industrial park, that includes housing facilities for workers (dormitories). These facilities have been recently enhanced, are compliant to local standards, and have not been subject to any specific alert report. However, they remain a point of attention and follow-up on Schneider's side.

One site with medium risk, mitigation actions in progress:

- This specific site is hosting an industrial process that involves the use of chemicals. Although these are not critical and restricted substances, they are required to be monitored and processed specifically.
- The site is located close to a small urban area, therefore risks of marginal pollution are present.
- Several mitigation actions have been implemented by the local team. A specific review of the adequacy of these measures is in progress.

2.2.12.2 Communities living around Schneider Electric's customer projects sites

In 2021, Schneider Electric has engaged into a review of risks for local communities residing close to the sites where the Group is implementing projects for customers. These projects can be, for example, the building of an electrical switchgear station to distribute electricity, either to the grid or to private large users (factories, professional buildings, etc.). Depending on the profile of the end-customer, these projects necessitate the on-site coordination of several types of contractors: civil engineering, industrial process experts, electricity specialists, communication infrastructure experts. Relations with local communities, when relevant, are usually handled by the main contractor, or by the end-customer.

2.2.12.2.1 Characterizing the sites, ranking them by risk level, and selecting the ones for a deep dive

To identify the main sites presenting potential risks, Schneider Electric has pre-selected customer projects based on the combination of two criteria: country risk and customer activity. Country risk is a compound of several external publicly available indicators (transparency, human rights, etc.). Customer activity is based on the industrial process specific to the end-customer. For illustration, the top five risks are ranked as follows:

Country	Customer activity
Chad	Mining, minerals and metals
Mauritania	Oil, gas and petrochemicals
Angola	Power and grid
Nigeria	Life sciences
Tanzania	Water

Based on these criteria, the Group has established a list of 25 projects to be reviewed with their management team.

2.2.12.2.2 Evaluating the impact for selected sites

Projects reviewed can be grouped into three categories, each reflecting the type of involvement of Schneider Electric, and the mitigation capabilities of Schneider.

- **Type A:** Schneider Electric is providing switchgear and/or industrial equipment, is also the main contractor for the project, and is present on site. Mitigation actions can be decided and implemented by Schneider.
- **Type B:** Schneider Electric is providing switchgear and/or industrial equipment, but it is not the main contractor. Mitigation capabilities are limited.
- **Type C:** Schneider Electric is providing software and control, and is mostly working remotely, being present on site only for final testing and commissioning. Mitigation capabilities are very low.

Among the projects reviewed, 2 were of type A, 6 of type B, and 6 of type C.

- 2 projects of type A: the study of these projects is showing the following risks and benefits on local populations:
  - Temporary/brief disturbance in the transportation and mobility due to large materials and equipment delivery.
  - Temporary and planned power outages.
  - No environmental or pollution risk.
  - Local security implemented by final customer, with no or little impact on the neighboring communities.
  - The project is a source of employment for local companies.
- 12 projects of type B and C: among these projects, six are projects with significant impact on the local communities (petrochem, etc.) and six have no impact (desert or remote location). For these projects with significant impact, relations with local communities are handled by the end-user or the main contractor. Given the small size of Schneider Electric's contribution to the overall project investment, the capacity of Schneider to be a significant contributor to the mitigation measures is very limited. Specific policies that would increase this capacity, adapted to these project profiles, are currently studied.

2.3 Acting for a climate positive world

In this section

"Addressing climate change is the defining issue of our generation, and businesses play a key role. We know that we must go faster if we are to avoid the worst impacts of global warming. Schneider Electric is part of the solution thanks to its existing technologies and products to achieve a climate positive impact."

Xavier Denoly, SVP Sustainable Development

Context and goals

2021 was a year of acceleration, building on the lessons learned from 2020. Acceleration of our collective realization of the fragility of the world's ecosystems, climate, resources, biodiversity, and even human lives. The magnitude of changes needed will not accept incremental year-on-year progress. What is now needed is to place a planet-first lens onto our collective development path: are we living under the limits of one planet? As science tells us this is not the case, let us instead work backwards and define what needs to be done to maintain climate under a 1.5°C global temperature increase and preserve biodiversity and resources.

Companies all over the world are accelerating to align business strategies with a 1.5°C trajectory. Since 2018, the number of companies with targets approved by the Science Based Targets Initiative has doubled every year, to reach over 1,000 companies in 2021, including Schneider Electric. Another 1,000 companies are committed to set such targets soon.

Because it strives to be an Impact Company, the Group's climate strategy addresses all its stakeholders, from employees to supply chain partners, customers, as well as local communities and institutions, and shows there are ways for companies to "do good while doing well".

Concrete actions for the 2021-2025 period are monitored and shared transparently in Schneider Sustainability Impact and Essentials and are overseen by various dedicated Committees up to the Board of Directors. In the longer term, the Group is committed to net-zero CO_2 emissions in its operations by 2030, and took specific commitments for renewable electricity, energy efficiency and electric vehicles under the RE100, EP100, and EV100 initiatives. By 2040, the Group will be carbon neutral along the whole of its value chain, meaning all products will be carbon neutral. Importantly, beyond targeting excellence in reducing its own footprint, Schneider Electric also delivers about 100 million tonnes CO_2 gains to its customers each year with EcoStruxure™.

2021 Highlights

CDP A LIST 2021 CLIMATE

Schneider Electric is on the CDP Climate Change A list for the 11th year on a row.

The Energize program, first-of-its -kind supplier program to advance Climate Action with 10 Pharmaceutical companies.

Schneider Electric wins four awards for Sustainability and Smart Home leadership at the CES 2022 Innovation Awards, recognizing its commitment to sustainability and innovation.

2.

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[1]	2021 progress[2]	2025 Target
Climate	1. Grow our Schneider Impact revenues[3]	70%	71%	80%
	2. Help our customers save and avoid millions of tonnes of CO_2 emissions	263M	347M	800M
	3. Reduce CO_2 emissions from top 1,000 suppliers' operation	0%	1%	50%

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[1]	2021 progress[2]	2025 Target
Climate	1. Decarbonize our operations with Zero-CO_2 sites	30	51	150
	2. Substitute relevant offers with SF_6-Free medium voltage technologies	0%	38%	100%
	3. Source electricity from renewables	80%	82%	90%
	4. Improve CO_2 efficiency in transportation	0%	-1%	15%

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs, except for SSI#1 (2019).
(2) Each year, Schneider Electric obtains a "limited" level of assurance from an independent third party verifier for all of the SSI and SSE indicators (except for SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in this section.
(3) For the reporting requirements under the European Taxonomy Regulation, please refer to page 68 and page 216.

Long-term roadmap

2030

- Net-zero operational emissions and reduction of Scope 3 emissions by 35% (vs. 2017);
- Switch to 100% renewable electricity (RE100);
- Double energy productivity vs. 2005 (EP100);
- Shift 100% of Company fleet to electric vehicles (EV100).

2040

Become carbon neutral on full end-to-end footprint (full Scopes 1, 2, and 3), 10 years ahead of 1.5°C climate trajectory.

2050

Engage with suppliers towards a net-zero CO_2 supply chain.

2.3.1 Climate governance

2.3.1.1 Governance

Schneider Electric sees itself and reviews its progress as part of a broader ecosystem: firstly, how the Group as a company and in its supply chain delivers progress to align with a 1.5°C climate trajectory; secondly, how customers are helped to do the same through Schneider's offers; and thirdly, how Schneider helps communities accelerate climate action.

The process for designing a new SSI includes a sustainability risks and opportunities assessment (including climate), which leads to the design of concrete transformation programs to align the company on the challenges identified. Several governance bodies are involved in this process:

- The Board of Directors and its Human Resources & CSR Committee;
- The Executive Committee and its Group Sustainability Committee;
- The SSI Steering Committee and the Sustainability department.
- A Carbon Committee is in charge of continuously assessing climate-related risks and opportunities, to steer the Climate Pledge and to propose a strategy and management plan to the Group Sustainability Committee.

At Group level, the Chief Strategy & Sustainability Officer helps determine and enforce the Group's environmental goals and underlying transformations.

Additionally, environmental transformations are driven by a network of leading experts in various environmental fields (eco-design, energy efficiency, circular economy, CO_2, etc.). On an annual basis, a process identifies and recognizes those individuals who own a specific expertise that the company is keen to maintain and grow. Various governance bodies enable these communities of experts and leaders within the Environmental function to meet every month or every quarter, depending on the topics and entities, to ensure consistent adoption of Environment policies and standards throughout the Group. To implement these policies, Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design and marketing.

2.3.1.2 Risks and opportunities

Climate-driven opportunities

While the climate crisis is sobering, it is also stimulating significant action and innovation across businesses, industries, and governments. The combined challenge of the COVID-19 virus with increasing climate-related impacts has given rise to unprecedented financial flows for recovery tied to improvements in efficiency and emissions reduction, such as the EU's Green Taxonomy and the US infrastructure package.

Increasing awareness of the risks posed by climate change has also led thousands of businesses to make commitments to and act on decarbonization, energy efficiency, electrification, renewable energy procurement, and more. These existing solutions are only the beginning: the next decade will showcase the surge in "clean technologies," as entrepreneurs and corporations alike seek to imagine, realize and scale innovations in energy storage, carbon capture, nature-based solutions among others, further stimulating the global economy and creating a new class of clean, green jobs.

This growing demand for greener, low-carbon products and services creates a strong business opportunity for Schneider. Where appropriate, opportunities for growth are identified and translated into new products (for instance our unique SM AirSeT™ switchgear to avoid using SF_6, or the creation of the new Sustainability Business). The Group is uniquely positioned to seize these opportunities because it acts on both sides of the equation:

- The energy management, industrial automation, and sustainability consulting solutions Schneider brings to the market are directly linked to activities to mitigate greenhouse gas emissions and improve humanity's resilience to climate change.
- At the same time, Schneider acts to reduce its end-to-end CO_2 footprint, aiming for a carbon neutral value chain by 2040, with precise steps for 2025 and 2030.

In 2021, 71% of the Group revenues qualify as Impact revenues, following Schneider Electric's definition: revenues from offers that bring energy, climate, or resource efficiency to customers, while not generating any significant harmful impacts to the environment. The Group aims to grow its Impact revenues to 80% by 2025 (SSI #1). Additionally, more than 90% of Schneider's innovation projects contribute to solutions relating to climate change mitigation and environment protection.

Climate-driven risks

Failure to meet 1.5°C-aligned GHG reduction emissions targets
Missing its decarbonization commitments could trigger greater financial costs than anticipated for Schneider due for instance to locked-in emissions of assets with long operating lifetime or long-term leases, or reputational impacts and loss of trust from customers, investors, and employees.

Inadapted evolution of the supply chain footprint
Volatility of energy and commodity prices as well as regulation strengthening will generate increasing and volatile operating and investment costs along Schneider's value chain, impacting both Schneider's expenditures and those of its suppliers. This can translate into an increase of the cost of goods sold and reduced margins. This risk can be mitigated by securing low-carbon and resilient sources of energy supply, increasing resource-efficiency, and increasing resale prices along the value chain. Also, physical assets are retrofitted for resource-efficiency, as competition with newly built efficient infrastructure will increase. For instance, energy-efficient and digital buildings provide superior comfort to users while lowering operating costs, which translates into higher asset value.

Transition risks
Schneider considers the possible financial impacts of future CO_2 costs on its activities, by taking into consideration both operational and supply chain footprints. Given the relatively low level of the Group's Scope 1 and 2 carbon emissions, carbon pricing has indirect rather than direct impacts, resulting in increased supply chain costs, especially regarding the purchase of raw materials and manufactured components containing metals and plastics. A carbon tax at EUR 50/tonne of CO_2 is estimated to have an impact on the Group's industrial supply chain up to EUR 420 million globally (including direct and indirect impacts).

Climate change mitigation will likely lead to regulation strengthening, which can disrupt markets. For instance, SF_6-insulated switchgear can have a significant impact on climate change if SF_6 is mishandled at the end of life of the equipment and leaks into the atmosphere. Schneider Electric strives to anticipate regulation changes and launches innovative SF_6-free solutions.

Workplace disruptions
Extreme weather events, floods, droughts, and other climate impacts will increasingly put pressure onto supply chains. Shortages of all kinds can translate directly into revenue loss (missed orders), increased costs (urgent shipping), and increased working capital requirements (stock management). Extreme events can also cause damage to property and assets. This risk can be mitigated by adopting a flexible and resilient supply chain, with the ability to rebalance supply and manufacturing.

To further tie climate-related issues to financial planning, Schneider successfully launched the first-ever sustainability-linked convertible bonds in 2020. This bond has been linked to three SSI targets by including the objective to save and avoid 800 million tonnes of CO_2 on the customers' end by 2025.

2.3.1.3 Risk management

Risks are identified and assessed through specific internal and external metrics, but also through interviews with experts and leaders, run by the Internal Audit Department and the Group Risk Management Department, to update the list of general risks at Group level each year. In 2021, around 40 of the Group's top managers were interviewed in addition to Board members. Environment and climate-related risks are included in Schneider's unique risk taxonomy (more details in Chapter 3 "How we manage risk at Schneider Electric").

Every three years, a materiality analysis is conducted by the Sustainability department, leveraging an external consultant, and complements the risk analysis with a focus on environment, social, and governance (ESG) topics and longer-term risks and opportunities (more details in section 2.1.6 "Main ESG risks and opportunities").

Overall, the different governance bodies involved in the definition and monitoring of the sustainability commitments and programs (SSI and SSE), and in particular the Carbon Committee, are in charge of defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at Group level are then cascaded into business divisions, down to the sites for implementation, and are monitored through the digital platform, EcoStruxure™ Resource Advisor. Performance against those programs is published quarterly in the Schneider Sustainability Impact (SSI), and annually in the Schneider Sustainability Essentials (SSE) and Universal Registration Document. Each program of the SSI has a dedicated pilot in charge of driving the transformation, and is sponsored at the Senior Vice-President and Executive levels to ensure management control and oversight.

Climate adaptation risks are also studied and mitigated at site level for the industrial sites. The Group's Property Damage and Business Interruption program, inspired from ISO 22301 standard, maps substantive risks of financial impact on the business, including asset destruction (buildings, equipment, inventories) and profit loss due to business interruption. The program reviews annually the natural hazard exposures of our manufacturing and logistic locations. An example of a risk analyzed at site level is flooding risks.

Risk analysis of industrial sites includes an analysis of interdependencies, study of alternative supply, and estimation of time to recover in case of damage, etc. Typically, all critical industrial sites are externally audited onsite at least every two years. In addition, starting 2021, Global Supply Chain has defined a resiliency index to assess and mitigate business interruption risks. This resiliency index covers several risks (such as physical security, political stability, etc.) and includes exposure to natural and climate-related hazards and mitigations.

Finally, environmental risks (including climate) are assessed and mitigated at site level through the Group's Integrated Management System (IMS). The IMS covers the supply chain sites (plants, distribution centers, large offices) and hosts ISO 14001, ISO 50001, ISO 9001, and OSHAS 18000/ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally. At present, the impact of climate-related matters is not material to the Group's financial statements.

With suppliers, sustainability risks (including natural and climate-related hazards), are embedded into Supplier Risk Assessment. This process enables to define risk mitigation action plans with suppliers, as well as prioritize double sourcing strategies. Leveraging external data providers, the Group monitors events across 10,000 nodes (such as ports and critical supplier locations) to shorten reaction time when events occur and minimize business impact.

2.3.2 Roadmap towards a 1.5°C climate trajectory

2.3.2.1 Climate impact commitments

In its Trust Charter, Schneider Electric adopts an unequivocal position regarding impact on climate change and CO_2 emissions. The Group has been a leading contributor to the fight against climate change for the past 15 years by implementing its own energy management and industrial automation solutions across operations, by supporting its clients in achieving their low-carbon and efficiency objectives, and by allowing more than 30 million people to gain access to electricity. Schneider also takes an active role in a variety of multi-stakeholder organizations to promote solutions to climate change, call for a price to CO_2, and strengthen CO_2 governance globally. Since 2011, the Group has also been contributing to the Livelihoods Funds, which proposes innovative investment models to simultaneously address environmental degradation, climate change, and rural poverty.

The Group aims to be a role model in the fight against climate change, by sharply decarbonizing its own operations and by delivering services and solutions that allow its customers to reduce more CO_2 emissions than those produced by the Group's activities. Ultimately Schneider aims to reduce the end-to-end emissions of its offers, by engaging suppliers and eco-designing offers for lifecycle climate and circular performance.

Short to medium-term targets

- Before 2025, demonstrate that Schneider Electric is carbon positive together with its customers and partners, thanks to CO_2 savings delivered by EcoStruxure™.
- On the Group's operations (scope 1&2): be carbon neutral by 2025 and net-zero CO_2 emissions by 2030.
- On indirect emissions (scope 3) in its supply chain and with customers: reduce emissions by 35% by 2030 (vs 2017), by actively engaging suppliers to accelerate their climate strategy, by sourcing greener materials, and by proposing more efficient solutions to its customers.

The Group's 2030 targets (net-zero CO_2 emissions on scope 1 and 2, and -35% on scope 3) have been validated 1.5°C-aligned by the Science-Based Target initiative in 2019.

Long-term targets

- Become carbon neutral on the Group's full end-to-end footprint by 2040 (scopes 1, 2 and 3), 10 years ahead of 1.5°C trajectory. This means that all Schneider's products will be carbon neutral in 2040.
- Engage with suppliers towards a net-zero CO_2 supply chain by 2050.

In 2040, the Group commits that all Schneider Electric products will be carbon neutral. By connecting technology, business, and collaboration, Schneider joins the likes of global partners, such as Amazon, Infosys, and Daimler to help deliver carbon neutrality by 2040 as part of the Climate Pledge, a jointly created initiative between Global Optimism and Amazon. The Climate Pledge was founded on the conviction that global businesses are responsible and accountable for acting on the climate crisis, together. This milestone is set 10 years earlier than the pledge made in 2015 by all United Nations country members at Paris COP21, showing the Group's eagerness to accelerate the world economy decarbonization to respect the 1.5°C targets.

By 2050, achieving net-zero CO_2 emissions in its supply chain will require Schneider Electric to work transversally with all stakeholders, from product design, to sourcing, manufacturing and shipping.

2.3.2.2 Concrete actions in our ecosystem

2.3.2.2.1 Net-zero CO_2 emissions in operations by 2030

To deliver its Scope 1 and 2 targets, the Group has launched several transformations under the Climate and Resources pillars of Schneider Sustainability Impact:

- Reach 150 Zero-CO_2 sites by 2025 (SSE #1),
- Propose SF_6-free alternatives for all medium voltage technologies by 2025 (SSE #2),
- Source 90% of electricity from renewables by 2025 (SSE #3), and 100% by 2030,
- Increase energy efficiency in our sites by 15% by 2025 (SSE #5) and double energy productivity by 2030 (vs 2005),
- Shift one third of corporate vehicle fleet to electric vehicles by 2025 (SSE #7), and 100% by 2030.

The Group leverages its Power and Building EcoStruxure™ IoT architectures to deliver these ambitions, monitor and optimize energy consumption, manage assets and grid infrastructure, manage distributed renewable energy resources and electricity load, monitor energy quality, and power electric vehicles. The initiatives to deliver those targets are described in section 2.3.4 Decarbonizing our operations by 2030, page 136.

This strategy has delivered an absolute reduction of 405,028 tonnes of CO_2e emissions on Scope 1 and 2 (from 699,079 tCO_2e in 2017), which is a 58% decrease.

2.3.2.2.2 End-to-end carbon neutrality by 2040

Schneider Electric is already taking concrete actions to engage its suppliers to decarbonize:

- Engage 1,000 top suppliers to reduce their operational CO_2 emissions by 50% with The Zero Carbon project (SSI #3).
- Reduce purchase-related CO_2 emissions with EcoDesign Way™ to improve the end-to-end lifecycle environmental footprint of its offers, notably by reducing and substituting materials and components in products. The Group aims to source 50% green materials by 2025, favoring bio-sourced, recycled, and sustainable options (SSI #4).
- Have 100% of its primary and secondary packaging free from single-use plastics and made from recycled cardboard (SSI #5).
- Reduce CO_2 emissions from freight and logistics activities, by shifting from air to sea freight and optimizing fill rates and travel routes (SSE #4).
- Reduce CO_2 emissions from waste management, with its "Waste as Worth" program. In 2021, 126 sites achieved the "Waste to Resources" designation as part of SSE #9.
- Reduce CO_2 emissions from capital goods by optimizing real estate space occupancy as saved surfaces translate directly into lower CO_2 emissions, as well as spared natural habitats and agricultural land.

The initiatives to deliver those targets are described in section 2.3.5 Decarbonizing our supply chain by 2050, **page 140**. →

Roadmap towards a 1.5°C climate trajectory

	Suppliers Scope 3 upstream	**Schneider's Operations** Scope 1 & 2	**Customers** Scope 3 downstream	**Customers** Saved & Avoided
2021 CO_2 footprint	Induced: 8.2 $MtCO_2$	Induced: 0.3 $MtCO_2$	Induced: 60.7 $MtCO_2$	Saved & Avoided: 83.6 $MtCO_2$
2025		Carbon neutral operations		CO_2 positive together with customers / 800Mt CO_2 2018-2025
2030		Net-zero CO_2 operations		
2040	Carbon neutral value chain and products			
2050	Net zero CO_2 supply chain			

2030 commitments are aligned with 1.5°C scenario and validated by the Science Based Targets initiative

Concrete actions

Engage suppliers towards net-zero CO_2 supply chain	**Reduce operational CO_2 emissions, towards net-zero CO_2**	**Deliver CO_2 savings to customers**
SSI #3: The Zero Carbon Project	**SSE #1:** Zero CO_2 sites	**SSI #2:** Saved and avoided CO_2 emissions
SSI #4: Green materials	**SSE #3:** Renewable electricity (RE100)	**SSE #2:** SF_6-free technologies
SSI #5: Sustainable packaging	**SSE #5:** Energy efficiency (EP100)	**SSE #6:** Green Premium™
SSE #4: CO_2 efficiency in transportation	**SSE #7:** Electric vehicles (EV100)	**SSE #10:** 420,000 metric tons avoided primary resource consumption

These commitments were taken as part of the "Business Ambition for 1.5°C – Our Only Future". Since 2018, Schneider Electric has been one of the 15 companies (out of 4,500+ signatories) to join the Global Compact LEAD initiative "Pathways to Low-Carbon and Resilient Development" in which businesses proactively share best practices in sustainable climate strategies.

2.3.2.3 CO_2 footprint

Schneider Electric updates its end-to-end carbon footprint (Scope 1, 2 and 3) annually and obtains a "limited assurance" from an independent third party verifier on all figures. Scope 3 emissions represent more than 99% of the Group's carbon footprint, of which 90% are due to the use phase and the products' end of life, and around 10% result from the purchase of raw materials, equipment, and services.

The charts below represent Schneider's carbon footprint on Scopes 1, 2 and 3, including all greenhouse gas emissions (GHG), from the upstream activity of all its suppliers to the use and end of life of its offers sold to customers. During the use phase, emissions saved and avoided by customers thanks to energy efficiency and renewable technologies are represented as negative emissions.

Coverage of reported emissions is 100% for energy, fugitive SF_6 emissions, waste, purchases, capital goods, commuting, travel, and freight (coverage is estimated using a relevant activity indicator for each source of emissions, such as spent for purchases and business travel, surface for energy and capital goods, headcount for commuting and waste). Schneider reports no GHG emissions on franchises, investments, or downstream-leased assets, because these emissions are not considered relevant for its activities.

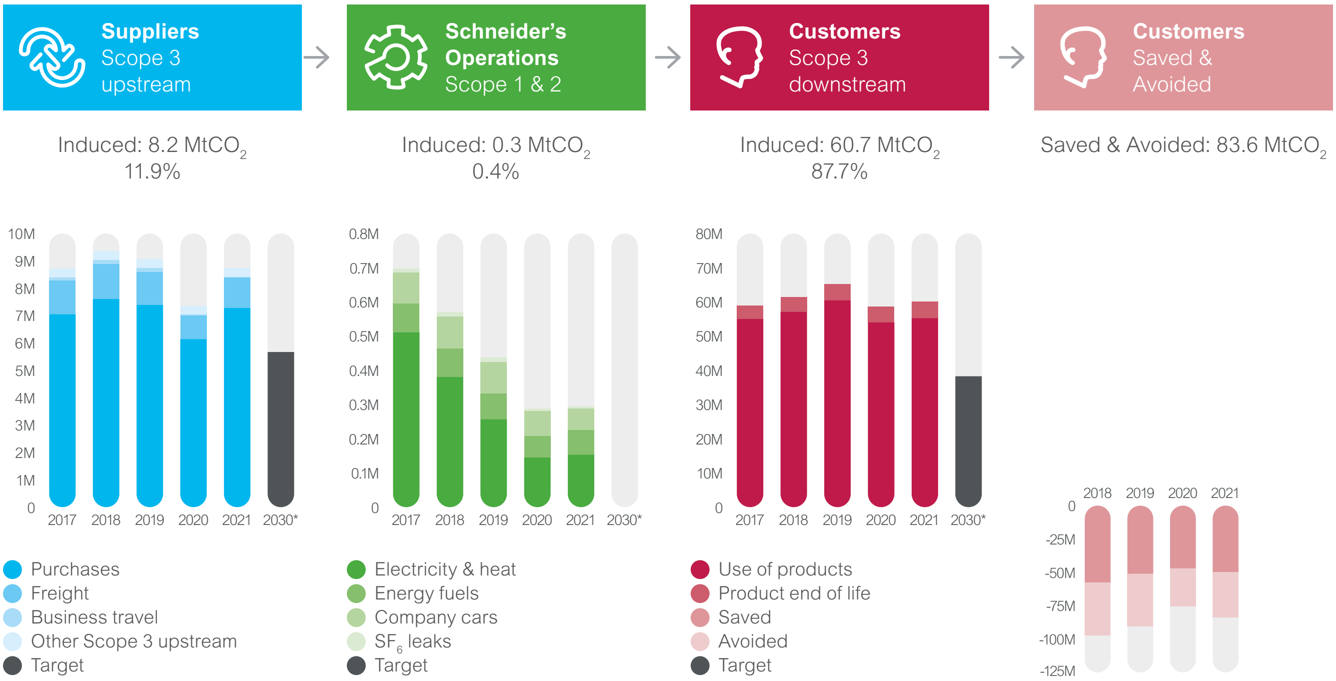
2.3.2.4 Internal CO_2 price

To lead the global transition to a zero-carbon economy, Schneider Electric calls for policymakers to define robust and predictable carbon pricing for companies, enabling companies to integrate collaterals on climate in their strategy. A high and stable price on carbon will strengthen incentives to invest in sustainable technologies and to change behaviors.

As part of its carbon pledge, Schneider is committed to take into consideration a carbon pricing of EUR 50 – 130/ton (depending on time horizons) to inform the Group's climate strategy. In line with the vision, an internal price on carbon is already used in several cases to include the cost of CO_2 externality in decision-making and strategy.

An internal CO_2 price is used to assess the performance and resiliency of operations. The cost of CO_2 is evaluated for industrial activities, taking into account CO_2 emissions from energy consumption and SF_6 leaks in industrial sites. CO_2 cost is also taken into consideration in industrial network modelling to account for future CO_2 prices in industrial decisions. This enables measurement of the potential impact of CO_2 pricing on the Group's supply chain. Schneider views internal CO_2 pricing as a useful tool to reinforce its governance and external commitments on CO_2.

Schneider Electric carbon footprint: 2017 to 2021 evolution



* Projection assuming that the -35% applies equally on all Scope 3 sources

2.3.2.5 Climate scenarios embedded in the Group's strategy

In line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, Schneider Electric launched a prospective approach on climate change and energy transition three years ago, by setting up a dedicated organization in charge. Schneider has a dedicated Strategy Prospective & External Affairs Senior Vice-President in charge of climate and environment scenario analysis. That person is attached to the Chief Strategy & Sustainability Officer.

Several scenarios to 2050 were developed in 2019. Those included critical reviews of the geopolitical landscape, commodity and resource availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways, and technology developments, among others, with quantified consequences, taking into consideration 10 regions and a number of sectors individually, framing the business landscape in which Schneider operates. In 2020, these scenarios were further updated. Beyond impact for long-term analysis, the COVID-19 short-term impact assessment has also been reviewed in detail, including the importance and feasibility of climate-compatible recovery plans. Finally, in 2021, Schneider published a set of scenarios exploring the feasibility of a 1.5°C trajectory.

The scenarios developed by Schneider demonstrate that a net-zero carbon future, aligned with IPCC's 1.5°C scenarios, is still possible, and the Group is uniquely positioned to embark its ecosystem onto an inclusive, zero-carbon transition. The Group sees the energy and climate transition as an opportunity for companies who are "part of the solution" to grow their revenues. Schneider Electric's Energy Management and Industrial Automation offers help customers deliver energy and resource efficiency and reduce CO_2 emissions. Furthermore, smart grid technologies unlock the potential to electrify energy usage, powered by renewable electricity.

The Group sees an acceleration of the dominant role of:

- Electrification: the world is becoming more electric, with demand growing potentially up to 3x by 2050;
- Digitization: with the increase in connectivity, complemented by real-time information and competitive computing capabilities, digital technologies play a major role in reaching decarbonization targets while augmenting economic productivity, notably around efficiency in energy and resource use and circularity, as well as increased resiliency and security.

All these findings, and their potential financial impact on our business have helped us fine-tune key development areas that will allow us to actively contribute to the low-carbon transition, enabling us notably to develop our sustainability portfolio of offers.

Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, BNEF, and the IRENA, among others. Governance is in place, under the leadership of the Chief Strategy & Sustainability Officer, and both short- and long-term analysis are shared internally and used to inform strategic priorities across businesses and operations.

2.3.3 Delivering a climate positive impact with EcoStruxure™

2.3.3.1 Save and avoid 800 million tonnes of CO_2 emissions on customers' end

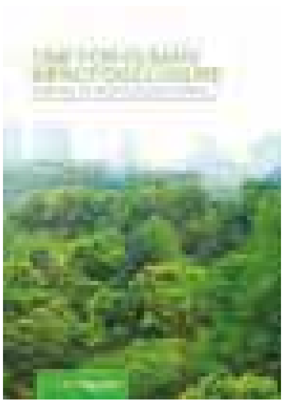
With EcoStruxure™, the IoT-enabled architecture, Schneider Electric helps companies become more efficient and reduce their CO_2 emissions. To demonstrate this positive impact, a new indicator was launched in 2018 to quantify CO_2 savings delivered to customers using Schneider's offers. New technologies were added to expand the methodology coverage in 2021: SF_6 recovery services, SF_6 AirSet solutions, Field Services, Energy Management Systems (EMS for electrical network) and data center design. Overall, from 2018 to 2021, Schneider Electric helped customers save and avoid 347 million tonnes of CO_2e.

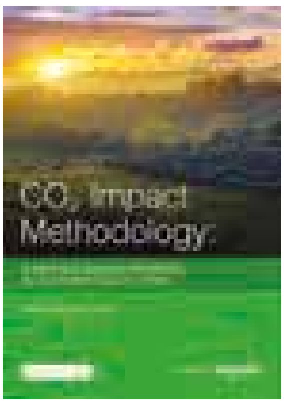
From 2021 onwards, Schneider is committed to extend the methodology to progressively include all relevant offers, to report both saved and avoided CO_2 emissions with customers and partners, and to help customers save and avoid 800 million tonnes of CO_2 by 2025, cumulatively since 2018 (SSI #2). This commitment is one of the three performance indicators of the first ever convertible Sustainability-Linked Bond launched by the Group at the end of 2020.

The innovative CO_2 accounting methodology to quantify CO_2 savings delivered to customers, created by Schneider, allows for the quantification of CO_2 induced and saved by the Group's solutions at its customers' premises. Detailed calculation rules are defined per offer, leveraging sales data, market expertise, and technical knowledge. The methodology is designed to become a shared industry standard, its principles are applicable across the capital goods and consumer durables sectors. Attention was given to define rigorous calculations, with conservative assumptions. The methodology is public and was developed with Carbone 4, an expert CO_2 accounting consulting company.

Saved emissions are net emissions (savings are netted from use-phase induced emissions) and consider savings delivered on brownfield (retrofit) projects. Avoided emissions are defined with respect to greenfield sales (new infrastructures); they are defined as a limitation of emissions increase versus a reference scenario. Avoided emissions are net emissions. They represent the difference between emissions of a reference scenario and emissions with the implementation of Schneider Electric's offer.

Schneider's methodology, "Saved and avoided CO_2: decarbonization creates value" is available for download on se.com; as well as the detailed methodology (and hypothesis) for all Schneider's solutions





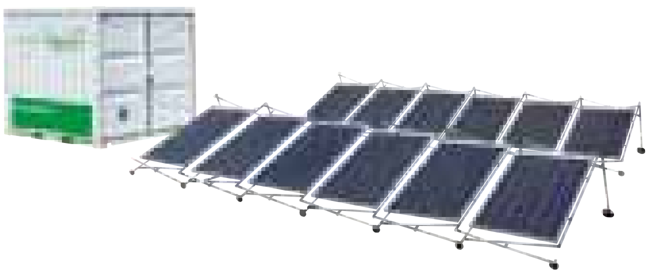
2.3.3.2 Deliver access to energy products and solutions

Today, 25% of the world's population still has no or reduced access to energy, and only 17% of the total global energy consumption was renewable in 2017. Schneider Electric's products and solutions aim to address this "energy paradox", balancing the need to reduce the planet's carbon footprint while ensuring the inalienable human right to quality energy and digital access.

In line with its carbon pledge towards net-zero CO_2 emissions, Schneider has committed to provide access to green electricity to 100 million people in underserved areas by 2030, both as a fundamental right and a means for social and economic development. Schneider's Access to Energy program bridges the energy gap by focusing on offerings and business models for village electrification and domestic energy needs, as well as investing in and supporting companies providing affordable, clean, and renewable energy.

Products and solutions address individual and collective needs across the energy chain, from solar lanterns and solar home systems to decentralized small power plants, water pumping systems, and street lighting. A great example of Schneider's products is the portable Mobiya solar powered lamp providing individual lighting and mobile charge for 48 hours. In emerging markets, this type of device helps extend the number of hours of activities and livelihoods, but also limits the use of kerosene lamps that have a significant environmental impact. Villaya is another great example of decarbonized energy solutions available for businesses and communities to ensure electrification in remote sites, either 100% solar or hybrid.

All of these social impact products and solutions complement the Group's offerings for its customers to be the digital partner for sustainability and efficiency.

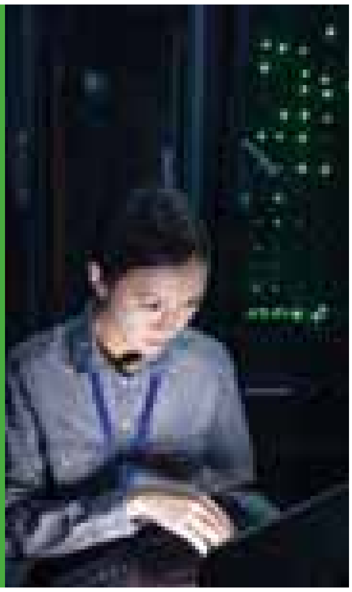


Climate
SSI #2

Deliver 800 million tonnes of saved and avoided CO_2 emissions to our customers

CO_2 savings are delivered at every layer of EcoStruxure™. For instance, Building Management Systems (BMS) monitor, control, and optimize the performance of buildings throughout their lifecycle. This drives occupancy productivity as well as energy savings. From 2018 to 2021, Schneider Electric's BMS sales enabled customers to save 11 million tonnes of CO_2e.

Baseline	2021 Progress	2025 target
263M	347M	800M



Saved and avoided CO_2 are delivered at every layer of EcoStruxure™

Together with Customers and Partners:

347M tonnes

cumulated CO_2 saved and avoided from 2018 to 2021

Annual savings are equivalent to:

43M people in the EU

416M hectares of US forest

EcoStruxure™
Innovation At Every Level

Apps, analytics and services

Leverage IOT data to identify additional energy efficiency opportunities, increase the lifetime of assets, optimize maintenance services and boost demand flexibility.

CO_2 savings in the ecosystem

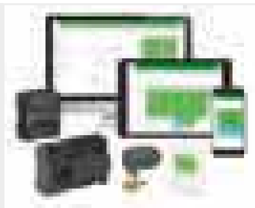
Example: power purchase agreements (PPAs)

Edge control

Manage on-site operations, with day-to-day optimization of energy consumption through remote access and advanced automation.

CO_2 savings in infrastructure (building or industrial process)

Example: Building Management System (BMS)



Connected products

Connected products are eco-designed to improve their efficiency and deliver electricity savings.

CO_2 savings at product level

Example: high efficiency UPS Uninterruptable Power Supply and Transformers

2.3.4 Decarbonizing our operations by 2030

To deliver its net-zero target on Scope 1 and 2 by 2030, the Group has launched several ambitious transformations:

Climate and Energy

	405,000 tCO_2 reduced (scope 1 and 2) vs 2017 baseline	76% energy productivity (EP100) since 2005	82% renewable electricity	47 sites with onsite renewable electricity	7.7% share of electric vehicles in global fleet
Target	**Net-zero CO_2 on operational scope by 2030**	**100% target by 2030**	**100% target by 2030**	**50 target by 2025**	**100% target by 2030**

2.3.4.1 EP100: deliver efficiency from the inside out, Energy Action program

Schneider Electric leverages the power of its EcoStruxure™ architecture to deliver energy savings and uses its own sites as showcases for customers and business partners.

In smart factories and distribution centers, the Group implements the three-layer EcoStruxure™ architecture, with connected meters and sensors to monitor energy consumption and quality, Edge Control Power Monitoring software to optimize daily operations, and analytics and services to benchmark performance and optimize energy and maintenance. Asset Performance Management also enables the Group to optimize operations and maintenance, for maximum uptime and longevity.

Four of Schneider Electric's smart factories have been designated as 4th Industrial Revolution (4IR) Advanced Lighthouses by the World Economic Forum (WEF), in China, France, the US, and Indonesia. Another two are classified as Developing Lighthouses in China and Mexico. Recently in 2021, the Lexington facility in the US was named one of the first three Sustainability Lighthouses in the world by the WEF. With its Smart Factory and Distribution Center (DC) programs, the Group has deployed advanced manufacturing technologies in over 80 smart factories and DCs in the past four years.

In offices, Schneider Electric's EcoStruxure™ solutions Building and Workplace Advisor enable analytics of BMS data alongside space, utilization, and comfort metrics. These smart solutions enable the Group and site leaders to actively benchmark and develop occupancy and facility management strategies to ensure continuous right sizing of its footprint and site occupation to keep energy consumption and resultant emissions to a minimum, while reducing costs and improving employee experience and comfort.

Spotlight: IntenCity R&D Center, Grenoble, France
Near the end of 2020, Schneider opened IntenCity, its new R&D flagship located in the scientific area of Grenoble, France. This 26,000 square meter building welcomes 1,500 employees, and aims to become a world reference of sustainability and efficiency in buildings.

IntenCity was designed and built with Schneider building and power management technologies. Its building management is operated by EcoStruxure™ Building Operation (EBO). Energy consumptions are optimized thanks to EcoStruxure™ Power Monitoring Expert (PME). Finally, IntenCity produces its own green and microgrid connected energy, managed by EcoStruxure™ Microgrid Advisor (EMA).

IntenCity is equipped with a heating and cooling system made of two thermorefrigerating pumps which enable the building to efficiently serve its very low power needs. The rooftops are covered with 4,000 square meters of solar panels complemented by two vertical wind turbines and backed by 300 kWh of battery storage capacity. Thanks to these energy production and storage systems, the full 970 kWh required to operate the building on an annual basis can be entirely compensated by its on-site green energy production.

The combination of those technologies enables IntenCity to drop its energy needs in operation to a staggeringly low level of 37 kWh/sqm/year, and, according to the WGBC definition, to be net-zero carbon emission right from its commissioning date. IntenCity is currently in the process of gaining LEED Platinum certification with the ambition to achieve a score of 100/110, making it the most efficient and sustainable building in the world.

Solar and wind-powered roof at IntenCity facility in Grenoble, France

Global, regional, and site energy reporting is delivered with the EcoStruxure™ Resource Advisor software suite. EcoStruxure™ Resource Advisor provides a data visualization and analysis application that aggregates volumes of raw energy data into actionable information. EcoStruxure™ Resource Advisor is a cloud-based software as a service (SaaS) model, it provides reduced solution costs, increased data storage capacity, and a flexible and mobile energy solution enhanced by Schneider Electric expert services.

The Group is a member of EP100 (Energy Productivity 100), a Climate Group initiative. Its target is to double energy productivity by 2030 against the 2005 baseline, meaning double the economic output from every unit of energy consumed within 25 years. In 2021, the Group achieved 76% energy productivity (against a 2030 target of 100%) compared against 2005.

In general, Schneider sites are low consumers of energy compared with other industries because industrial processes are discrete and assembled. The Schneider Energy Action program uses site energy experts along with Schneider's Sustainability Business consulting team to report and analyze energy consumption, to identify energy saving opportunities, and to deploy actions. Since 2005, the Group has fixed annual objectives for energy efficiency each year. Schneider met or exceeded its energy efficiency goals during the previous four Company programs (2009–2011, 2012–2014, 2015–2017, and 2018–2020), by achieving 10%, 13%, 10%, and 10%, respectively, totaling over 40% reduction from 2009 to 2021.

The 2021–2025 Company program aims to reduce energy consumption by a further 15% over five years compared to 2019 (SSE #5).

Resources

SSE #5

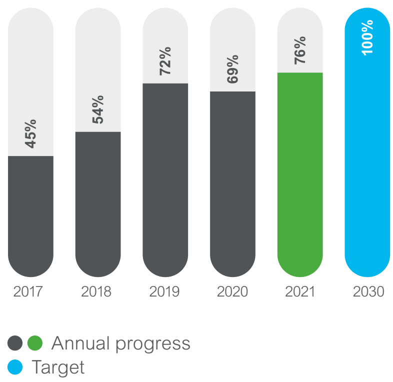
15% energy efficiency in our sites

The Group measures energy efficiency in its 200+ largest energy-consuming sites, accounting for 85% of the total energy consumption of the Group. At the end of 2021, this program enabled the following achievements:

- About EUR 5 million and 65 million kWh were saved in 2021 compared to 2019 baseline.
- About EUR 5.2 million was invested, of which EUR 5 million was capital costs and EUR 0.2 million was operating costs.

Baseline	2021 Progress	2025 target
0%	6.6%	15%

Annual energy productivity progress against 2030 EP100 target (vs 2005)



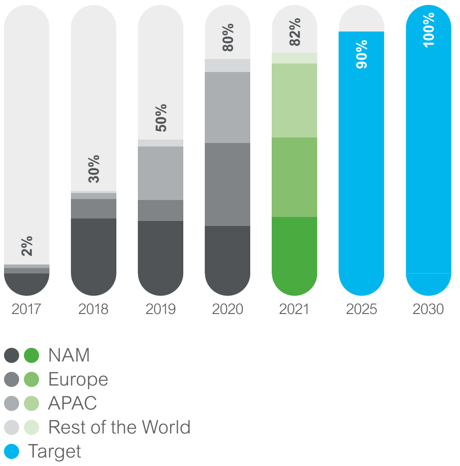
CLIMATE GROUP
EP100

2.3.4.2 RE100: switch to 100% renewable electricity by 2030

In 2017, Schneider Electric joined RE100 and committed to source 100% of its electricity from renewables by 2030, with an intermediary target of 90% by 2025. In 2021, the Group sourced 82% of its electricity from renewable sources, up from a starting point of 2% in 2017. To deliver its target, the Group leverages four complementary tools: green tariffs, renewable certificates, power purchase agreements, and on-site generation.

This commitment entails many benefits. First and foremost, going green is deeply aligned with the Group's strategy. Schneider wants to be one of the corporate players who shape the future energy landscape, having its own sites producing and consuming renewable electricity. Second, renewable sourcing is an important pillar to drastically cut down CO_2 emissions from the Group's operations, following a 1.5°C trajectory in line with Science-Based Targets. Third, because it makes good business sense. In a lot of cases, renewable supply enables savings on electricity costs. It is also a way of diversifying energy supply risks and reduces exposure to the volatility of market prices. Also, in some developing countries, microgrid technologies coupled with renewables can enable the securing of power supply and reduce downtime risks. Fourth, because the Group wants to demonstrate the value add of its own technologies and solutions, by showcasing EcoStruxure™ Microgrid IoT architecture on its own sites. Sites leverage Schneider Electric's connected inverters, Molded Case Circuit Breakers (MCCB), and transformers to connect on-site solar panels to the grid and use the energy and microgrid software to manage energy production and consumption. Schneider also leverages the expertise of the Sustainability Business consulting teams to deliver this transformation.

Annual renewable electricity usage percentage by region, and 2025 and 2030 (RE100) Group targets



In 2020, Schneider Electric was recognized as the 2020 Clean Energy Trailblazer by Climate Group's RE100. This was the first year of the RE100 Leadership Awards, which recognizes companies going above-and-beyond to accelerate a clean energy future. Schneider was awarded the honor based on its wide-ranging commitments, including the Company's own CO_2 reduction targets, CO_2 savings delivered by EcoStruxure™ technologies to customers, clean energy advisory services, and its Access to Energy program, which provides energy access in underserved communities globally.

Climate

SSE #3

90% of electricity sourced from renewables

Since 2017, the Group has accelerated renewable electricity sourcing and the installation of on-site solar panels, coupled with EcoStruxure™ metering and power architectures. In 2021, more than 195 sites source 100% renewable electricity and 47 sites are equipped with on-site solar capacities.

Baseline	2021 Progress	2025 target
80%	82%	90%

2.3.4.3 EV100: Shift 100% of company fleet to electric vehicles

As part of Schneider Electric's climate strategy, we investigate opportunities to improve the accessibility of sites, with commuting shuttles, secure bicycle storage, personal lockers and changing areas, and pedestrian-friendly access paths connecting to local routes. Schneider also promotes flexible working to avoid thousands of unnecessary or avoidable trips generating travel-led emissions by enabling employees to connect remotely, to work from home, and at customer sites.

At the end of 2019, Schneider accelerated its efforts to cut CO_2 emissions from transport with the commitment to switch to 100% electric cars by 2030. By 2025, Schneider Electric aims to switch one-third of its corporate car fleet. The Group demonstrates this commitment by being a member of EV100, a global initiative bringing together forward-looking companies committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030. At the end of 2021, 7.7% of the Group's corporate car fleet was comprised of EVs.

Resources

SSE #7

One-third of corporate vehicle fleet comprised of electric vehicles (100% by 2030)

The Group has set an ambition to pace its 2030 ambition of an all-electric fleet.

Germany Is leading this transition for Schneider Electric. Their journey started in 2018, with the objective to shift towards 50% electric vehicles by 2021. Their approach was holistic, taking into consideration all variables from infrastructure maturity to fleet and driver profile; today the country has 40% EV (due to delays in the supply chain) and aims to reach 100% by 2023.

Baseline	2021 Progress	2025 target
1%	7.7%	33%

2.3.4.4 Zero-CO_2 Sites

The path towards net-zero CO_2 emissions in operations by 2030 will require more than just renewable electricity. While many applications can be electrified, some applications do not, and may not in the near future, have electricity-based alternatives. As such, Schneider Electric has begun identifying applications on sites that currently have electrification alternatives as well as those which will require the use of fossil-free fuel solutions.

This effort has resulted in the Group newly embarking on its journey towards Zero-CO_2 Sites. The ambition is to source 150 sites with fossil-free energy (e.g., renewable electricity, biofuels) by 2025. But it's not enough to just use renewable energy; it remains critical to maintain energy efficiency. That's why the program also requires digital energy monitoring. For large sites in particular, this means installing connected meters on the site's significant energy uses and connecting them to systems like EcoStruxure™ Power Monitoring Expert, EcoStruxure™ Resource Advisor, or EcoStruxure™ Building Operation to ensure real-time monitoring of energy which allows for active energy management and efficiency.

Climate

SSE #1

150 Zero-CO_2 sites

The Group aims to eliminate fossil-based energy consumption from 150 of its sites by 2025 through electrification and sourcing renewable electricity and the use of biofuels.

For sites that have achieved the Zero-CO_2 site status, they were able to reduce 43,000 tonnes of CO_2 in 2021.

Baseline	2021 Progress	2025 target
30	51	150

2.3.4.5 Reduction of SF_6 emissions

SF_6 gas has excellent insulating properties which have historically helped ensure the safety and quality of certain Schneider Electric products. However, SF_6 gas has a Global Warming Potential (GWP) 25,200 times higher than CO_2, making it one of the highest GWP gasses. As such, Schneider is innovating its offers to move away from SF_6 gas (SSE #2: 100% substitution with SF_6-Free medium voltage technologies by 2025). In 2021 the promises from Schneider to deliver new SF_6-free medium voltage switchgear became a reality with the installation of innovative products on several customer sites. 2021 was the year of the industrialization of several new product lines, free of SF_6, to prepare the full commercial launch of this new generation of products.

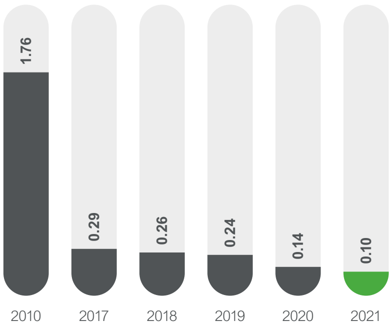
In the interim, all Schneider manufacturing plants and R&D laboratories handling SF_6 gas in their processes are actively reducing, as much as possible, SF_6 leaks and emissions during the different phases of their activities. A worldwide community of SF_6 experts are sharing best practices for processes, including procedures, equipment, and training.

In 2021 our advanced Emission Monitoring System was improved to become more digital, with centralized monitoring, but also more robust to any potential failure mode. This new kind of system will be deployed in 2022 on the biggest manufacturing site of the Group.

This technology allows for continuous measurement of SF_6 concentration in enclosures around devices and piping networks. In the event of any deviations, an alarm notification is automatically sent to maintenance teams. Additionally, the seal testing processes of the products are mainly done with helium instead of SF_6. This method ensures that no emissions are coming from non-compliant enclosures during the production time.

Thanks to this global activity and to the commissioning of efficient equipment, Schneider has exceeded the 0.19% target set for 2021. The Group achieved 0.1% leakage rate globally in 2021, systematically decreasing from 4% in 2008. This SF_6 leakage reduction enabled savings of 11,400 tonnes of CO_2 equivalent in 2021 versus 2017.

Annual SF_6 leakage rate



Climate

SSE #2

100% substitution with SF_6-free medium voltage technologies

Milan is in the process of powering a fleet of 1,200 eBuses not only with clean energy, but also with green power infrastructure.

The innovative SM AirSeT™ MV switchgear, free of greenhouse gases, are deployed in Milan depots' charging infrastructure for its bus fleet, to be 100% electric by 2030. Digital and connected solutions allow smart and efficient energy management and ensure greater continuity of service.

Baseline	2021 Progress	2025 target
0%	38%	100%

2.3.5 Decarbonizing our supply chain by 2050

Decarbonizing the world at scale, in line with the conclusions of the Intergovernmental Panel on Climate Change (IPCC), requires immediate collective action. Schneider Electric is committed to engaging its suppliers towards net-zero CO_2 emissions by 2050, and is already taking concrete action, through its Zero Carbon Project for the next 5 years.

Achieving carbon neutrality in the Group's value chain will require Schneider to work transversally with all stakeholders, from product design, through sourcing and manufacturing, to shipping.

2.3.5.1 The Zero Carbon Project

The Zero Carbon Project (TZCP) is the first step of this journey to galvanize the upstream supply chain and take coordinated actions to reduce the greenhouse gas emissions from Schneider's suppliers.

Schneider Electric's Executive leadership launched the initiative in April 2021, on the occasion of an all-digital global event, attended by the leadership of key supplier partners.

The ambition of TZCP is to collaborate with 1,000 suppliers and reduce their operational greenhouse gas (GHG) emissions by 50% by 2025 (SSI #3).

The fundamental tenets of TZCP include:

- Quantifying GHG emissions;
- Targeting ambitious emission reductions;
- Implementing an action plan to achieve the targets.

The participating suppliers will be required to make public commitments for their reduction targets and share the emission reduction progress with Schneider. The participating companies cover more than 60 procurement categories from various regions, and vary in terms of carbon maturity and size. To adapt to this diversity, the participating suppliers are allowed a certain flexibility to customize their reduction plans by defining their own base year and baseline and adopt adequate reduction targets and time frames.

So far, more than 1,000 suppliers have committed to participate in the program. An initial survey with those suppliers showed that more than 70% of them have not yet quantified their GHG emissions, so an important part of the journey will be for them to develop a robust GHG accounting tool.

Partnership and collaboration

Partnership and collaboration are at the heart of The Zero Carbon Project. Over the past years, Schneider has implemented several decarbonization measures and successfully reduced its own operational GHG emissions by more than 50%. To ensure that Schneider's partners benefit from this experience and get a headstart in the journey, the Group conducted eight technical training sessions, spanning over 30 hours, for suppliers and partners across timezones and language proficiencies. Those sessions detailed the actions implemented at various Schneider locations, with leading decarbonization technologies and solutions, methodology for GHG footprint calculation, and case studies of successful implementation at other companies. Over 1,300 suppliers attended the sessions.

To ensure constant engagement with these partners, The Zero Carbon Project Forum Community Calls have been initiated on a monthly basis. Those calls provide a platform, a safe space, for experience sharing and brainstorming on decarbonization-related experiences shared by the suppliers, so that all parties can learn from collective intelligence.

As a support to those who are new to the decarbonization topic, 9 handholding sessions, in English and Mandarin were organized on the GHG footprint methodology in December 2021.

Additionally, to provide specific handholding during the quantification of GHG emissions, Quick Response Teams were constituted to clarify and support supplier actions at regional level.

In addition to the "one-to-one" support extended to the suppliers, a dedicated web portal has been deployed. This web portal provides single-window access to all thought leadership, research, trainings, case studies, decarbonization levers, and tools for quantification of GHG emissions and decarbonization.

Calculating GHG emission reductions

As a result of the engagement described earlier and outreach, the suppliers are starting to focus on setting up strong governance within their organizations, which will help navigate their decarbonization journey in the years to come.

The GHG emission reduction reported in Schneider Sustainability Impact (SSI) #3, is measured as the average carbon intensity reduction of reporting suppliers, multiplied by the proportion of reporting companies among the 1,000 committed suppliers. This normalization is done to give a more adequate picture of the overall progress of all participating suppliers.

The initial efforts so far have resulted in about 1% reduction of the GHG for 1,000 suppliers, and Schneider remains committed to working together with its partners to strengthen their efforts for stronger decarbonization. The Group will continue to record its suppliers' GHG declarations on an annual basis to ensure the most accurate and updated information is available for reporting performance.

Climate

SSI #3

Reduce CO_2 emissions from top 1,000 suppliers' operations by 50%

To address the suppliers' need for handholding, the engagement approaches deployed are:

- 8 technical training sessions
- 9 CO_2 calculation training sessions
- Monthly TZCP Community Calls
- Dedicated TZCP Web Portal

Baseline	2021 Progress	2025 target
0%	1%	50%

2.3.5.2 CO_2 efficiency in transportation

Schneider Electric uses a robust transport network to connect its factories and distribution centers, and to deliver to its customers. The related CO_2 emissions are part of the scope 3 emissions of the Group's carbon footprint, as this activity is performed by transport suppliers. From 2015 to 2017, CO_2 emissions intensity from transportation was reduced by 10%. The 2018-2020 Company program aimed to further reduce CO_2 intensity in transportation by 10% in 2020 compared to 2017. By the end of 2020, performance compared to 2017 regarding transport-related CO_2 emissions had decreased by 8.4%.

With Schneider Sustainability Essentials 2021-2025, the Group aims to further reduce CO_2 intensity in transportation by 15% compared to 2020, or a 3% reduction year on year (SSE #4).

For 2021, unprecedented shortage in materials and components sourcing, coupled with lower reliability and availability of transportation means, led to an absolute CO_2 emissions increase in freight paid by the Group of 24% (compared to 2020), yet a 1% increase in CO_2 intensity only.

Building on the work done in prior years, Schneider will be further enhancing its CO_2 reporting capability in 2022 to not only report on freight CO_2 footprint but to facilitate engagement with transport suppliers on continuous improvement.

Collaborative engagement with the Group's transportation suppliers will continue, focusing on the pillars of optimizing existing transport footprint, as well as supporting and piloting advanced low carbon transportation technologies across all transport modes – air, sea and road freight.

Climate

SSE #4

15% CO_2 efficiency in transportation

As part of its efforts to reduce the CO_2 intensity of transportation, Schneider Electric is piloting low-carbon transportation technologies such as electric and hybrid vehicles. For instance, on the East Coast of the USA, electric terminal trucks are used by a final mile transport partner to move containers between the Distribution Center and the Port's Terminal.

Baseline	2021 Progress	2025 target
0%	-1%	15%

Some evidence of Schneider initiatives to mitigate the impact of transport-related CO_2 emissions include:

- Implementation of container freight stations (CFS) in Schneider's sea shipping network to allow for origin consolidation and destination deconsolidation of ocean containers resulting in a reduction of the number of containers shipped.
- Implementation in various South American countries of final customer delivery utilizing electric vehicles and bicycles. Additionally, piloting rail shipments from the regional ports to Schneider's facilities.
- In North America, a strong focus on our trucking asset utilization with the implementation of multi-deck trailers on the Mexico-USA lane, significantly increasing fill-rate and reducing the number of trips required.
- Exploring the use of smaller, faster, zero carbon sea transport options to connect our shorter, high-frequency lanes to potentially replace air freight and reduce traditional sea shipments.

2.3.5.3 Green materials

Purchases are responsible for the largest share of Schneider Electric upstream Scope 3 CO_2 emissions. Schneider has committed to increase green materials in products to 50% by 2025, and tracks progress quarterly under Schneider Sustainability Impact (SSI #4). While this program does not focus on CO_2 only, but also mitigates other environmental impacts such as resources, biodiversity or toxicity, this initiative will contribute to reduce the Group's Scope 3 supply chain emissions, in line with its 1.5°C carbon pledge. To achieve this ambition, Schneider will participate actively with industry leaders in dedicated working groups to become a change agent of the low-carbon economy while enhancing the traceability of materials. At the end of 2021, 11% of materials in scope where qualified as "Green".

Read more details on the Green materials and sustainable packaging programs in chapter 2.4 "Being efficient with Resources", **page 144**, and in chapter 2.7 "Methodology and audit of indicators" **page 206**. →

2.3.5.4 SF_6 Recovery services

Sulfur hexafluoride (SF_6) is a gas with high dielectric (insulation) strength, and it has been widely used for building switchgear – especially medium voltage gear – for the past 30 years, as it allows to reduce the size of electrical gear.

The electric power industry uses roughly 80 percent of all SF_6 produced worldwide, and the global installed base is still expected to grow by 75% by 2030.

In 2013, Schneider Electric started offering its customers a seamless service for the removal and/or recycling of obsolete equipment called "SF_6 recovery services". Today, recovery services are available in France and 10 other countries; the customer support is under development to propose a model adapted to the different markets in different countries all over the world.

The ambition is to offer recovery services to any SF_6 Schneider legacy by 2025.

The recovery service allows Schneider's customers to dispose correctly of their machinery, against a green disposal certificate, thus granting them peace of mind. The service consists in collecting the equipment and, together with our partners, dismantle and reuse, recycle or dispose of all the components (such as metals or thermoplastics) appropriately. Specifically, SF_6 is extracted from machines and sent to a specialist company for regeneration and destruction.

2.3.5.5 Green information technology (IT)

Considering digital acceleration increases the utilization of IT services, a challenge arises to decouple rising demand from environmental degradation. Bearing that in mind, Schneider Digital's Green IT initiative prioritizes measuring and optimizing the environmental footprint of Schneider Electric's information systems.

An action plan has been implemented to optimize the environmental footprint of the various components of IT.

The Group IT Asset Management (ITAM) Policy and standards have been updated with a strong focus on standardization, sustainability, and circular economy enablement, creating a holistic approach to sustainability throughout the entire lifecycle of IT assets.

The consolidation and adjustment of the personal computer (PC) replacement lifecycle allowed Schneider to reduce its yearly PC carbon footprint by more than 15%.

Carbon footprint reduction is an integrated requirement for the IT vendor selection processes. Consequently, new PCs are up to 40% more energy efficient and have a 50% lower carbon footprint than the corresponding end-of-life equipment to be replaced. Shifting demand to standardized PC models has resulted in an estimated 1,000 tonnes of avoided CO_2/year in 2020. Setting ultra-small form factors as the default PC choice has also resulted in further CO_2 avoidance of more than 1,500 tonnes per year.

Additionally, upholding the Group's IT vendors to sustainability requirements, the annual 2021 CO_2 emission avoidance reached the level of 1,300 tCO_2 and 180 MWh of energy consumption.

IT asset disposal is especially important from a sustainability and circular economy perspective. Therefore, the IT Asset Disposal approach has been designed taking into account sustainability and circular economy principles ensuring that Schneider Electric gives preference to Responsible Recycling (R2) or e-Steward compliant IT Asset Disposal vendors.

By using leasing services (mainly in Europe and North America), donations, and offering an Employee Purchase Scheme (mainly in Asia Pacific and China) a second life is made possible for retired PCs. Refurbishing IT devices to give them a second life can extend their lifespan by several years. Extended lifespan implies a decrease of the weighted yearly carbon footprint by over 50% through the amortization of embedded CO_2 emissions over time.

A pilot was carried out in 2021 supporting green search engine practices. In one month, the Group financed the planting of approximately 387 trees. This not only aids in reversing biodiversity loss, but also contributes to carbon sequestration absorbing anthropogenic emissions as well.

During the year 2020, Schneider developed and introduced a framework based on a data-driven approach to track sustainability KPIs for End User Group devices. In 2021, the Group framework was deployed to track sustainability KPIs with regards to IT on-premise infrastructures. In 2022, the aim is to enable the tracking of sustainability KPIs for cloud-based infrastructures as well.

Employee education on Green IT best practices was introduced in 2021, thus driving efficiency not only from the top-down but from the bottom-up as well. This was hosted through events such as Schneider Digital Open Days.

Optimization of the Group data center footprint is achieved via its sustainable-first hybrid IT strategy. This was performed using two levers in 2021: the rationalization of on-premise servers and the move towards cloud. This switch has continued, partnering with providers who have made commitments in terms of sustainability and carbon neutrality. Thanks to that particular effort, the Company cloud infrastructure footprint increased by 25% in 2021, and over 80% of its server infrastructure has been virtualized. In addition to that, on-site servers were rationalized, thus saving about 1,300 tonnes of CO_2 in 2021.

Schneider Electric has been utilizing Business Cloud Storage from a vendor which uses data centers that have achieved or have committed to achieve 100% renewable energy targets, therefore reducing its carbon footprint. In 2022, the aim is to migrate to a new solution which, through a data optimization approach, will allow a reduction of up to 40% of the size of used cloud storage data, thus further reducing corresponding carbon footprint emissions.

The hosting of the Schneider Infrastructure for Europe & Global applications is provided by IBM for both its Montpellier and Grabels data centers. Both locations are ISO 14001 and ISO 50001 certified for the environmental management of IT. Those two IBM data center sites hosting Schneider workloads were awarded by the European Commission Participant status in the EU Code of Conduct (CoC) for Energy Efficiency in Data Center program.

Thanks to the rationalization of the Group's application landscape, 380 applications were decommissioned in 2021, allowing Schneider Electric to reduce data center footprints, as those applications are replaced with applications running on more efficient infrastructures.

Regarding the network footprint, as the move towards cloud influences network energy consumption itself, Schneider Electric has implemented initiatives to optimize application hosting between edge and the cloud. A standard hybrid architecture, allowing local hosting on virtual machines for network intensive applications while having a cloud DRP with the best service level has been defined using the Schneider "smart bunker" solution.

As part of the Group IT Resilience program (formerly known as IT Disaster Recovery program), Schneider's own EcoStruxure™ solutions were implemented in 63 more facilities in 2021, allowing for actionable insights to improving IT efficiency. Additionally, 3,600 Schneider Electric products were added to our IT rooms in 2021. This is highlighted by the rollout of EcoStruxure™ IT Expert and EcoStruxure™ IT Advisor already underway.

Finally, various collaboration solutions are still being implemented for messaging, web audio, and video conferencing. This roadmap was expedited by COVID-19. Indeed, innovative digital solutions allowing virtual teams to work in an agile way were implemented in 2020 and improved in 2021 via remote collaborative brainstorming tools, electronic whiteboard, and telepresence robot. International travel was significantly reduced and replaced with digital interaction including hosting large-scale internal and external events virtually.

2.4 Being efficient with Resources

In this section

"Sustainability is the first pillar of our supply chain transformation, building carbon-neutral and circular supply chains whilst preserving local biodiversity. Together with our supply chain partners we continue to improve energy efficiency and sustainability throughout the entire product creation, delivery, and support life cycle."

Mourad Tamoud, Chief Supply Chain Officer

Context and goals

2021 came with yet additional evidence of the speed of climate change, resource scarcity, and biodiversity losses. In 2021, "Earth Overshoot Day" fell on July 29, meaning that humanity consumes its natural capital budget of the year.

The decline recorded last year has been caught up due to an economic rebound with respect to 2020. Humanity's common goal is clear: push back the date of overshoot to December 31 and beyond to live within the limits of our one planet. Only by working hand-in-hand will businesses, finance, and governments be able to drive global systemic and transformative change, thus unlocking new opportunities and allowing everyone to live sustainably on a healthy planet.

Schneider Electric's long-term commitment is to be efficient with resources, by protecting and restoring biodiversity and innovating towards circular business models.

On biodiversity, Schneider Electric is committed to fast-track the adoption of ambitious biodiversity strategies, leveraging best practices from climate Science-Based Targets: measuring impacts and aligning targets with science.

With Schneider Sustainabilty Impact and its concrete programs, the Group innovates towards a more circular economy, in industrial processes, product design, and business model innovation.

2021 Highlights

Schneider Electric recognized as the Best Global Sustainable Supply Chain Organization by GSSC

Schneider joining forces for circularity innovation with Accenture through the Circulars Accelerator program

1st company in the world to publish its biodiversity footprint, followed by bold commitments to fight biodiversity loss

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs		2021-2025 programs	Baseline[1]	2021 progress[2]	2025 Target
Resources	**4.**	Increase green material content in our products	**7%**	**11%**	**50%**
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	**13%**	**21%**	**100%**

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs		2021-2025 programs	Baseline[1]	2021 progress[2]	2025 Target
Resources	**5.**	Improve energy efficiency in our sites	**0%**	**6.6%**	**15%**
	6.	Grow our product revenues covered with Green Premium™	**77%**	**78%**	**80%**
	7.	Switch our corporate vehicle fleet to electric vehicles	**1%**	**7.7%**	**33%**
	8.	Deploy local biodiversity conservation and restoration programs in our sites	**0%**	**0%**	**100%**
	9.	Give a second life to waste in 'Waste-to-Resource' sites	**120**	**126**	**200**
	10.	Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	**157,588**	**203,881**	**420,000**
	11.	Deploy a water conservation strategy and action plan for sites in water-stressed areas	**0%**	**9%**	**100%**

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs.
(2) Each year, Schneider Electric obtains a "limited" level of assurance from an independent third party verifier for all of the SSI and SSE indicators, in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in this section.

Long-term roadmap

2030

- No net biodiversity loss in our direct operations by 2030
- 100% waste recovery by 2030

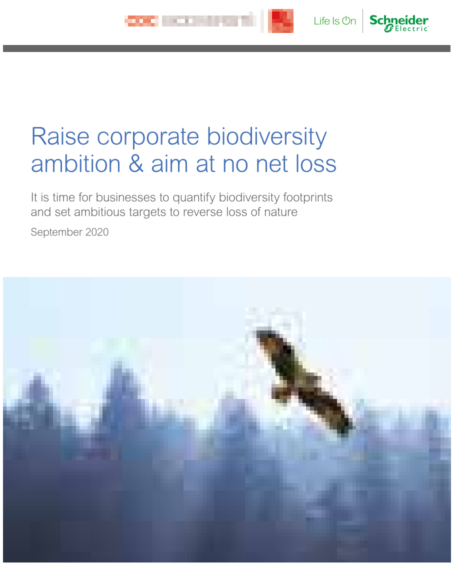
2.4.1 Preserving the planet and its biodiversity

According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) global assessment report, biodiversity loss is unsustainable, and transformative changes are required to safeguard economic and social models. Major biodiversity loss undermines nature's ability to support people and communities, a factor which strongly improves both quality of life and business prosperity. The fight against nature loss should be a business priority: nature is essential to global economic prosperity and individual business success.

A sustainable future for people and economies will be possible if nature, climate, and people are addressed in an integrated way. Indeed, climate change is among the main drivers of biodiversity loss, and yet nature is part of the climate solutions. To engage in a transformative change, clear and measurable international targets, meaning counterparts to both the 1.5°C – 2°C increase climate limit and its associated carbon budget, must be defined. Schneider Electric supports the creation of ambitious biodiversity targets during the COP15 for Biodiversity.

Schneider Electric calls for all companies to fast-track the adoption of ambitious biodiversity strategies, leveraging best practices from climate Science-Based Targets. In a joint effort with Marc Abadie, Chairman of CDC Biodiversité and Eva Zabey, CEO of Business for Nature, Schneider invites all companies to "raise corporate biodiversity ambition and aim at no net loss".

In addition to improving resource efficiency, it is also necessary in order to live within the limits of our planet to transform industrial processes and business models to move towards a circular economy. Circular economy is an obsession to avoid wastage and to reuse, repair, retrofit or recycle materials, maximizing environmental and financial value.



A circular mindset also triggers process innovations and opens the door to new business models, enhancing customer intimacy and thus loyalty (e.g. take-back and modernization services). High hopes are placed on circularity as a state of mind, as it can transform multiple industries for the better.

From a risk standpoint, some challenges may arise from a lack of stringent regulations or uncontrolled practices if used products come back into the loop without adequate controls and expertise, especially regarding life-critical products and electrical safety.

Schneider Electric embraces circular principles all along the lifecycle of products and offers. The keystone of circularity is EcoDesignWay™, a process that is applied to the development of all new products. EcoDesignWay™ enables the right trade-offs between the environmental impact along the lifecycle of products, allowing to coordinate the efforts over the whole value chain.

Product innovation

On product design, Schneider has committed to:
- Phase-out potentially harmful substances and provide transparent information on environmental performance of products
- Design with a circular mindset with Green Premium™, for increased durability, repairability and recyclability
- Provide public and transparent information for the proper dismantling and end-of-life management of products
- Increase green material content in products to 50%
- 100% of its primary and secondary packaging is free from single-use plastic and uses recycled cardboard

Process innovation

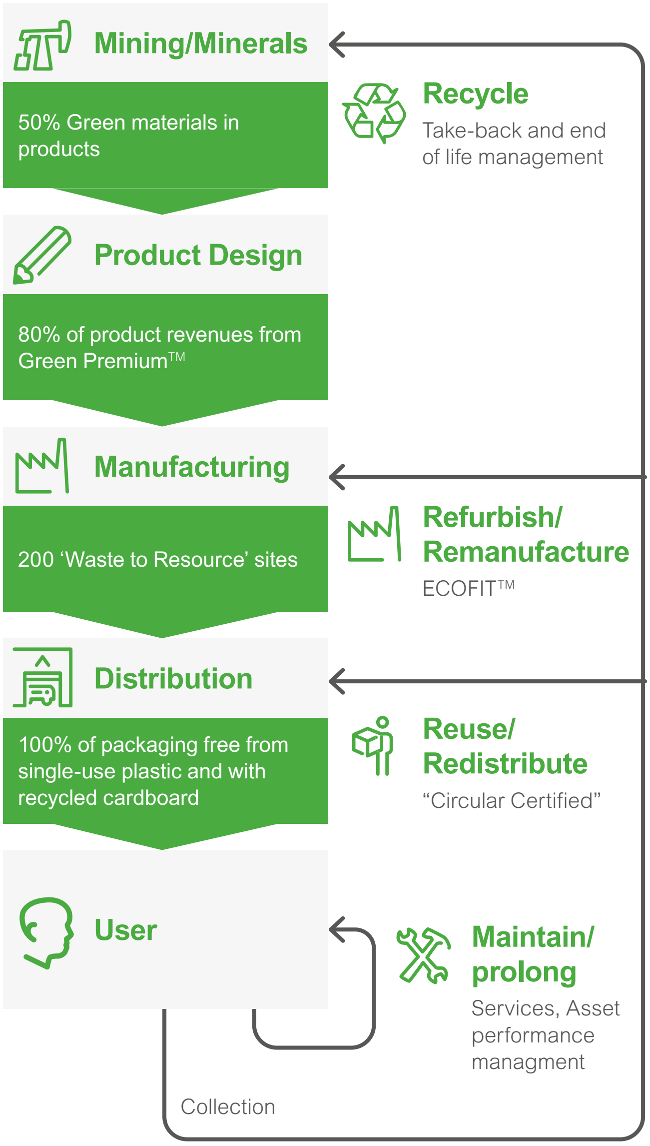
In the manufacturing phase, the Group applies circularity principles in its operations and with customers:
- Have 200 'Waste-to-Resource' sites by 2025 to optimise waste generation and recycling on the Group's sites
- EcoStruxure™ solutions help customers improve resource efficiency in industrial processes

Business model innovation

Over the lifecycle of offers, Schneider commits to innovate with circular business models and services:
- Support customers to optimise asset lifecycle management for increased durability and efficiency, with Asset Performance Management (APM) services
- Give a second life to products (unsold or obsolete stock, commercial returns), with the 'circular certified' label launched in France in 2020
- For specific product ranges such as products containing SF_6, offer take-back and end-of-life management services. The Group is committed to avoid 420,000 metric tons of primary resource consumption through 'take-back at end-of-use' from 2017 to 2025

2.

In the image below, an overview of circular initiatives at Schneider Electric, over the whole value chain.



2.4.1.1 Governance

At Schneider Electric, environmental considerations are integrated in the Group's strategy, R&D, manufacturing, procurement, finance, human resources, transportation, sales, marketing, services, and the way value propositions to customers are spelt out. To deliver ambitions, environmental transformations are driven by a global network of over 600 managers and experts responsible for the environmental management of sites, countries, product design, and marketing. The network of leaders driving environmental transformations consists of the following:

- **For the design and development of new offers:** Sustainable Offers Managers and leaders in each business are in charge of integrating key environmental considerations into the development of new products and producing expected environmental information for customers.
- **For the management of industrial, logistics, and large tertiary sites:** Safety, Environment, and Real Estate Vice-Presidents are nominated in each region, with dedicated teams. They are responsible for implementing the Group's policies across all sites in their geographical remit. In each region, directors coordinate teams across a group of sites (clusters), as well as on site.

These environmental and safety leaders are in charge of reporting on performance as well as executing environmental progress plans in the field.

- **For logistics:** the Logistics Senior Vice-President and his/her teams within the Global Supply Chain department are in charge of reducing and measuring CO_2 emissions from freight at Group level.
- **For countries and commercial entities:** environment and safety champions are appointed in each country and are responsible for local reporting actions where necessary; monitoring regulations, taxes, and national opportunities as applicable (e.g., national transcriptions of the WEEE in relation to end-of-life product management, and monitoring national substance regulation such as RoHS China); the proactive management of local environmental initiatives; and relations with local stakeholders.
- **Edison experts:** a process recognizes individuals who have a specific expertise that the Group is eager to maintain and grow. There are 10 specific domains in which Edisons are identified, one of them being environment. Each year, an environment Edison is expected to dedicate 10% to 20% of his/her time to lead a global initiative related to his/her expertise, such as the development of an e-learning course, a new standard, or an innovation.

Various governance bodies enable those communities to meet every month or quarter to ensure consistent adoption of environmental policies and standards throughout the Group. This network has access to a wide range of resources including standards, policies, best practices, benchmarks, and guidelines, all of which are shared on the dedicated intranet site and databases.

Environmental performance is reported and discussed during leadership meetings of concerned entities, including Global Supply Chain leadership meetings, Sustainable Innovation Taskforce with business units, the Board Audit & Risks Committee, Board of Directors, Executive Committee, Human Resources & CSR Committee, and Group Sustainability Committee.

To educate all employees on sustainability, an Essential Sustainability e-learning training was rolled-out in 2021, including a presentation of the Group's carbon pledge and the roadmap for execution. In addition, various e-learning modules have been developed on topics such as climate and biodiversity. Additionally, an environment intranet site is accessible to all employees, informing them about the ongoing programs, best practices, results, goals, and upcoming deadlines.

In 2019, Schneider Electric launched a company-wide initiative named Act for Green whereby each of its employees can share their suggestions on how the Group can "Green" its operations. In 2020, thanks to the suggestions of many employees, the #stopsingleuseplastic initiative to ban the single use of plastics was launched and integrated in 2021 as part of a biodiversity for sites program (SSE #8). Communities of passionate ambassadors facilitate e-learning and workshops (such as Climate Fresk) to increase awareness on climate change.

On June 5, 2021, on United Nations World Environment Day, as it has been the case for each year over the last eight years, Schneider organized its annual "Global Environment Day" event involving tens of thousands of Group employees, inviting them to celebrate and to share innovations in the areas of climate and the circular economy, both internally to the Group and externally, in association with local communities. That year, a special focus was made on the importance of the ecosystem restoration.

2.4.1.2 Biodiversity footprint

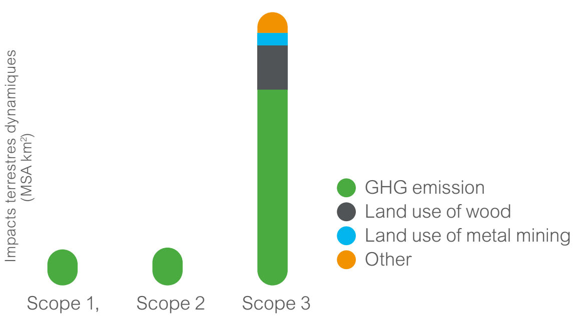
To drive change, companies need quantitative metrics to estimate, monitor, and pilot the impacts of their activities on biodiversity loss or demonstrate their contribution to biodiversity restoration. Creating aggregated and standardized biodiversity metrics and protocols is a much-needed step to ensure nature is truly placed at the heart of the business strategy.

In 2020, Schneider Electric was the first company to publish the end-to-end biodiversity footprint of its activities, using the "Global Biodiversity Score" (GBS) tool developed by CDC Biodiversité. By sharing its experience with other companies and choosing to publish results transparently, the Group aims to demonstrate that measuring biodiversity footprints is a key first step to help companies define relevant and impactful biodiversity strategies, across their entire value chain.

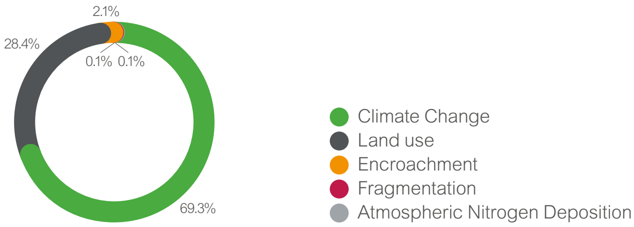
The GBS gives detailed and modular results which can be split by input line (for example, by raw materials such as metal, plastic, or timber); by pressures on biodiversity (such as land use, climate change, fragmentation, or encroachment); or it can be presented by scopes in Mean Species Abundance per square kilometer (MSA.km²) like a carbon footprint. The end-to-end assessment allowed Schneider to identify hotspots around which it is most effective to develop a biodiversity strategy and actions.

The bar chart below illustrates Schneider Electric's dynamic terrestrial impact, with detail by pressure. The pie chart highlights the weight of greenhouse gas (GHG) emissions which represent almost 70% of Schneider Electric's pressure on biodiversity. Land use accounts for almost 30% of "cradle-to-gate" impacts.

Schneider Electric's biodiversity industrial footprint (in MSA.km²)



Cradle to gate terrestrial dynamic pressures on biodiversity



The biodiversity footprint results are expressed in MSA.km², a metric that has all the ingredients it needs to become the international standard: synthetic, easy to understand, and widely applicable. In 2018, the world average terrestrial MSA was only 66%, meaning that a significant part of the species abundance of ecosystem integrity has already been lost. Under a business-as-usual scenario, this number would fall below 60% MSA by 2050. That is far beyond the safe operating zone that respects the planetary boundary, which is estimated at 70% MSA (CDC Biodiversité). Such a high biodiversity loss undermines nature's ability to provide its contribution to people, which is vital for human existence and a good quality of life.

2.4.1.3 Taking action towards no net biodiversity loss

Climate change is one of the major pressures on biodiversity globally and is the main Group's biodiversity impact. Therefore, Schneider's carbon pledge will have a significant impact on reducing the Group's pressure on biodiversity. Five main levers of actions have been identified and will be addressed through specific actions.

Quantify and regularly publish the assessment of impacts on biodiversity (MSA. km²)

As per the first step of the Group's main commitments, the ambition will be validated thanks to the results of the Biodiversity Footprint Assessment performed with the Global Biodiversity Score (GBS). Consequently, the Group is committed to updating it regularly.

Commit to reduce our impacts and align biodiversity objectives with science

Schneider Electric recognizes the importance of nature and biodiversity for humankind to thrive; we are all dependent on natural resources and ecosystem services. The Group's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. That is why, in 2021, Schneider stepped up its ambition and publicly committed, through act4nature international, to achieving no net biodiversity loss in its direct operations by 2030 (Scope 1) and to aligning with the recommendations of international bodies (Convention on Biological Diversity by the Science Based Targets Network).

Develop solutions and technologies that contribute to the preservation of biodiversity

Schneider Electric's solutions and technologies directly support biodiversity preservation. Its EcoStruxure™ technologies leverage digital solutions to conserve energy, water, and resources, reduce climate change pressure, optimize land usage, and build transparency, traceability, and circularity in value chains. The Group also contributes to the access to green electricity for millions of people each year thereby mitigating further climate change while providing economic opportunities to those people.

Engage and transform the value chain

The second largest share of the Group's biodiversity footprint lies in its upstream supply chain, mainly due to GHG emissions and land usage (due to wood and metal sourcing). The Group aspires to engage and transform its value chain and to source greener materials, which will require innovations both in terms of supply chain traceability and product design. Schneider Electric calls for the creation of raw material traceability and certification schemes to provide information all along the value chain as it is one of the most pressing issue to solve in order to engage in a more virtuous procurement practice.

Act locally, engaging employees and partners

Schneider is engaged to act locally to preserve and restore biodiversity by joining forces with other stakeholders through coalitions and partnerships. Its Foundation also supports NGOs that raise the awareness of the public on nature protection (Global Footprint Network, WWF, etc.) and act for nature restoration with partnerships such as Livelihoods Funds. By 2025, Schneider is engaged towards 100% of sites with a local biodiversity conservation and restoration program (SSE #8), on top of water conservation plans for sites in water-stressed areas (SSE #11). To support the efforts at site level, a multi-site analysis has been performed with IBAT (Integrated Biodiversity Assessment Tool). IBAT integrates different biodiversity databases (such as Protected Areas, Key Biodiversity Areas, and IUCN Red List species) and enables a site level analysis within a buffer of 1 km. The top 30 sites, as per risk and exposure, have been selected to perform a deeper analysis called STAR (Species Threat Abatement and Restoration metric), to quantify the contribution of operating at specific locations and to reduce the threat of species extinction risk.

Along its journey, Schneider Electric will continue to leverage its partnerships with external organizations such as CDC Biodiversité, Livelihoods Funds, and many of the VolunteerIn initiatives.

Read more about Livelihoods Funds on **page 195.** →

LIVELIHOODS FUNDS ACT TODAY FOR A BETTER FUTURE

2.4.2 Eco-efficient manufacturing

2.4.2.1 Risks and opportunities

Environmental risks related to manufacturing include soil, water, and air contamination. For instance, the release of hazardous substances can be harmful for fauna, flora, and human health. It can also disrupt continuity of operations and tarnish reputation. In addition, with 183 factories and 94 distribution centers in our Global Supply Chain organization, spread across dozens of countries and different national environmental regulatory frameworks, risks of non-compliance exist. These risks include for instance effluent management, handling of waste, or greenhouse gases related expectations.

A proactive approach towards site and property environmental risks and environmental compliance helps preserve the continuity of operations, reduce reputational and legal risks, and avoid expensive remediation steps. When Schneider runs projects for customers, its superior execution ability on environmental matters may trigger preference from its customers and give the Group an edge over the competition.

Resource and energy efficiency delivers not only financial savings, but also limits the Group's exposure to commodity-price volatility and shortage risks. The risk extends to the reliability of the energy on which a facility relies to maintain production. The Group's CO_2 emissions contribute to climate change and may also incur additional costs as carbon taxes become implemented worldwide. Facilities and industrial assets themselves are also at risk of acute and chronic climate events which can disrupt the supply chain and endanger lives.

By using lean and clean eco-efficient operations, Schneider can outperform competitors and mitigate risks. The Group believes environmental performance is a powerful tool to innovate towards a more efficient and resilient supply chain and generate bottom-line savings. By using its own EcoStruxure™ architecture to achieve this ambition, the Group also showcases carbon efficient architectures to its customers.

2.4.2.2 Group policy

Schneider Electric continuously works towards a greener supply chain to protect the environment, decouple its activity from the consumption of natural resources, and innovate to build a more circular supply chain. These ambitions are included in the Group's supply chain strategy, and referred to as Schneider Sustainability Essentials (SSE), starting 2021.

The Group's eco-efficient manufacturing goals:

- Protect the environment, prevent pollution, and limit emissions;
- Continuously improve the environmental management system and meet compliance obligations;
- Decouple the supply chain from natural resource consumption;
- Invent circular business models and supply chain loops;
- Include the environment in its strategy and governance;
- Extend environmental ambitions to suppliers and partners;
- Spread a culture of environmental excellence in the company.

The Group's energy management goals:

- Reduce the energy intensity of its operations, sustainably decoupling energy consumption from activity growth;
- Reduce the CO_2 intensity of energy consumption, and absolute CO_2 footprint, in line with the Group's commitments to achieve a 1.5°C climate change trajectory;
- Adopt Schneider's own Energy Management and Automation EcoStruxure™ solutions wherever possible, to showcase the Group's solutions for customers and business partners, and help embark them onto an energy excellence journey.

Schneider Electric 2025 sustainable supply chain ambitions

Preserve life and act responsibly

0 fatal and serious accident

100% of applicable sites certified with ISO 14001, ISO 50001 and ISO 45001

Act for a climate positive world

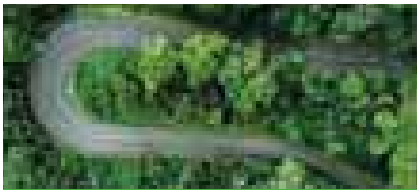
150 Zero-CO_2 sites

90% of electricity comes from renewable sources

100% of sites deliver energy savings, with EcoStruxure™ Power and EcoStruxure™ Resource Advisor

Top 1,000 suppliers reduce operational CO_2 emissions by 50%

15% CO_2 efficiency in transportation



Be efficient with resources

200 'Waste-to-Resource' sites

100% of packaging is free from single-use plastic and uses recycled cardboard

100% sites with Circular supply chain innovations

100% sites with local biodiversity preservation programs & water efficiency

2.

Biodiversity, Waste, and Water

	17	96%	126	-34%
	sites banning single-use plastics* in 2021	waste recovery in 2021	'Waste-to-Resource' sites	water intensity since 2017
Target	**400 sites by 2025**	**100% target by 2030**	**200 sites by 2025**	**-35% target by 2025**

These ambitions are embedded in the Group's Trust Charter and the Group's supply chain strategy as well as two global policies that drive eco-efficiency performance: the Environment Policy and the Energy Policy. The Group also partners with its suppliers to extend its environmental ambitions to its upstream supply chain.

Flagship programs to achieve these goals include:

- Zero-CO_2 sites (SSE #1),
- Delivering energy efficiency with EcoStruxure™ solutions (SSE #5),
- Powering facilities with renewable energy (SSE #3),
- Maximizing waste recovery through the 'Waste-to-Resource' program (SSE #9),
- Sustainably sourcing packaging (SSI #5),
- Focusing on water-stressed sites (SSE #11),
- Emphasizing the importance of local biodiversity (SSE #8), and
- Reducing CO_2 emissions generated by transportation (SSE #4).

2.4.2.3 Environmental risk management and prevention

The Group takes a proactive approach to managing environmental liabilities and risks. Environmental regulatory compliance, environmental management systems, and continuous improvement are the foundation of the Group's environmental risk management and prevention program for current, former, and prospective operations.

Key ongoing initiatives include:

- The Integrated Management System (IMS) covers the Group's plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and OHSAS 18000/ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally.
- The Company-wide Look at Environmental Assessment and Risk Review program (CLEARR) was continued, with additional and updated surveys of select manufacturing sites that focused on historical and current potential environmental risks.
- Environmental risks and provisions are reviewed with local and corporate finance, as well as legal functions.
- As part of mergers, acquisitions, and disposals, thorough environmental due diligence of sites is conducted where chemicals are or have been used. Any environmental risks or liabilities identified are addressed through proper risk management activities.
- Risks and mitigation actions are presented to the Board Audit & Risks Committee.
- Schneider Electric's global risk matrix takes into consideration the biggest environmental risks (on suppliers, products, sites, and customer projects).

Historical environmental liabilities are managed on a regional level to ensure local expertise, regulatory knowledge, and cultural awareness is applied. Using external consultants, known environmental issues are thoroughly investigated, and, if appropriate, remediated or otherwise managed through engineered or institutional controls to reduce potential risks to non-significant levels and in compliance with local regulations.

Additionally, Schneider uses third-party services to assess each of its key sites' risk profile, in relation to a certain number of external risks such as fires, earthquakes, flooding, and other natural disasters. Through this process and its business continuity planning efforts, Schneider endeavors to gauge related risks and anticipate possible steps which would be required. With around 244 ISO 14001 certified sites globally, the footprint is balanced geographically. Roughly 90 of the Group's plants are in areas classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute's (WRI) Aqueduct Water Risk Atlas. The nature of the Group's manufacturing processes (mainly assembly) allows for the rebalancing of manufacturing lines in a fairly prompt manner, if needed.

During the year 2021, no new material environmental impacts were identified. Furthermore, no Schneider Electric sites are Seveso-classified.

2.4.2.4 ISO 14001 and ISO 50001 certification

ISO 14001 certification allows Schneider Electric to define and sustain robust environment governance on its sites, supporting continuous improvement to deliver environmental performance. As soon as the ISO 14001 environmental management standard was published in 1996, Schneider decided to certify its sites. The Group certifies all industrial and logistics sites comprised of more than 50 employees within two years of their acquisition or creation, and all large tertiary sites of more than 500 employees. 244 sites are certified ISO 14001 as of the end of 2021, representing approximately 76% of the Group scope based on the share of site surfaces, 82% of the Group scope in terms of energy consumption, and over 85% of the Group scope in terms of water consumption, waste generation, and Volatile Organic Compounds (VOC) emissions.

* The scope of the single-use plastics ban for the biodiversity program is "consumer" plastics (e.g. cups, cutlery, gifts/souvenirs, etc.). "Industrial" plastics (e.g. primary/secondary packaging, products) are covered in Schneider Electric's SSI #4 and SSI #5 programs.

2.4 Being efficient with Resources

The Group's environmental reporting scope and targets are based on all ISO 14001 sites. Environment reporting metrics are shown in the table on page 226 and include energy consumption, Scope 1 and 2 CO_2 emissions, waste generation, water consumption, and VOC emissions at ISO 14001 sites.

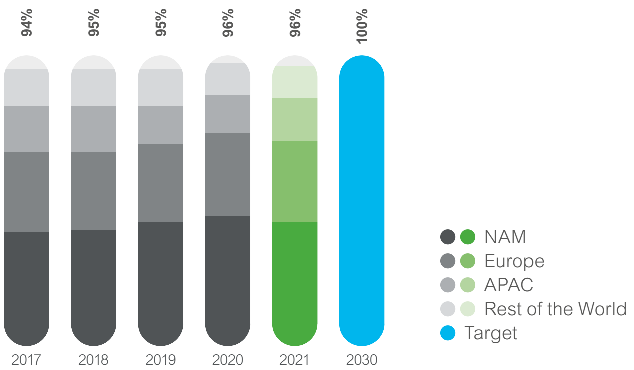
Schneider Electric also leverages ISO 50001 certification to drive energy excellence, focusing on the highest energy-consuming sites. ISO 50001 certification is complementary to ISO 14001 certification and enables us to define and sustain robust energy governance. With the support of this certification, the sites are equipped to understand and reduce their energy footprint. The Group aims to ISO 50001-certify all sites consuming over 5 GWh per year. By the end of 2021, 140 sites were certified ISO 50001.

2.4.2.5 Waste to Resources

In 2021, global challenges with supply chains, material shortages, and increased visibility towards waste pollution such as ocean plastics have reaffirmed what Schneider Electric has known and strived towards for years: the depletion of the Earth's resources in the current linear take-make-dispose models of resource consumption are not economically or environmentally sustainable and must be replaced with circular economy models.

In its previous program, Towards Zero Waste to Landfill, the Group put a strong emphasis on diverting waste from the landfills through alternative solutions. The Group achieved 206 sites meeting its stringent requirements of 99% metal waste recovery, 97% non-metal waste recovery, and 100% hazardous waste recovery using the best available handling/treatment options available locally. This helped the Group to achieve 96% waste recovery across its operations overall.

Waste Recovery Performance



Resources

SSE #9

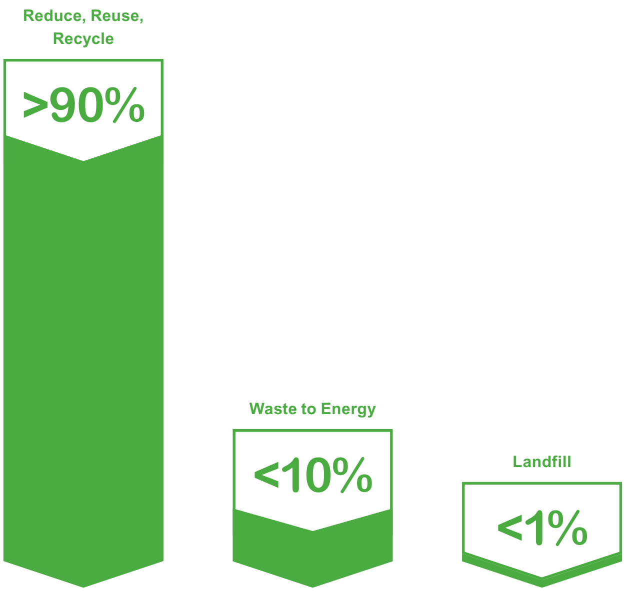
200 'Waste-to-Resource' sites

Schneider Electric is driven to maximize the value of its resources, considering waste as a resource and ensuring its waste stays within a circular system. Beyond avoiding landfill and looking at traditional recycling solutions, Schneider strives to move up the waste hierarchy and find reduce and reuse solutions for its resources.

Baseline	2021 Progress	2025 target
120	126	200

In its new program, 'Waste-to-Resource', Schneider pushes even further with its waste recovery ambitions. Sites now must achieve 99% recovery for all non-hazardous waste and still achieve 100% hazardous waste recovery using the best available handling/treatment options locally. Additionally, to promote and emphasize the importance of circular economy, 'Waste-to-Resource' sites will not be allowed to use waste-to-energy solutions for more than 10% of their waste. This provides an opportunity for sites to work collaboratively within their internal supply chains, along with external suppliers and waste management providers to find innovative reduce, reuse, and recycle solutions.

'Waste-to-Resource' ambition at Schneider: maximising value recovered from waste in sites



Schneider Electric generated around 135,000 tons of waste in 2021, most of it being solid waste. Continuous improvement plans have been deployed to manage this waste, in line with the ISO 14001 certification. In 2021, the Group recovered 96% of total waste reported (recovery ratio includes material and energy recovery) and a 91% recycling rate without energy recovery. The recovery ratio has increased from 81% to 96% since 2009, thanks to site-by-site waste management action plans.

Schneider is committed to ensure that the potential adverse impacts of hazardous waste on environment and health are mitigated. Two main levers are investigated as part of the 'Waste-to-Resource' program: first, all sites generating hazardous waste ensure visibility of handling and end-of-life treatment paths. They also seek to add value to waste as much as possible (through material or energy recovery) while neutralizing its hazardous nature. Second, top hazardous waste-generating sites work to reduce the volumes of waste generated in the first place, notably by implementing "Best Available Techniques" (BAT) in their industrial processes. Such BAT processes come along with superior performance from a resource efficiency perspective, and/or chemical substances use, and/or emission reductions. By 2025, the ambition is to reduce hazardous waste intensity by 30% against the 2017 baseline.

In 2021, hazardous waste generation intensity was 0.3 tonnes/million EUR of revenue, an evolution of -30% versus 2017.

Schneider Electric's Benalla site, Australia

2.4.2.6 Water consumption

Due to the nature of most of its industrial processes (manual and automatic assembly), water consumption is not generally a critical resource for Schneider Electric, and the Group has a minimal impact on water quality. The topic was considered not very material by both internal and external stakeholders during the sustainability materiality analysis. In 2021, water management and performance information was disclosed in the CDP Water program, and Schneider was awarded a B rating.

However, Schneider fully realizes the importance of water in local communities, especially those that are located in water-stressed areas. Having approximately 90 ISO 14001 sites in areas classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute's (WRI) Aqueduct Water Risk Atlas, the Group has set the ambition that 100% of its sites in water-stressed areas have a water conservation strategy and related action plan by 2025 (SSE #11).

Under this program, three types of actions can be implemented:

- Standard actions which apply to all sites;
- Conditional actions which apply to certain sites based on their type and volume of water usage;
- Site-specific actions.

In 2021, the Group achieved 9% of its 2025 target.

In addition, Schneider's aims to reduce water intensity (in m^3 of water consumption per euro of turnover) by 35% in 2025 versus 2017, with a focus on sites with high water consumption and within severely water-stressed areas. In 2021, water consumption intensity was 72 m^3 per million euro of revenue, an evolution of -34% against the 2017 baseline.

Resources

SSE #11

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

100% of sites in water-stressed areas have a water conservation strategy and action plan

Schneider Electric has approximately 90 sites located in water-stressed areas all over the world. These include factories, distribution centers, and large offices, with water usages including process-based, HVAC, sanitary/canteen, and irrigation.

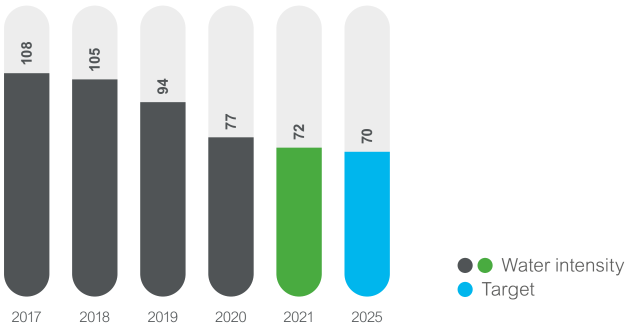
For instance, Schneider's Benalla site in Australia has installed 130,000 Liters of rainwater storage, which allows the site to source 60% of its water needs from rainwater.

Baseline	2021 Progress	2025 target
0	9%	100

2.4 Being efficient with Resources

The Group provides a breakdown of water consumption per source, with details on water consumed from the public network, groundwater, surface water (lakes, rivers, etc.), and other sources of water (rain, recycled water, etc.). At Group level, water is primarily used for cooling and sanitary purposes and, on a few selected sites, for processes such as surface treatment. Water drawn for the sole purpose of cooling and immediately released without alteration is also monitored separately. For industrial water use, water discharge is subject to appropriate treatments to reduce pollutant potential and subject to a monitoring plan.

Global water intensity evolution (m^3/million €)



2.4.2.7 Biodiversity on sites

Biodiversity is a local matter and actions are required at site level to reduce local impacts: the Group has committed to increase its biodiversity site actions and raise the awareness of employees. In fact, site activities such as energy and water consumption, building infrastructure, food, landscaping, waste generation, light, sound and other forms of pollution, exert a pressure on biodiversity that can be reduced. For example, manicured, non-native landscaping could potentially increase water consumption and promote invasive species that don't support native wildlife.

The objective is to achieve 100% of sites with a local biodiversity conservation and restoration program by 2025 (SSE #8). To meet this target, sites have to define and deploy a biodiversity program consisting of a ban of single-use plastics (related to office use) and at least one local action with significant ecological impact.

The program was launched in 2021 and many sites already started the journey, understanding the complexities of biodiversity, assessing their impact and identifying the right local stakeholders to involve in a preservation or restoration program.

As it takes time to build impactful and consistent biodiversity programs, a slow ramp up in terms of global performance of the indicator is expected, with an acceleration after 2023.

With the objective to get an overview on biodiversity priority sites, inform risk management, and address potential biodiversity impacts, the Group decided to run a multi-site report with the Integrated Biodiversity Assessment Tool (IBAT). Developed through a partnership with Bird Life International, Conservation International, International Union for Conservation of Nature (IUCN) and United Nations Environment World Conservation Monitoring Centre (UNEP-WCMC), IBAT collects and enhances the underlying datasets and maintains that scientific information.

Resources

SSE #8

100% of sites with local biodiversity conservation and restoration programs

Schneider Electric is engaged to act at local level implementing on every site mitigation, preservation, or restoration initiatives. Every site will engage in at least one action pursuing an ecological impact with social benefits.

In Scarborough (England, UK), the site started to restore a wasteland area to provide a friendly environment for local biodiversity (and employees). In alignment with local authorities, community network, volunteers and local nature specialists, the site performed an ecological assessment and has moved forward with the project.

Baseline	2021 Progress	2025 target
0%	0%	100%

The IBAT report enables users to assess the biodiversity-related features of multiple operational sites for corporate disclosure. In particular, the report is relevant for Global Reporting Initiative (GRI) standard GRI 304: Biodiversity. For each operational site, the report provides the counts of protected areas and Key Biodiversity Areas (KBAs) within a kilometer radius.

The results of the "IBAT multi-site Report, 2021*" include all Schneider Electric sites and show that, within 1-kilometer radius:

- 21% of its sites are in proximity of a protected area as defined by the IUCN, of which:
  - 8% are in category 1a, 1b and 2 (just 6 sites are in proximity of a category-1-protected area)
  - 29% are in category 3 or 4
  - 31% are in category 5 or 6
  - 32% are not applicable, not assigned or not reported

Among the sites in proximity of a protected area, 33% are either industrial sites (characterized by discrete industrial processes such as assembly lines) or distribution centers (warehouses and logistics); the remaining 66% are office buildings.

- 3% of the Group's sites are in proximity of a key biodiversity area (defined by IBAT as either "Alliance for Zero Extinction (AZE)" or "Important Bird and Biodiversity Areas (IBAs)).

All the concerned sites are invited to consider their proximity to natural areas in their biodiversity program.

* IBAT Multi-site Report. Generated under license 26614-25299 from the Integrated Biodiversity Assessment Tool on 15 December 2021 (GMT). www.ibat-alliance.org

2.4.2.8 Conditions of use and release into the soil

Schneider Electric sites are mainly located in urban or industrial areas. None of the Group's businesses involve extraction or land farming. In 2021, Schneider manufacturing sites conducted their annual review of pollution risks as part of ISO 14001 monitoring. No significant spills or discharges were reported in 2021 with known harmful impacts regarding soil pollution.

Hazardous materials are stored, handled, and used in compliance with regulations and with appropriate pollution protection mechanisms. As part of the 'Waste-to-Resource' program, additional focus is brought on hazardous waste, with efforts to eliminate, substitute, or improve treatment (see section 2.4.2.5 Waste to Resources, on page 152).

2.4.2.9 Discharge into the water and air

Because Schneider Electric is mainly an assembler, its discharge into the air and water is very limited. Schneider manufacturing sites are carefully monitored, as part of ISO 14001 certification. Discharges are locally tracked as required by current legislation. No significant spills or discharges were reported in 2021 with known harmful impacts in terms of water or air pollution.

Emissions of NO_x and SO_x and particles into the air are monitored at site level in accordance with applicable legal requirements; monitoring of these emissions is verified via ISO 14001 audits. Those emissions are not consolidated at Group level.

Schneider Electric is committed to preventing adverse health and environmental impacts from Volatile Organic Compounds (VOC) emissions, and for this reason, the Group works to reduce VOC emissions from industrial activities by 10% every three years. VOC emissions are primarily linked to production. VOC emissions decreased from 29 kg/million EUR in 2017 to 17.4 kg/million Eur in 2021 (-40%). The Group engages with each of its industrial sites that contribute the most to VOC emissions, and which together concentrate over 90% of the Group's VOC emissions, in a Pareto law approach. For these sites, environment, health and safety, and industrialization teams, join hands and actively collaborate to ensure conditions of use are strictly adhered to and health and environmental risks are known and mitigated. Those top VOC-emitting sites also investigate opportunities to reduce and phase-out concerned chemicals from industrial processes wherever possible.

Finally, CFC and HCFC emissions are monitored locally, in accordance with applicable regulations. These emissions are mainly due to the operation of air conditioning systems and are not directly linked to Schneider industrial activities. These emissions are not consolidated at Group level.

2.4.2.10 Noise, odors, and light

All Schneider Electric sites comply with local regulations on noise and odor. Given the nature of its activities and distribution model, Schneider does not have any significant light pollution externality.

2.4.3 Green offers

Schneider Electric products support customers every day, make their lives easier, and enable efficient operations. But because products also consume resources and energy, during their production and use, Schneider is committed to reducing their environmental impact.

Since 2003, a Product stewardship team has been dedicated to providing high environmental performance products to the Group's customers as well as full transparency regarding environmental impact. Initially, efforts were focused on compliance with the most rigorous environmental regulations, then on data transparency (through Product Environmental Profiles and End of Life Instructions). Over the last few years, additional efforts have been made to develop a more customer-centric program, helping Schneider customers to better differentiate offers based on strong environmental value propositions.

With the Green Premium™ program and the EcoDesign Way™ process, Schneider reduces the environmental impact of its products using lower impact materials, drastically changing its packaging strategy as well as bringing circular value propositions to extend the durability of products.

2.4.3.1 Risks and opportunities

The increasing complexity of environmental regulations could slow down the Group's innovation potential, and could phase out specific chemical substances or resources too quickly with no suitable alternative being found in a scalable manner. The complexity is directly linked to a "regionalization" of environmental regulations (e.g., California Prop 65 and China RoHS) while global resources are limited.

With increasingly stringent environmental regulations year after year, there is a risk for Schneider Electric to have key materials and substances that could be utilized to deliver high performance to be regulated themselves. This would limit the innovation potential of products that would fall within the regulation radar with possible restrictions. There is also a risk to face contradictory recommendations due to regulations overlap (e.g., substances restriction versus circularity performance).

By its customers' side, Schneider has observed a multiplication of external repositories to leverage product environmental performance, some being specific to a single customer. As such, there is a risk for Schneider products not to be systematically referenced externally.

To circumvent the risks stated earlier, Schneider relies on the completeness of the Green Premium™ program, enabling it to cover all relevant product-oriented environmental topics. Relying on the EcoDesign Way™ process and tools is also key to include environmental performance as soon as possible in the new product development process. This enables Schneider product development teams to innovate while delivering more Green Premium™ products that will differentiate themselves from those of competitors thanks to higher environmental performance.

The multiplication of environmental regulations requires a lot of information to be shared with the supply chain and updated regularly. Only the best-in-class suppliers will be able to answer this challenge. Also, it is an opportunity for the Group to put in place a strong interaction with those suppliers and ensure that future restrictions will be anticipated.

Schneider reinforces a worldwide approach of environmental product stewardship directives fed by a regional and local environmental steward network, which strengthen its influence position towards regulators through Schneider professional associations.

From the customers' perspective, Schneider relies on the "Check a Product" platform, a public website (https://checkaproduct.se.com/CheckProduct.aspx?cskey=4b4b15ad9d8148759e39fcb1b346ad9f) providing all relevant product environmental information. Thanks to "Check a Product", the Group is in a good position to be well referenced in external databases such as the SCIP (Substance of Concern in Products) database and in customers' prescription tools.

In a commitment to go one step further, Schneider takes the necessary steps to digitize the environmental information of offers. Within a fully digitized ecosystem, the Group can provide a streamlined and efficient process to share environmental data with external third-party databases or customers' own prescription tools.

RoHS: Restriction of Hazardous Substances. REACH: Registration, Evaluation, Authorization and Restriction of Chemicals.
PEP: Product Environmental Profile. EoLI: End-of-Life Instructions.

2.4.3.2 Group policy

Schneider Electric strives to distinguish itself through innovative green offers as mentioned in the Environment Policy. This ambition is articulated through:

- Designing energy-efficient, low CO_2, serviceable, and safe offers;
- Helping customers improve their environmental performance;
- Providing digital environmental information on offers.

To reach such ambitions, Schneider is committed to:

- Invest in R&D to create energy-efficient and environment-friendly solutions;
- Create new eco-designed products and solutions and develop lifecycle thinking;
- Invent circular offers and business models, through products that can be reused, repaired, retrofitted, refurbished, and recycled, as well as through end-of-life services;
- Provide transparent and digitized information on the environmental information and benefits of offers;
- Deliver continuous improvement in product stewardship through the Green Premium™ portfolio.

2.4.3.3 Green Premium™

Launched in 2008, Schneider Electric's Green Premium™ program was created to provide its customers with more sustainable products and to be transparent with environmental information.

Since then, Green Premium™ has been the absolute warranty for the Group to deliver products that comply with RoHS and REACH regulations as well as being perfectly transparent by delivering environmental disclosures and end-of-life instructions.

The program has evolved over the last few years to integrate Schneider's EcoDesign Way™ process as well as green value propositions for an enhanced differentiation.

As an example, Schneider embedded new durability value propositions such as the "take-back" program in Green Premium™. Customers who have purchased one of the APC Uninterruptable Power Supplies (UPS) have access to complimentary recycling when the battery in the product reaches its end of usable life. In 2021, this service collected around 14,000 tonnes of batteries globally for recycling.

In 2021, the main objectives for the Green Premium™ program were to:

- Ensure compliance with the latest regulations within an even more demanding context;
- Develop new environmental claims within products for higher performance and a clearer differentiation;
- Prepare the digitization of environmental information and ease data sharing with partners;
- Prepare the future of product stewardship for the years to come by developing competencies within the Company.

Schneider Electric is redefining the program that will encompass three pillars in 2022: Trust, Transparency, and Performance:

- **Trust** means for Schneider to continue to be transparent with customers providing RoHS and REACH substance information and going beyond regulations by applying the same rules regardless of the geographies. That is and will remain the core of the Green Premium™ program.
- **Transparency** is the warranty from Schneider to disclose in a digital way the environmental impacts of its products, their end-of-life treatment, as well as any environment-related attribute meaningful for customers. This is crucial in the Group's strategy, as the first step for improvement is measurement and quantification.
- **Performance** is Schneider's commitment to deliver products with reduced environmental impact. Performance can take several forms:
  - Usage of lower impact materials (i.e., recycled plastics);
  - Enhanced product recyclability to reduce waste and loss of critical raw materials;
  - Energy efficient products with at least 10% of improved energy efficiency with respect to the market average or to previous generations;
  - Improved durability and the ability to function as required under defined conditions of use, maintenance, and repair, until a final limiting state is reached (which should be at least 5% higher than market average);
  - The ability to provide SF_6-free products;
  - Repair parts of products easily.

Green Premium™ information, including conformity declaration, Product Environmental Profiles (PEP), and End of Life Instructions, are digitally available 24/7 for customers in the technical data sheet of the online catalog, in the mySchneider mobile app, and on the "Check a Product" website at https://checkaproduct.se.com/.

Trust

- Minimal use of hazardous substances in, and beyond, compliance with regulations (RoHS, REACH).

Transparency

- Digital environment disclosure (PEP)
- Circularity Profiles to provide guidance on responsible product end-of-life treatments
- Transparent environment attributes (ie. Mercury-/Lead-/PVC-free)
- Sustainable packaging

Performance

- Lower Impact Materials
- Recyclability
- Energy efficiency
- Durability
- SF_6-free
- Reparability

Green Premium™

Today, 78% of Schneider Electric's product sales come from Green Premium™ products and the ambition is to reach 80% by 2025 (SSE #6).

Resources

SSE #6

80% of product revenues covered by Green Premium™

In 2021, Schneider Electric received an increasing number of customer inquiries requesting detailed information regarding the material content and environmental impacts of its products. In response, the Industrial Automation Environmental Experts of the Group generated more than 75 new Product Environmental Profile (PEP) documents. This has enabled the certification of a larger amount of products through the Green Premium™ program to deliver even more transparent information.

Baseline	2021 Progress	2025 target
77%	78%	80%

2.4.3.4 EcoDesign Way™

EcoDesign Way™ is Schneider Electric's proprietary process, deployed on product development projects of more than EUR 300,000. It is fully integrated in the Group's Offer Creation Processes (OCP), mandatory deliverables, and encompasses all involved functions: Marketing, Quality, Design, Supply Chain, and Project Manager. EcoDesign Way™ involves 3 steps:

1. Identification of relevant environmental performance for customers with inputs from marketing
2. Research and assessment of alternative solutions to target the selected environmental performance
3. Once performance is reached, draft of a marketing pitch.

The EcoDesign Way™ scorecard is fully aligned with all Green Premium™ value propositions. Moreover, several initiatives have been launched to embed EcoDesign Way™ earlier in the OCP with strong inputs from the Future Offer Manager to foster innovation and increase EcoDesign Way™'s positive impact. For instance, a simplified Life Cycle Assessment tool was deployed to assess t he environmental potential of incubated projects.

In 2021, Schneider Electric initiated a revamp of the EcoDesign Way™ process to better include the latest global sustainability programs such as Green Materials and Green Packaging. The new eco-design process is expected to be more integrated within the Agile framework Schneider is deploying globally. The process should also involve the assessment of CO_2 emissions at a very early stage in the creation of new offers in order to encourage oriented investments. Moreover, the new eco-design process will not be limited to products but will also include systems/architectures. Finally, the revamping of ecodesign will be the opportunity to enhance sustainable innovation DNA by developing training and coaching modules for the project teams.

2.4.3.5 Green materials

Schneider Electric has committed to increase green materials use in its products to 50% by 2025, as part of Schneider Sustainability Impact (SSI #4). With that long-term commitment, the Group aims to:

- Be a change agent to accelerate the transformation toward a low-carbon and circular economy of the material industry;
- Reduce Scope 3 supply chain emissions, in line with the 1.5°C carbon pledge;
- Differentiate Schneider products from those of competitors in the eyes of customers by using low CO_2, circular, and safer materials in products.

In 2021, Cross-functional experts at Schneider (Procurement, R&D, Environment) have worked in close relationship with suppliers to define the Green attributes for each commodity in scope, based on existing international schemes and standards. A green material is:

- A material with a lower environmental footprint; and/or
- A material that is the output of an industrial technology which is a key enabler for a 1.5°C climate scenario and/or a more circular economy.

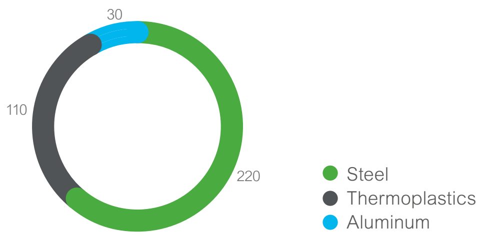
Considering this definition, Schneider has identified two levers of action:

- Build traceability in the value chain. This is a priority for metals today, where visibility on the environmental impact and technology-origin of procured metals is low.
- Select green materials based on a lower environmental footprint.

The lower environmental footprint attributes are defined for each commodity in scope, as the environmental performance of metal cannot be based on the same attributes as plastic. In 2021, the scope of green materials focused on three types of commodities covering about a third of purchased materials in volume:

- **Thermoplastics** (including both direct and indirect procurement). Thermoplastics are qualified as "Green" when the supplier is bringing evidence of a minimum recycled content, biobased content (minimum threshold depends on whether the compound is halogenated or not) or is using a green flame retardant.
- **Steel** (direct purchases). Steel is qualified as "Green" when the supplier is bringing evidence that the mill of origin is an Electric Arc Furnace (EAF) or has a Green certificate such as the ones delivered by Responsible Steel.
- **Aluminum** (direct purchases). Aluminum is qualified as "Green" when the supplier is bringing evidence that the product carbon footprint is below 8 tonnes of CO_2 per ton of Aluminum, is using a minimum of 90% of recycled content in its product or that the mill of origin has a Green certificate such as the ones delivered by the Aluminum Stewardship Initiative.

Volume and distribution of green materials (in kt)



The example of the definition of “green thermoplastic” is provided in the illustration below.

A GREEN THERMOPLASTIC IS

REACH / RoHS / POP compliant[1]

AND

Case 1	Case 2
If plastic is **Halogen free**[2]	If plastic is **Halogenated**[2]
Complies with at least one criteria below:	Complies with at least one criteria below:
≥ 20% of **recycled** content[3]	≥ 50% of **recycled** content[3]
≥ 20% of **biobased** content[4]	≥ 50% of **biobased** content[4]
Green Flame Retardant *For FR plastic only*[5]	

(1) List January 2021
(2) According to EN 50642
(3) According to ISO 14021 & EN 45557
(4) According to EN 16785 or ASTM D6866
(5) According to GreenScreen used in TCO Certification

At the end of 2021, 11% of materials in scope were qualified as “Green” under the definition described before.

The inclusion of other commodities like copper, thermoset, and indirect steel will be reassessed in next phases, as the program maturity and the transparency of supply chains improve. Extending the Green materials scope to indirect procurement would allow to include new green criteria such as ‘lead-free alloy’, a substitution initiative Schneider Electric is working on to anticipate future regulation on lead.

In January 2022, Schneider became a member of Responsible Steel, the world’s first global scheme for responsibly sourced and produced steel. Its mission is to enhance the responsible sourcing, production, use and recycling of steel. Schneider is one of the first steel products consumers outside of the automotive industry to join Responsible Steel. Being a member of Responsible Steel will allow the Group to have a voice to influence the scheme development while fostering opportunities to build strong partnerships with Steel manufacturers and consumers. In 2022, Responsible Steel will launch a standard for the certification of steel products.

Schneider Energy Management and Industrial Automation businesses are currently working on an implementation roadmap of the green materials in the projects portfolio. Some offers, like Odace Sustainable, are already out, and more are expected to come from 2022 onwards.

Resources

SSI #4

2.

Increase green material content in our products to 50%

The new Odace Sustainable offer from Schneider Electric is a range of stylish, smart switches and plug solutions for the residential market. Developed from recycled materials collected from electrical drop off centers and supermarkets, wasted plastics enter a circular economy loop using a WEEE (waste electrical and electronic equipment recycling) system, which transforms discarded materials into new products.

Baseline	2021 Progress	2025 target
7%	11%	50%

2.4.3.6 Green packaging

Packaging is the first visible asset seen by customers and is associated with major environmental challenges such as resource depletion, CO_2 emissions, waste generation, and marine pollution. Globally, a strengthening of the regulatory framework requires the development of new packaging alternatives to enhance recyclability and minimize the current and upcoming Polluter-Pays packaging taxes.

By 2025, Schneider has committed to make sure that:

- 100% of primary and secondary packaging uses recycled cardboard.
- 100% of our primary and secondary packaging is free of single-use plastic.

In 2021, Schneider Electric Green Packaging Experts released a new sustainable packaging guideline to define Schneider's requirements and best practices to foster improved environmental performance of packaging by minimizing waste generation and improving recyclability to make it an integrated part of a more circular economy.

In 2022, the focus will be put on:

- Setting up partnerships with key suppliers to secure greener packaging options;
- Building up traceability in the supply chain by collecting suppliers' declarations and strengthening procurement systems to better track single-use plastic packaging;
- Accelerating the implementation of the "green packaging" definition in the business projects portfolio to ensure new and legacy products switch to more sustainable packaging options.

Resources

SSI #5

100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard

The newly launched Wiser IP Camera is delivered without any plastics in the box and a cardboard made with 70% of recycled content. In addition, the in box user guide contains mandatory information only and remaining content is fully accessible online through a QR Code.

Baseline	2021 Progress	2025 target
13%	21%	100%

2.4.3.7 Product Environmental Footprint

More and more customers, green building standards, distributors, and electricians prefer offers with green credentials and request environmental data. Many building standards and local regulations, demand or promote offers providing Environmental Product Declarations. There is clearly a growing premium assigned to transparency.

An environmental footprint is a product or solution-related content that provides quantitative information based on Life Cycle Assessment (LCA, according to ISO 14040-44 standard). Environmental footprint enables the assessment of multiple environmental impact indicators, including the carbon footprint, for all product or solution lifecycle stages. The scope of this assessment is also referred as 'cradle-to-grave'. Environmental footprint is a mandatory requirement in the Green Premium™ program.

Schneider Electric relies on Product Environmental Profiles (PEP) to fulfill this requirement. A PEP is defined as a product-oriented "summarized" version of a full LCA. It relies on Product Category Rules (PCR) or Product Specific Rules (PSR).

At Schneider, there are two types of PEP available:

- **Certified** – a type III Environmental Declaration in compliance with ISO 14025. The certified PEP is externally reviewed by an accredited verifier and published by a program operator according to the rules provided by this operator (e.g., PEP Ecopassport). In 2021, 182 certified PEPs were published on the PEP Ecopassport association website.
- **Internal** – the internal PEP follows the exact same rules as the certified one. However, an internal PEP is reviewed internally and therefore, cannot be registered through an independent program operator. A process of accreditation for internal verifiers guarantees the adequate level of internal PEP verifications. Verifiers check PEPs from other lines of business than their own, thus ensuring independence. Internal PEPs comply with the ISO 14021 self-completed declaration.

In 2019, 77.3% of Schneider's product revenue was covered by a PEP, including 33.9% of ISO 14025 type III declarations and 43.4% of ISO 14021 type II self-completed declarations.

Environmental configurators

Beyond PEPs, Schneider Electric also relies on some offers' environmental configurators which are better suited to assess the environmental footprint of systems and solutions. A configurator makes it possible to assess a dynamic environmental footprint that better reflects the specific situation of customers or end-users. In 2021, a web configurator was developed to leverage the environmental benefits of the ECOFIT™ service. Schneider aims at supporting the creation and use of such configurators since they allow the Group to provide better environmental inputs to customers, facilitate the discussion around the environmental footprint of offers, and therefore ease the identification of meaningful eco-designed solutions. In 2021, Schneider accelerated the digitization of the PEP process in order to encourage the use of the configurator.

PEP Ecopassport PCRed4

In 2021, Schneider Electric strongly contributed to the development of the new Product Category Rules of the PEP Ecopassport association (PCRed4 issued in September 2021), which are:

- Compliant with the EN 50693:2019 standard: Product category rules for life cycle assessments of electronic and electrical products and systems – currently being mirrored in the IEC/TC111 Working Group 15 (IEC 63366);
- Fully aligned with the EN 15804+A2 standard: Sustainability of construction works – Environmental product declarations – Core rules for the product category of construction products;
- Integrate key elements of the EU Product Environmental Footprint (PEF), such as mandatory impact indicators, end-of-life formulae, and quality ranking;
- Aligned with ISO 14067:2018: Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification, integrating the latest requirements of the French regulatory texts from RE2020.

The application of PCRed4 enables electrical and electronic equipment manufacturers to produce product environmental declarations, in accordance with the best-known international standards, thus fostering cross-region and cross-industry recognition. Schneider aims at using this new PCR document to influence and strengthen the environmental footprint practices of the sector through standardization (TC111 Working Group, ZVEI initiative) and regulations (Sustainable Product Initiative of the European Commission, Green Taxonomy).

By relying on the PEP Ecopassport PCRed4 methodology on the one hand and on the acceleration of the environmental data digitization on the other hand, Schneider strives to provide systematically and seamlessly to customers quantified environmental footprint to differentiate the green offers, and therefore, be a change agent towards a low-carbon and circular economy.

2.4.3.8 Substances strategy

With increasing chemical substances regulations, raising standards from a well-being perspective, especially in the building space, and a growing number of questions from B2C and B2B customers on health matters, the ability to ensure compliance of several hundreds of thousands of product references has never been so critical. When such product traceability is mastered at scale, with robust processes and systems in place, clear business opportunities emerge, as digitization of such data is more and more needed. Schneider Electric seamlessly captures underlying data from suppliers, aggregate it, and disseminate it swiftly to customers who need that information.

REACH and RoHS

In Europe, the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) directive are engaged in a refit process and Schneider actively participated in the public consultations through the professional organizations, by making some key proposals to improve efficiency and limit the administrative burden.

Substances of Concern in Products (SCIP)

In the frame of the Waste Framework Directive, the European Chemicals Agency (ECHA) was mandated by the EU commission to put in place the database for information on Substances of Concern In Products (SCIP), beginning in 2021. Since 2021, manufacturers and importers of products containing substances of very high concern (SVHC) above the 0.1% threshold, must register those products into this SCIP database. Despite the difficulties to manually register Schneider's products without any IT to IT systems, nor any easy solution provided by ECHA, the Group registered most of the relevant products by the end of 2021, being one of the top contributors, and reinforcing our transparency objective in this domain.

The environmental compliance IT system which allowed Schneider to have a competitive advantage in terms of transparency and substitution management, virtually throughout the last decade, must be replaced. 2021 was dedicated to specifying our needs in order to maintain and even improve this advantage at least for the next 10 years. This is a key element of our substance and regulation management strategy.

TSCA

In the US, the Toxic Substances Control Act (TSCA) regulation which restricts the use of chemicals was reinforced with the introduction of new substances. Schneider Electric worked hard to identify the use case of those substances and launch adequate actions. The TSCA restriction list will be fully integrated in Schneider Electric's global substances strategy soon.

IEC 62474

Substances information data sharing is key to target substitutions. Schneider is very active in the development of data exchange formats on substances through the IEC 62474 standard.

Other substances under investigation

Among the different subjects investigated in 2021, the Polyfluoroalkyl substances (PFAS) restriction proposal and Silver classification update were two points of focus. Lead substitution was also investigated in anticipation and will be promoted when possible.

2.4.3.9 Circular business models

The risks that Schneider Electric sees are around the perception of "one size fits all" for circularity, as well as the temptation to see it through a waste or recycling lens, and the focus on developing the related guidelines, governance, and standards based on this perception.

- Product durability versus shorter-term waste loops: all resources are not equal in their thermal, mechanical, or electromagnetic profiles. For the industrial sector, the biggest impact of the circular economy will come from the promotion of reparability, upgradability, "retrofitability", extension of lifespan, and of related "product second- and third-life services". Schneider's products are highly technical in nature with a long lifespan and are highly unlikely to end up as ocean plastic waste, yet a risk that the emerging regulations may be too "resource/waste-centric" can be seen. To meet quality and safety expectations, and adhere to stringent electric and electronic equipment standards, recycled materials are sometimes not available in either quantity and/or quality. The Group actively advocates sector-specific approaches.
- Ensuring the safety of people and assets through qualified and certified services. Indeed, while promoting services to extend the products' lifespan, Schneider grows the ranks of certified experts on its products (through thousands of Field Services Representatives). Leveraging the circular economy, there is a fantastic opportunity to enable more repair, retrofit, and recycling services, on condition that concerned product categories are adequately maintained and serviced by qualified and certified experts.

There are opportunities to leverage the circular economies, both externally with customers and internally in operations. Schneider's value propositions have long delivered resource efficiency, enabling customers to "do more with less".

Schneider's deeply ingrained belief in the circular economy helps create a win-win-win-win ecosystem: good for the planet, good for customers (lower Total Cost of Ownership, lifespan of assets, etc.), good for the Company as a business (customer intimacy, stickiness, etc.), and good for its people (meaningful jobs, pride to take part in saving resources and energy, etc.).

Through circular capabilities such as local models of reuse, retrofit, repair, refurbish, and take-back, and by unleashing the potential of IoT, connecting and digitizing products (predictive maintenance, performance optimization, leasing, pay-per-use, performance contracting), Schneider creates shared value for its customers.

Most of Schneider's new products are digital, connectable, ensure full product lifecycle management and predictive maintenance, and guarantee optimum performance, hence enabling the Group to move towards customer-intimate models like subscription, performance contracting, and leasing.

The first focus, before considering end-of-life, is to prolong the lifespan of products. Those solutions, using up to 60% less materials than using brand new equipment, enable pull-through and constant payback, increase customer stickiness, and long-term relationships.

Schneider's first circular distribution center

Since 2020, the Schneider Electric site in Bourguebus, France has supported the Group's strategy to help accelerate its transformation towards the circular economy.

Bourguebus helps deliver on 4 key aspects of Schneider's circular economy strategy including:

- **Repack:** repackaging of new Schneider products whose packaging has been damaged.
- **Reuse:** sorting, selecting, redistributing never-energized Schneider products that are unsold and/or returned by our customers under the "Circular Certified" label.
- **Refurbish:** managing the supply chain for collecting used Schneider products and sending them to the Schneider Electric Privas, France partner site for repair and managing customer orders on our second-hand web platform.
- **Recycle:** dismantling of products to recover and resell the valuable materials.

Schneider Electric's Bourguebus site, France

Bourguebus's innovative circular economy transformation, along with the added value proposition of the "Circular Certified" label, has led to saving 4M€ of stock in 2021 and has avoided 950 tonnes of CO_2e.

In 2022, the site will continue to grow circular industrial capabilities to support business innovation and differentiating offers to customers. This includes capabilities such as refurbish, remanufacture and reverse logistics. One particular customer-centric project will include developing a website that will support the take-back of Schneider products at customer sites.

External engagement

Schneider Electric has been part of task forces on circular economy, playing leadership roles in multi-stakeholder dialogs. For example, the Group is active in France's Circular Economy Roadmap and engaged in China with MIIT (Ministry of Industry and Information Technology) on circular strategy, leading AFEP, Gimélec, FIEEC, IGNES, and ORGALIM discussions for its sector on circular economy, publishing articles, and speaking at conferences (Greenbiz, Gartner, WEF, SCM World, peer-to-peer, EthicalCorp, and WindEurope, among others).

Here are some white papers and partnerships for circular economy to which Schneider contributed:

- Enabling a Circular Economy for chemicals with a mass balance approach;
- Remanufacturing: Designing new products for many lives;
- Making manufacturing sustainable by design;
- The need for sector-specific circularity;
- Partnership with Accenture for the Circulars Accelerators program.

Schneider Circular Certified label

Schneider Electric launched the "Circular Certified" label for the French market in September 2020. The label is dedicated to the sale and promotion of products from the circular economy and in line with the Group's circular economy strategy. Currently available for the French market, it is planned to be deployed more extensively in the near future.

Schneider Electric
Circular Certified

Quantifying impact of circular offers

Under Schneider Sustainability Essentials, Schneider quantifies its Circular Economy efforts, such as repair, reuse, refurbish and recycling and targets to avoid 420,000 metric tons of primary resource consumption through "take-back at end-of-use" by 2025, cumulatively since 2017 (SSE #10). This program enables waste, material, energy consumption, CO_2 emissions and/or water savings.

Activities in this program will enrich on the basis of the Group's increasing focus on circularity business models, and are currently constituted of:

- Batteries take back and recycling;
- Volume of devices refurbished and repaired in our repair centers (such as UPS or Drives);
- Volume of Medium Voltage, Low Voltage and Transformers refurbished or recycled in our ECOFIT™ Centers.

Resources

SSE #10

420,000 metric tons of avoided primary resource consumption through "take-back at end-of-use" since 2017

Danone Evian wanted to upgrade its bottling facility to deliver natural mineral water more sustainably by reducing energy consumption at every stage of production. Among other upgrades, the LV switchgear were modernized within Schneider Electric's ECOFIT™ solutions.

By choosing equipment modernization with ECOFIT™ instead of immediate replacement, Danone Evian saved an estimated 315 metric tons of CO_2 equivalent, 372 m^3 of water and 47 tonnes of raw materials.

Baseline	2021 Progress	2025 target
157,588	203,881	420,000

2.4.3.10 End-of-life product management and WEEE

Schneider Electric has been engaged for a long time in a process that protects the environment and the health of people in the treatment and recycling of its products at the end of their lifecycle.

In the context of the application of the Waste Electric and Electronic Equipment (WEEE) directive, Schneider implements product identification and selection actions, establishing recycling streams and pricing the taxes to be applied in compliance with the regulations of each country where the Group's products are sold.

For products falling within the scope of the WEEE directive, a circularity profile including detailed end-of-life instructions is systematically provided through the "Check A Product" public website.

2.5 Great People making Schneider Electric a great company

In this section

"We aspire to achieve our company purpose and mission by empowering and developing our people to their fullest potential. We act with agility and trust to innovate for our customers and strive to win in the market. With the 2025 people strategy, we aim to set the bar even higher to support business growth and our culture and leadership transformation."

Charise Le, Chief Human Resources Officer

Context and goals

Great people make Schneider Electric a great company. The Group motivates its employees and promotes involvement by making the most of diversity, supporting professional development, and ensuring safe, healthy working conditions. Its ultimate ambition is to generate higher performance and employee engagement, through world-class people practices that are supported by a global/local and scalable model.

Schneider is a people company where employees come to work for a meaningful purpose and feel empowered to have an impact, empowering all to make the most of our energy and resources. All employees are treated equally based on their skills, notably regarding employment, recruitment, talent identification, training, and remuneration, thanks to common processes and policies.

Human resources thus plays a key role in supporting the performance and talent development of Schneider Electric in the changing context of its activities. Its growth is characterized by a sustained internationalization, numerous acquisitions, an increase of headcount dedicated to selling solutions and services, while maintaining a share of blue collars close to 50%.

A lot of progress has been made on these fronts to Shape Our Future. From a new People Vision, to a unique multi-hub model and a leaner organization structure; from redefining talent management to widely acknowledged diversity, equity and inclusion initiatives; and from a global leadership development program to advancement in digital and functional learning.

By 2025, we commit to create equal opportunities and harness the power of all generations by ensuring all employees are uniquely valued in an inclusive work environment and by fostering learning, upskilling and development for each generation. In this report, we share our progress on the transformations engaged in 2021 under the Equal and Generations pillars of our Schneider Sustainability Impact and Schneider Sustainability Essentials programs.

2021 Highlights

Glassdoor rating is on a steady growth, recognizing Schneider Electric as one of the Best Place to Work for 2021.

The Financial Times awarded Schneider Electric the title of ‘Diversity leader’.

Schneider Electric in Universum’s Top-25 World’s Most Attractive Employers.

For the fifth year in a row, recognition for our commitment to gender equality and building a culture of inclusion.

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs		2021-2025 programs	Baseline(1)	**2021 progress(2)**	2025 Target
Equal	**8.**	Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	**41/25/24**	**41/27/26**	**50/40/30**
Generations	**10.**	Double hiring opportunities for interns, apprentices and fresh graduates	**4,939**	**x1.25**	**x2.00**

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs		2021-2025 programs	Baseline(1)	**2021 progress(2)**	2025 Target
Equal	**18.**	Reduce pay gap for both females and males	**F: -1.73%** **M: 1.00%**	**-1.61%** **1.11%**	**<1%**
	19.	Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	**53%**	**61%**	**60%**
	20.	Pay our employees at least a living wage(3)	**99%**	**100%**	**100%**
	21.	Multiply the number of employee-driven development interactions on the Open Talent Market	**5,019**	**x2.1**	**x4**
Generations	**22.**	Support the digital upskilling of our employees	**41%**	**74%**	**90%**
	23.	Provide access to meaningful career development programs for employees during later stages of their career	**--**	**In progress**	**90%**
	24.	Increase our employee engagement level	**69%**	**71%**	**75%**

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs.
(2) Each year, Schneider Electric obtains a “limited” assurance on progress and methodology from an independent third party verifier for all of the SSI and SSE indicators, in accordance with ISAE 3000 assurance standard (see Independent verifier’s report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in this section.
(3) As of 31st December 2021, 99.99% of eligible employees, i.e. all Schneider employees treated as permanent workforce, were paid the living wage. The few remaining gaps were closed early 2022 so that all in scope Schneider Electric employees are now paid the living wage. The final KPI result for 2021 was rounded to 100%.

2.5.1 2025 people strategy and vision

The world is rapidly evolving and new mega-trends are emerging. Massive acceleration in the adoption of digital technologies and connectivity has changed the way we all live and work. The sense of urgency around climate change has intensified. Social aspirations, including demand for equality, have soared. New ways of organizing workforces have emerged. New capabilities are being developed to maximize the human-to-digital intersection. There has been a shift in the balance of the global versus local economies amidst geopolitical differences.

2.5.1.1 Schneider Electric's People Vision – Employee Value Proposition, Core Values, and Leadership Expectations

People Vision

Great people make Schneider Electric a great company. To transform our culture and create a great place to work for, we launched our new People Vision in 2018.

The People Vision provided the impetus to change the way Schneider works and accelerate the cultural transformation at the Company. With an Employee Value Proposition (EVP), a set of Core Values and Leadership Expectations, there is a strong anchor to the people strategy.

During the pandemic, the People Vision helped us remain resilient and rebound on business performance.

The People Vision consists of the following:

1. Our EVP is our commitment to engage existing and future talent. It's the reason why people join, stay, and remain engaged and shows how we differentiate ourselves as an employer.
2. Our Core Values determine who we are, what we do, and define the way we work together and deliver on our EVP promises. Our values guide our choices and illustrate the behaviors we expect our employees to demonstrate.
3. Our Leadership Expectations show how we expect leaders to drive the Company for the future. They emphasize how our leaders will transform Schneider Electric by stepping up individually and collectively.

Employee Value Proposition

The Group is also looking to establish a strong name as an employer and communicate around its Employee Value Proposition, which is our promise to current and future employees.

We believe that great people make Schneider Electric a great company. We are driven by our meaningful purpose and continuously create an inclusive environment where employees are empowered to be at their best and innovate.

Our Employee Value Proposition continues to evolve in line with the business. Making the emotional connection as to "Why Schneider Electric?" is fundamental in the ability to not only attract the best talent and be an "employer of choice", but also to have it resonate as authentic with employees as a form of encouragement, motivation and inspiration.

Employee Value Proposition		
MEANINGFUL	**INCLUSIVE**	**EMPOWERED**
We empower all **to make the most of their energy and resources**, ensuring **Life Is On** everywhere, for everyone, at every moment. Our mission is to provide **energy and automation digital** solutions for **efficiency and sustainability**. We adhere to the highest standards of **governance and ethics**.	We want to be the most **diverse, inclusive and equitable** company, globally. We **value differences**, and welcome people from all walks of life. We believe in **equal opportunities** for everyone, everywhere.	**Freedom breeds innovation**. We believe that **empowerment** generates high **performance, personal fulfillment and fun**. We empower our people to use their **judgement**, do the best for our **customers**, and make the most of **their energy**.

Core Values define the way we work together

Customer First. Above and beyond for our Customers. We surprise and delight customers as we would be nowhere without them. So, not only do we put ourselves in their shoes, but we also anticipate their needs and go the extra mile. We champion our sales people, because they are the face of our Company. Whatever our role, we have an impact on the customer's experience.

Dare to Disrupt. Constantly in Beta. Innovation is our middle name. Good is never good enough, and that's why we are constantly experimenting, taking risks, and disrupting the status quo. We think fast, and we act even faster. Setbacks don't hurt us. They motivate us. That's why we are not afraid to make our bets bigger and our decisions bolder to power the digital economy through energy management and automation. We, at Schneider, ensure Life Is On.

Embrace Different. Different is Beautiful. We are 100% committed to inclusion. "Exclusion" is not even in our vocabulary. We believe in equal opportunities for everyone, everywhere. This means welcoming people from all walks of life, ages, and cultures, embracing different perspectives and calling out bias when we see it, so that every person feels uniquely valued and safe to be at their best. To us, a stranger is simply a friend we haven't met yet.

Learn Every Day. #Whatdidyoulearntoday? To stop learning is to stop growing. We are genuinely curious, never done with learning. To us, there is no such thing as knowing it all or having all the answers. We believe in life-long learning. Every minute of every day brings a new chance to listen, open up our minds, and widen our horizons. We are never too experienced to learn.

Act Like Owners. All in. Together. Entrepreneurs at heart, we take responsibility and ownership of everything we do. This is not somebody else's company. It's ours! We are individually empowered and collectively driven to collaborate and beat the competition together. In the end, we do what is right for Schneider first – always with integrity and honesty.

2.5.1.2 2025 People Strategy

During the pandemic, we successfully pivoted to digital interactions with customers and remote working with our teams. As we move towards the post-pandemic era, the nature of work, the workplace, and the relationship between companies, customers, and employees has dramatically changed.

In January 2021, our new People Strategy was launched, with the aim to set the bar higher to support business growth and culture/leadership transformation. To deliver on this mission and shape the workforce of the future in the "next normal", the strategy has three outcome-based themes:

Organizational agility – a growth and innovation culture, enabled by a flatter, leaner, and multi-hub/multi-local structure, customer proximity, and fast decision making, supported by new ways of working.

Future ready talent – a diverse, empowered, and digitally skilled team. All talents develop current and future skills through on-the-job learning, exposure, and education to realize their potential.

Inclusive leadership – leaders drive greater disruption and acceleration. They build human connections by coaching, caring, and collaborating across teams to achieve together and deliver impact.

2.5.1.3 Organization

Since 2009, the Human Resources (HR) department has been structured around three principal roles to better respond to its missions:

HR Business Partners assist managers on a day-to-day basis in setting out their business strategies and in assessing the human resource requirements needed to meet business targets. They also play a pivotal role in anticipating skill requirements and employee development, and in the management of employee relations.

HR Solutions creates and develops comprehensive solutions for the organization's strategic challenges in key areas, such as compensation, benefits, human capital development, learning, and performance management. Regional teams are leveraged to effectively support the Group's globalized operations.

HR Services handles the logistics and administrative responsibilities relating to payroll, sourcing, mobility, and training programs, mainly through shared service centers designed to optimize efficiency and costs. Since 2015, the Group has put in place an HR Excellence initiative with the objective of creating HR teams ready to make the Leadership and Culture vision a reality while supporting the growth of the business.

2.5.1.4 Governance

In 2020, Schneider Electric decided to further reinforce the governance of the Group, the professionalism of our processes, and our foundations for trust.

A new global organization CGO (Corporate Governance Office) was created to support this aim. Human Resources followed suit with the creation of a governance role within the function to articulate corporate governance directions within the function and to reinforce its own governance.

HR Governance acts as single point of contact to corporate organizations such as M&A, Internal Audit, Internal Control, Ethics & Compliance, and Data Privacy facilitating an agile response to corporate directions by the function. Similarly, HR Governance provides support to HR people around governance questions.

Core Values

CUSTOMER FIRST	DARE TO DISRUPT	EMBRACE DIFFERENT	LEARN EVERY DAY	ACT LIKE OWNERS

2.5.1.5 Continuous listening and employee engagement

In the context of COVID-19 and beyond, focusing on employees' engagement is fundamental. Engaged employees are key to enable the organization to be at its best and support the achievement of the Group strategy together. People who understand and connect with the company's purpose will feel more personally involved and more likely to deliver more than what is expected from them.

Key updates in 2021

1. **In line with Group priorities and People Strategy**, the Continuous Listening Strategy and particularly, annual employee engagement survey, OneVoice, was updated to reflect some of the key 2021-2025 ambitions and working in the next normal
2. There is an increased focus on **action plans and follow-up** based on these insights
3. **Leaders and Managers are more involved** to drive the topic and ensure care towards employees

1. Refreshed questions to adapt to working in the next normal and align with Group's 2025 ambition

First set up in 2009, the OneVoice internal survey was designed to measure employee satisfaction. In 2012, the survey evolved to include employee engagement to derive a more holistic view of employee expectations, commitment, and sentiment.

As an inclusive company, all employees are asked to provide their honest feedback through a questionnaire evaluating their engagement and measuring the drivers of engagement such as diversity, learning, and new ways of working. This process helps the Group identify key avenues for improving employees' engagement and their unique life at work.

In 2021, it was important to refresh the questions to make them more relevant due to the new working environment of employees, particularly regarding the new normal, flexibility at work, empowerment of the teams and inclusion. As rated by our employees:

New ways of working empowerment and inclusion are the Top 3 drivers of employee engagement

80%	79%	78%
feel they have flexibility to modify their work arrangements when needed.	feel empowered to choose how best to complete their work.	consider they are treated fairly regardless of their individual differences.

In 2021, despite global external predictions on the impact of pandemic fatigue on employees, Schneider Electric recorded its highest employee engagement score, 71%, + 7 points compared to 2019 in the pre-COVID-19 context. This is evidence of a strong and lasting emotional bond between employees and the organization as well as confirmation that employees felt supported by the organization during challenging times. Schneider Electric tracks its own employee engagement index in relation to the industry and top-performing companies globally. The Company also has a Schneider Sustainability Essentials (SSE) ambition to achieve 75% employee engagement score by the end of 2025.

2. Reinforce action planning to ensure meaningful outcomes

As internal and external research has demonstrated that the role of the manager has a significant impact on employees to drive engagement of their teams, the Company has focused on building awareness and knowledge among managers and following up to ensure that action plans were implemented at all levels of the organization. Schneider Electric carefully follows its own action plans, making sure that they are seriously implemented, and that good practice can be spread across the organization. In 2021, the Company strengthened its efforts at three pivotal levels: global, local, and team.

Global level: one of the key learning from the crisis was that employees recognized the support provided by the company during those times. As a concrete action taken at Group level, live sessions were organized for all employees every month, aiming at learning how to better take care of their Well-Being.

Local level: the financial support provided to India through Tomorrow Rising fund had a very positive impact which was raised in the comments of our OneVoice annual survey as a delightful moment.

Team level: Managers still played a key role and the recognition they gave to their team members had a positive impact on their team members. One of the concrete actions taken in Victoria's plant in the United States is to empower collaborators to come to management team with ideas for recognition events.

Key highlights for 2021

100% of employees were surveyed in May 2021 through a consistent and continued measurement of the employee engagement index but with a refreshed set of questions to better fit our ambition:

Participation	Comments analyzed	Engagement	Managers	Action plans
85%	134k	71%	4,716	1,000+
108,904 responses		+2pts vs 2020 +7pts vs 2019	have access to a customized report	recorded since July 2021

Generations SSE #24

75% employee engagement score

Great progress was made in 2021 with 63% of employees feeling that collaboration between teams and entities is going well and that they receive fair recognition for their work achievement (+ 8 points for collaboration and + 5 points for recognition versus 2019).

Based on the feedback of its employees from both the 2021 culture and leadership and the OneVoice surveys, Schneider Electric refreshed the Leadership expectations and introduced “Achieve Together” to build a strong focus on collaboration. In 2021, collaboration was the #1 topic raised by employees as a major driver contributing to their engagement. During difficult times, employees expressed their pride to feel recognized by their managers, customers, colleagues for a successful teamwork.

Baseline	2021 Progress	2025 target
69%	71%	75%

3. More involvement of leaders and managers

Following communication of the results, and with the support of their HR Business Partner, managers organized feedback sessions with their team to foster dialog and build relevant action plans, based on both qualitative and quantitative results. Acting with trust, empathy, and humanity, communicating to teams agilely and providing sincere support to employees is key in keeping people engaged.

As actions are important to demonstrate that feedback is acted upon and the company ‘walks the talk’, a “nudge” approach was introduced to remind managers to follow up on their action plans with their teams, while peer to peer sessions were introduced to provide managers with opportunities to share challenges and best practices on implementing improvement actions.

This year, to enhance action plans implementation and follow up reviews, the Company created a leader-led Advisory Board composed of business and HR leaders to act as a sounding board as well as an Operating Committee, composed of employee engagement and continuous listening partners, to pair with frontline managers to promote, share, and test any new initiatives.

2.5.2 Diversity, equity, inclusion, and well-being

2.5.2.1 Risks and opportunities

In a world where change is the new norm and innovation is critical to ongoing business success, Schneider Electric places a key emphasis on attracting and retaining diverse talents and building a high performing leadership pipeline.

The Group's diversity, equity, and inclusion ambition is to offer equal opportunities to everyone everywhere. Schneider Electric wants its employees – no matter who they are, or where in the world they live – to feel uniquely valued and safe to contribute their best. The Group believes that diversity, equity, and inclusion is a moral as well as a business imperative, as a diversity of people and an environment of inclusion leads to greater engagement, performance, and innovation.

Since 2015, Schneider Electric has also made well-being and mental health strategic priorities. The events of the last couple years have only confirmed that nurturing employees' well-being and mental health is a critical business imperative, and that leaders must develop the right skills to support their teams' well-being. Pandemic fatigue is real, as is the increase in employee burnout and mental health challenges across the globe. Companies have to accommodate these realities and strive to provide the support every individual needs. Recognizing that well-being and mental health matter is key to fostering an inclusive company culture where everyone feels safe to be their unique self.

2.5.2.2 Governance

The Global Diversity, Equity & Inclusion (DEI) Board is a group of top leaders from all markets, sponsored by the Executive Committee, which acts as a sounding board for the global DEI strategy as well as internal and external DEI champions. Board members are nominated by the Executive Committee to serve a two to three-year term.

All Schneider Electric entities develop action plans based on the feedback of employees while meeting local regulations and addressing country-specific situations. For DEI, leaders have been appointed in more than 30 countries/ zones and entities of the Group to lead these actions plans. This global network convenes bi-monthly to share progress and best practices.

The well-being governance model consists of a structured network of more than 50 champions worldwide converting the global vision into customized local actions responding to the diversity and local needs of more than 100 countries. The well-being champions network convenes every six weeks to share progress, internal and external trends, as well as best practices.

Beyond this governance structure, all employees at Schneider Electric are held accountable for our DEI and well-being transformation, through targets included in the Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE), the Group's performance dashboards for sustainability. The SSI is factored into every employee's short-term incentive plan. This ensures a high level of awareness and accountability from both employees and leaders.

2.5.2.3 Group policy

Schneider Electric's overall aspiration to improve the lives of people everywhere in the world by developing sustainable energy solutions for its customers also extends to its diversity, equity, and inclusion (DEI) ambition. The DEI and Well-Being strategy focuses on engaging and impacting the individual, the organization, and society at large, via three pillars:

- **"Sustain You":** Schneider Electric is committed to making sure all employees feel safe to be their best selves in a culture that fosters trust, respect, and flexibility. Employees are empowered to prioritize their own well-being and mental health, invest in healthy ways of working, and role-model inclusive behaviors.
- **"Activate Schneider":** Schneider Electric is committed to reflecting the diversity of the communities in which it operates. The Company continues its efforts to hardwire equity and inclusion at all stages of its Total Employee Experience, ensure fairness in people processes and policies, and foster a culture of care and inclusion at all levels.
- **"Impact Society & Planet":** Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modelling. The Company works closely with its strategic partners and suppliers and invests in local actions through the Schneider Electric Foundation, with the goal of addressing systemic inequities and becoming a leader in corporate citizenship. Schneider Electric also engages in coalitions and partnerships to influence policy and play its part in building a society that embraces diversity, equity, and inclusion.

While DEI is increasingly driven by local and regional regulation, with which the Group complies, other countries where Schneider Electric operates are encouraged to tackle additional DEI and well-being challenges specifically relevant to their markets and tailored to their needs.

2.5.2.4 A diverse workforce

2.5.2.4.1 Gender balance

Schneider Electric is strongly committed to building a diverse organization at every level. In that context, the Group has identified increasing the share of women in its workforce and leadership as an absolute priority.

Schneider Electric's journey to become a more gender balanced organization began more than 10 years ago. The Group stated ambitions on increasing female representation in the overall workforce and in specific segments like leadership roles, and technical and sales functions. Because they are a key internal leadership talent pool, Schneider Electric has been focusing on hiring and including more women in sales and technical roles. As of end 2021, women made up 34% of IT roles with a hiring rate of 41%, and 17% of engineering roles, with a hiring rate of 27%. Similarly, as of end of 2021, women made up 21% of the sales population, with a 31% hiring rate. Overall, women account for 20% of revenue-producing roles at Schneider Electric, with a hiring rate of 30%.

While significant progress has been made in the representation of women, especially on the Board and Executive Committee level (respectively, 42% and 44% female as of end of 2021), the Company recognizes that there is still a need to accelerate efforts at lower levels in the organization.

2025 gender diversity commitment

In 2021, Schneider Electric renewed its commitment to gender balance with the 2021 – 2025 SSI gender balance KPI, 50/40/30 – women representing 50% of all new hires, 40% of frontline managers, and 30% of senior leadership by 2025.

This new commitment is both a testament to the progress the Group has made so far and a clear signal that it intends to double-down on its efforts to achieve more gender balance across all levels of the organization.

At the leadership level, we focus on 30% representation because research has shown that 30% is the tipping point for diversity to have a real impact on teams. This approach is informed by critical mass theory, which takes its roots in physics, where a minimum 'critical mass' is needed to sustain a nuclear chain reaction. When it comes to diversity on teams, 30% has been identified as the critical mass number. To get to that level of representation in leadership, we need to build a strong pipeline for female talents to grow within the organization and access senior levels. This starts with a strong commitment to reach gender-balance in hiring and continues with efforts to promote and develop women internally.

Schneider Electric is also committed to removing the structural and social barriers hindering women's career progression through a holistic strategy promoting gender equality in STEM and within the organization, and through targeted career development initiatives.

In 2019, the Company revitalized its commitment to gender equity in leadership roles and partnered with INSEAD to launch the Schneider Women Leaders' Program (SWLP) – a global program with a common cause, enabling more women at their mid-career point to build the skills and confidence to step up their leadership capability and impact. The SWLP program is a seven-month coaching and virtual workshop experience, culminating in a three-day virtual global summit, bringing the graduating women together with senior Schneider leaders and world-class business school faculty. Since its inception in 2019, more than 230 women have benefited from this targeted leadership development program.

In addition to SWLP, a new program called "How Women Rise" was launched for Schneider employees in several countries. Over the last couple of years, this leadership program has benefitted more than 1000 women.

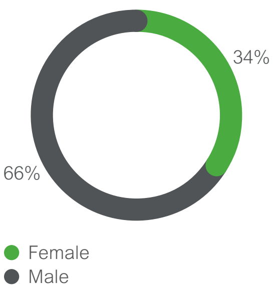
Employee Resource Networks (ERNs) also play a large role in empowering women locally and helping drive efforts to advance women in leadership. As of the end of 2021, local ERNs have contributed to the Group's efforts towards gender equality and inclusion in more than 40 countries.

Initiatives in France

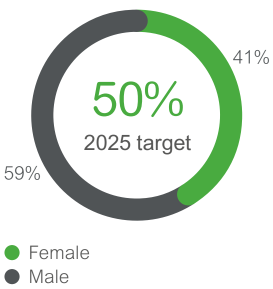
In France, Schneider Electric Industries and Schneider Electric France (SEI-SEF) continue to partner with Elles Bougent (an association of women engineers), C Génial Foundation (a foundation promoting STEM jobs), and MEDEF (union of employers) to promote technical roles in schools and break gender stereotypes around specific careers. Thanks to this French Women in Tech network set-up in 2014, as of the end of 2021, more than 100 technicians and female engineers have been able to meet with over 12,000 pupils, on Schneider Electric sites or virtually.

In 2019, SEI-SEF also launched an annual year-long mentoring program where high potential women are paired with senior leaders. The focus of this program is to increase both the promotion of female talents and their access to leadership positions. From 2019 to 2021, a total of 41 women have benefited from this initiative.

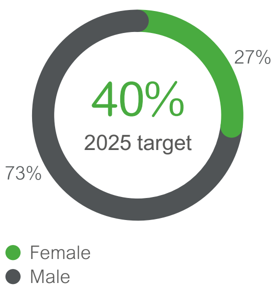
Overall Workforce



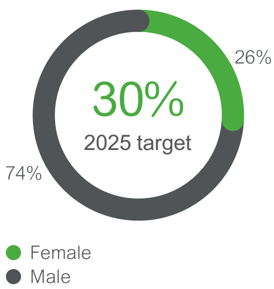
Total New Hires*



Frontline management**



Leadership***



* Total new hires – all new hires in 2021.

** Frontline management – junior and mid-level management whose direct reports are individual contributors only.

*** Leadership – Vice-Presidents and above.

Initiatives in the US

In the United States, Schneider Electric USA is a proud member of the Society of Women Engineers (SWE) Corporate Partnership Council. This relationship provides networking and alliances with other leading organizations working to create opportunities for women engineers and technologists. This partnership with SWE provides recruitment, development, exposure, and leadership opportunities for Schneider Electric USA employees.

Initiatives in India

In India, through a program named “Her Second Innings”, Schneider Electric strives to leverage an untapped talent pool, by hiring women who are looking to re-enter the workforce after a career break. Schneider Electric Greater India also has a leadership development program, “URJA” (which translates to “Energy” in English), which is designed to harness the leadership skills of mid-career women employees identified as solid potentials. As of the end of 2021, about 600 women have participated in the program.

Equal

SSI #8

Increase gender diversity in hiring (50%), front-line management (40%), and leadership teams (30%)

In line with its gender diversity goal, Schneider Electric is focused on building a robust female talent pipeline. The company has set bold 50/40/30 targets, committing to increase representation of women to reach 50% of all new hires, 40% of frontline managers, and 30% of leadership by 2025. This requires strategic planning, targeted talent development, accountability mechanisms, and most importantly, the support of everyone in the organization, starting with anyone involved in hiring or promotion decisions. This is why Schneider Electric ensures that its talent processes are fair and equitable, and the organization counts on each leader, when making a hiring or promotion decision, to help advance its overall goal to create a skilled and diverse workforce for the future.

Baseline	2021 Progress	2025 target
41/25/24	41/27/26	50/40/30

2.5.2.4.2 Diversity of ethnicities and nationalities

Schneider Electric wants everyone, everywhere in the Company to have the same chance of success irrespective of their nationality, ethnicity, race, or location. The Group’s multi-hub model is key to deliver on this ambition. Schneider Electric believes in a multi-local world with locally tailored solutions supported by diverse teams across the globe to best meet its customers’ needs with customization, quality, and speed. In the “next normal” world, with continued disruption and need for speed and agility, the multi-hub operating model is more relevant than ever. The opportunity for Schneider Electric to be the “most local of global companies” with a balanced multi-hub footprint to enable customer proximity, innovation, speed, collaboration, and diversity, is a key differentiator for Schneider’s long-term success.

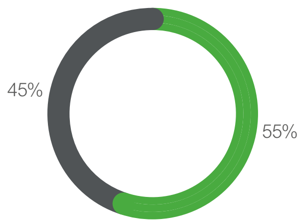
To continue to reinforce the “equity and equal opportunities” strategy and to reinforce its reputation as the most global of local companies, Schneider Electric ensures that its leadership footprint is in line with its business footprint. As of end of 2021, 34.5% of Schneider Electric’ leadership team is from new economies, and 84% of country presidents are from the country or region they are leading.

Schneider also has a global commitment on ethnicity and racial equity, with countries in the lead to drive ambition and actions. The goal set for racial equity and inclusion means:

- Employee population is reflective of the communities operated by Schneider Electric, including at the leadership level;
- Employees have equal opportunity for growth and training;
- Everyone feels safe, valued, and respected for who they are, to be their authentic self.

In line with this goal, since 2021, Schneider Electric has been an active member of the Business for Inclusive Growth Partnership (B4IG) Working Group on Diversity, Equity and Inclusion, whose first order of business was to gather best practices and develop guidelines to advance ethnic diversity and inclusion in the corporate world. These “Operational Recommendations for Ethnic Diversity & Inclusion” were drafted collectively and endorsed by B4IG-participating CEOs in December 2021. They will serve as guidance while Schneider Electric continues to drive change in this area, at the global level.

Employees in New/Mature Economies



84%

of Country Presidents are either local or regional (41 out of 49)

- New Economies
- Mature Economies*

* Mature economies gather mainly Western Europe and North American countries.

Race and ethnicity in the US

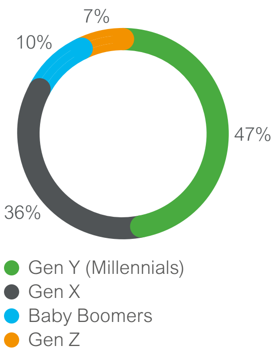
In the United States, the past couple years have driven strong visibility on racial and social injustices. Schneider Electric USA has committed to evolving the racial and ethnic diversity of its employee population, with specific representation targets in place. Schneider Electric USA continues to be a proud member of the National Society of Black Engineers (NSBE) Board of Corporate Affiliates (BCA), which provides recruitment, development, exposure, and leadership opportunities for its employees. To further accelerate progress, Schneider Electric USA launched a Racial Equity Task Force in June 2020. Under the stewardship of the Task Force, several projects have been developed in 2020/2021:

- A sounding board team was created, examining how frontline manager hiring decisions are made and whether biases exist that create barriers to advancement for Black professionals;
- The employee-led Diversity, Equity, and Inclusion task force worked on examining the current perceptions and experiences of diverse groups through quantitative and qualitative measures;
- The Psychological Safety task force team identified a need for a “Safety Zone,” a safe and confidential space to support employees on topics impacting their psychological safety (racism, microaggressions, inequities, mental health, etc.). The “Safety Zone” will be implemented into a new US benefit for all US employees in 2022.
- Schneider Electric USA debuted partnerships with two Historically Black Colleges & Universities (HBCUs), Tennessee State University and North Carolina A&T University, with the goal of hiring more diverse early-career talents.

2.5.2.4.3 Generational diversity

For the five generations working at Schneider, the aim is to foster life-long career development and knowledge exchange for and across all generations to boost learning and innovation. Schneider is committed to creating new opportunities for the next generation (through, among other things, apprenticeships, internships, as well as its annual global student contest, Schneider Go Green in the City) and to harnessing the power of all generations, through tailored career development opportunities offered for each career stage (career week, coaching, development plans, reverse mentoring, etc.). For more information, see 2.5.3 Talent attraction and development, page 177.

Generation breakdown



2.5.2.4.4 Accessibility and inclusion for People with disabilities

Schneider Electric is strongly committed to the inclusion of people with disabilities. In January 2021, Schneider Electric joined the International Labour Organization (ILO) Global Business and Disability Network and signed their charter, committing to promote and include people with disabilities throughout their operations worldwide.

In October 2021, in line with its commitment to digital accessibility, the Company debuted a new, more accessible version of its official website. In December 2021, in honor of the International Day of People with Disabilities, Schneider Electric organized a week-long global awareness campaign on the topic of disability and accessibility, educating employees about the diversity of disabilities and the actions allies can take to build an inclusive environment for all.

At Schneider Electric France, overall, employees with disabilities account for 5.25% of the direct workforce (as of end of 2020). Schneider Electric France worked closely with a diverse panel of partnerships to develop the employment of disabled people, internally and externally, including targeted schools or universities in order to develop the visibility of professional opportunities to young talents with disabilities. In 2021, the Company remained committed to the recruitment of people with disabilities, with the addition of 24 new apprentices and 11 new permanent workers. Schneider Electric France keeps a strong focus on raising awareness of invisible disabilities including cognitive disabilities and chronic diseases. The awareness campaign includes webinars, educational materials as well as specific web series.

A new Agreement on People with Disabilities has been signed with unions in December, giving means and objectives for 3 years focused on more recruitments (100 in 3 years), more accessibility (physical and digital) and more collaborative actions to allow employees facing health issues to work.

To facilitate better communication in the context of the pandemic, all employees with hearing disabilities as well as their co-workers are still fitted with “inclusive masks” that allow visibility of the lower face.

2.5.2.4.5 LGBT+ inclusion

In March 2018, Schneider Electric committed to the United Nations Free and Equal Standards of Conduct for Business on Tackling Discrimination against Lesbian, Gay, Bi, Trans and Intersex People, standing up for equal rights and fair treatment for LGBT+ people everywhere.

By adopting these standards, the Group pledges to respect and stand up for the human rights of LGBT+ workers, customers, and members of the public; to support our LGBT+ employees and to prevent discrimination, including workplace discrimination, against LGBT+ people.

In June 2019, during Pride Month, the Company announced the launch of its global LGBT+ Employee Resource Network (ERN): Schneider LGBT+ and Allies. The Group is open to all – LGBT+ people and allies alike – with an interest to further inclusion in the workplace. In October 2020, in addition to its (virtual) celebration of Pride Month, Schneider Electric held its first global LGBT+ Awareness Month. Each week, video testimonials, podcasts, and educational materials were provided to all employees interested in learning and hearing from their LGBT+ colleagues. In June 2021, the Company celebrated Pride Month globally, with a campaign that focused on the concept of intersectionality.

In addition to signing the United Nations Free and Equal Standards, across the globe, Schneider Electric has also made public statements of support to advance LGBT+ inclusion: Schneider Brazil, Chile, Argentina, Colombia, and France have all signed LGBT+ equality charters.

In the United States, since 2019, Schneider Electric USA proudly demonstrates allyship to the LGBT+ workforce by participating in the Human Rights Campaign's Corporate Equality Index for LGBT+-inclusive workplace policies and practices. In 2022, Schneider Electric USA scored 90/100 on the Corporate Equality Index, the nation's foremost benchmarking survey and report measuring corporate policies and practices related to LGBT+ workplace equality. Schneider Electric USA offers benefits to support LGBT+ community members including fertility and infertility care, adoption, surrogacy, gender reassignment surgeries, paid primary and secondary parental leave, and mental health support through free counseling sessions, online resources, digital therapy, coaching and more. All LGBT+ community members and allies are encouraged to present their authentic selves.

2.5.2.5 An equitable, inclusive, and caring environment

2.5.2.5.1 Being fair and equitable

Schneider Electric wants its talent processes to be fair and equitable. Talent decisions are based on skills, values, performance, and potential. The Company counts on each leader to be fair and equitable when making a hiring or promotion decision to help advance its overall goal to create a skilled and diverse workforce for the future. The Company has built in reminders to check hidden bias and mitigate them through inclusive tips into its major human resource programs, including performance and salary review processes.

Fair and equitable pay is a core component of the Group's compensation philosophy, in line with the principle of equal pay for equal work. Since 2015, the Company has adopted a Global Pay Equity Framework – a global methodology to identify gender pay gaps within comparable groups of employees and lead a country-driven approach to address gaps with appropriate corrective actions. With the help of this Framework, Schneider Electric has committed to reaching <1% pay gap for both females and males by 2025. As of end 2021, the pay gap was -1.61% for females and 1.11% for males, on track with target.

To learn more, please see **page 182**. →

2.5.2.5.2 Managing our unique lives and work

New Ways of Working

Schneider Electric wants all employees to be able to manage their unique lives and work in the way that works best for them and has implemented several policies to this end.

In October 2020, Schneider Electric's Global Flexibility@Work Policy was refreshed, making it a global standard to work from home (WFH) two days a week for all eligible employees, and one day for employees working in distribution centers and plants, starting in 2021[(1)]. The new global standard came in response to feedback in the Company's 2020 global employee survey in which a large proportion of employees stated that they preferred a hybrid work model (mix of WFH and "work from office"). Additionally, the policy addresses hybrid work holistically, providing employees with mental health resources and training on best practices. This new policy reflects the broader shifts of a global, digital, and ever-changing environment, and contributes to a more agile, inclusive, empowered, and trusting Company culture. As part of this new Flexibility@Work Policy, countries can explore additional measures such as flexible working hours, flexible holidays, part-time work, and volunteering. Some examples of Schneider Electric countries raising the global standards with no fixed limit on the number of WFH days are Estonia, Finland, Latvia, Lithuania, Netherlands, Australia, New Zealand, Slovakia, Russia, Germany, the United Kingdom, and the United States, operating with a fully flexible, output driven philosophy.

At the end of 2021, 99% of the countries have implemented the new Flexibility@Work policy covering 88% of Schneider Electric's workforce.

In addition to its Flexibility@Work Policy, Schneider Electric's Global Family Leave Policy supports all employees globally with personal time at critical life stages and empowers them to manage their unique life and work so that they can be at their best. While the Group's countries have flexibility to define eligibility and policy details per statutory/market requirements, the policy sets global minimum standards for paid parental leave (primary parent – 12 weeks, secondary parent – 2 weeks), care leave (for sick/elderly relatives – 1 week); and bereavement leave (1 week). In 2020, the Group expanded its care leave from one to two weeks for our employees to care for their dependents diagnosed with COVID-19.

For more information on our Global Family Leave policy, see **page 184** "Global benefit standards". →

Lastly, Schneider Electric has also implemented global benefits standards for all its employees. Schneider Electric regularly reviews compliance with its global benefit policies and principles to ensure that its inclusive global benefit standards are delivered for everyone, everywhere. These standards cover healthcare, family leave, and life cover.

To learn more on this, please refer to **page 184**. →

2.5.2.5.3 Promoting well-being and mental health

Well-being in our DNA

Well-being has been a strategic priority since 2015. Schneider Electric's well-being ambition is to create an environment where employees are empowered to manage their unique life and work by making the most of their energy.

(1) Eligibility is based on employee's role and requirements for on-site work and is determined by country/territory with additional input from managers. Some essential roles, e.g., Plant & Distribution Center blue-collar workers, Field services engineers due to role specifications are excluded from this 2-day work-from-home policy. Recognizing that many critical roles need to be on site, this policy was adjusted to 1 day for the eligible Plant & Distribution Center specific roles.

The holistic view of well-being (physical, mental, emotional, and social) and the joint effort between the Company, leaders, and employees, are key for the success of the program. The current strategy tackles three areas of impact:

- Overall Well-Being
- Mental Health
- New Ways of Working

The deepening and acceleration of these key avenues is supporting the hardwire recovery and care into organizational structure – for sustained high performance. 2021 has shown how the expertise in well-being, gained in the past six years, has evolved and translated into an increase of internal demand for consulting to leaders' teams to sustain and boost their performance.

Awareness and training are essentials for this transformation. Back in 2020, Schneider Electric achieved its goal to reach 90% of employees having access to a comprehensive well-being at work program (including access to medical coverage and well-being training).

Employees have access to training in different topics such as new and smarter ways of working, the upside of stress, how to work in a hybrid world, mindfulness at work, energizing our people to perform, spotting the signs of mental health challenges, and using strengths to prevent burnout.

Holistic Approach – 4 Dimensions

Physical

Physical well-being is what we do with and to our bodies: sleep, fitness, nutrition, regular rest and renewal.

Mental

Mental well-being is the ability to manage and train your mind: relax your mind, concentrate and focus, observe your mind, thoughts, beliefs, perceptions.

Emotional

Emotional well-being is about cultivating and generating positive emotions: optimistic, engaged, happy, joyful, confident, enthusiastic, present, peaceful, relaxed, comfortable, serene.

Social

Social well-being comes from connecting and supporting others, finding meaning in what you do, serving something larger than yourself, and living in alignment with your values.

Approach: Training and researched practical applications based on Emotional Intelligence, Positive Psychology, Neuroscience and Mindfulness

Mental health in the workplace

According to the World Economic Forum, the cost of mental health is projected to rise up to 230% by 2030. Beyond the economic aspect, it is imperative for corporations to tackle the mental health topics, even more so after the effects the pandemic.

Since 2019, mental health is part of the global well-being agenda of Schneider Electric, raising awareness within the organization about its importance and aligning with the World health Organization's definition and World Mental Health Day.

First, the Company provides all employees with a playbook supported by a series of trainings in several languages to equip employees and managers with knowledge of how to deal with Mental Health challenges.

In addition, for the third year, a global mental health campaign was organized during the month of October using the tagline "Mental Health Matters":

- Internally, more than 10,000 employees worldwide participated in different activities and trainings to learn more about how to take care of their mental health and boost their resilience.
- Externally, testimonies about personal practices from the Chairman & CEO, executive team, and Senior Vice-Presidents on social media using the hashtag #MentalHealthMatters reached over 300,000 people.
- In addition, over the year, specific sessions have been held on "Spot the signs of Mental Health Challenges" for HR and Health & Safety people as the key support functions for this topic.

Mindfulness practice is an important aspect of the mental health initiative. A global mindfulness team comprised of volunteers across the organization drives various events, globally and locally, to support employees. In 2021, during the October mental health campaign, 18 global Mindfulness practice sessions were organized, in English, Spanish, French, and Italian, and four regional sessions for South Eastern Europe and Central & South America.

In 2022 the learning and awareness ambition will continue through a mandatory training for all employees "We All have Mental Health", which consists in understanding what mental health means, learning to recognize the signs of mental health challenges, and how to act upon these signs.

2.5.2.5.4 Building a culture of inclusion and respect

In 2018, with the launch of its Global Anti-Harassment Policy, the Group formalized its zero-tolerance stance on harassment. The policy explicitly prohibits any kind of harassment (sexual or non-sexual) in the workplace, and states that "no Schneider Electric employee shall be subjected to harassment, victimization or retaliation based on - including but not limited to - race, sex, national origin, religion, political opinion, age, medical status, disability, gender, marital status, pregnancy, sexual orientation or gender identity". The policy sets clear and consistent expectations of workplace conduct, outlines the roles and responsibilities of employees, managers, and witnesses in creating a workplace free of harassment, and highlights the different reporting channels available to all to report incidents, while maintaining confidentiality and protection against retaliation. Lastly, the policy lays out the type of corrective or disciplinary actions that can be taken in case of discriminatory behavior or harassment, or failure to report such incidents.

To learn more on the different reporting channels employees can use to report incidents, see section 2.3. "Ethics and Compliance" **page 95**. →

In alignment with its Trust Charter, and Global Anti-Harassment Policy, Schneider Electric has developed a comprehensive education approach to build inclusive teams and leaders at every level. The Company's goal to foster an environment where people feel a sense of inclusion, belonging, and psychological safety, begins with educating all employees:

- First, the Company educates employees on hidden biases and how to overcome them. Through an e-workout on “Overcoming Hidden bias”, participants learn to understand what hidden bias means, explore clear steps to keep their decision-making objective, and learn how to proactively call out bias when they see it in others.
- Since 2021, all employees are also required to take a mandatory e-learning on “Building a Culture of Respect” (30 minutes). Through this training, participants explore the importance of building a culture of respect, learn to recognize the different forms of harassment, and understand the actions they need to take (as employees and managers) when witnessing such conduct. At the end of 2021, 98% of employees had completed this training.
- Lastly, Schneider Electric frequently reminds employees of our diversity, equity, and inclusion values through specific nudges (articles, videos, white papers, etc.). These nudges build on the content of the aforementioned e-learnings and provide employees with practical tips and real-world examples to help them build inclusion.

2.5.2.5.5 Impacting society and advocating for diversity, equity, and inclusion

Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modelling. The Company works closely with its strategic partners and suppliers and invests in local actions through the Schneider Electric Foundation, with the goal of addressing systemic inequities and becoming a leader in corporate citizenship. Schneider Electric USA has committed to diversifying its supply chain through its Supplier Diversity program (see section “2.2.11.4.7 US diversity program with suppliers” page 123).

Schneider Electric is also very open in its journey to progress diversity, equity, and inclusion within the Company and beyond and shares its progress both internally and externally.

Internally, this includes raising awareness by familiarizing employees with the Company’s data, commitments, and various partnerships and initiatives. In 2021, employees celebrated International Women’s Day, Pride Month, International Men’s Day, and Global Mental Health Day, and led awareness campaigns for LGBT+ inclusion and accessibility for people with disabilities.

Schneider Electric is also engaged in various partnership to be an agent of change within the private sector and beyond:

- In May 2021, Schneider Electric renewed its long-standing partnership with United Nations Women through the newly launched Generation Equality Forum (GEF). The GEF is a global multi-stakeholder initiative that brings together representatives from the private sector, Member States, United Nations Entities, and civil societies, including youth organizations and networks, to accelerate progress for gender equality around the world. As part of the GEF “Economic Justice and Rights” Coalition, the Company has committed, through the Schneider Electric Foundation, to support the training of 5,000 women in the energy trades and their self-employment or access to jobs, through specialized partnerships, and to launch two new international initiatives to train and empower women in the energy field by end 2022. As part of the “Feminist Movements and Leadership” Coalition, and in alignment with its SSI 50/40/30 target, Schneider has committed to reach 45/29/26; that is, women representing 45% of its new hires, 29% of its frontline managers, and 26% of its leaders by the end of 2022.
- In addition, Schneider Electric has also committed to the United Nations Women’s Empowerment Principles (WEPs) and in 2019, became the first multinational company to achieve 100% commitment to the WEPs across its global leadership team. All new country leaders now make this commitment as part of their onboarding process.
- In 2021, the Company officially joined the World Economic Forum’s Partnership for New Work Standards; a global, cross-industry partnership aiming to pave the way in building a healthy, resilient, and equitable future of work.
- Lastly, since 2020, Schneider Electric is a member of the Gender and Diversity KPI Alliance (GDKA), a group of DEI advocates, corporations, academics, and trade organizations that support the adoption and use of a set of KPIs to measure gender and other types of diversity in their organizations.

2.5.2.6 Recognitions and awards

Schneider Electric has been included in the 2021 and 2022 Bloomberg Gender-Equality Index (GEI) for the fourth and fifth year in a row. Schneider Electric scored above the GEI average overall as well as in data excellence, with the highest scores in equal pay and gender pay parity, and inclusive culture.

The Company was recognized as part of the Financial Times Diversity Leaders 2021 and 2022. The company ranked 66th overall and 5th in its industry category, out of 850 European companies included in the annual ranking. This Financial Times ranking aims to assess companies’ success in promoting all types of diversity, including gender balance, disabilities, openness to all forms of sexual orientation, and an ethnic and social mix that reflects wider society.

Schneider Electric was named one of Fortune’s 2021 and 2022 World’s Most Admired Companies for the fourth and fifth year in a row. This year, the Company ranked #3 in the electronics industry sector.

Schneider Electric ranked No. 48 on the Forbes America’s Best Employers in Diversity 2021 list and the best in our industry. The award recognizes the Company’s commitment to building a diverse and inclusive culture.

Schneider Electric’s Gulf well-being program won two awards in 2021: Best workplace wellness program and happiest workplace – private sector; based on the well-being, diversity, equity, and inclusion, and sustainability team initiatives. This brings Schneider Middle East to a total of seven awards in the well-being sector since 2017.

Schneider Electric Mexico has won, for the tenth time in a row, the national ERS (Socially Responsible Company) award, which includes the evaluation of well-being within the organization. On top of that, Schneider Electric Mexico has ranked among the Top 10 Best Employers for Young Professionals. Finally, it has obtained the certification for TOP Employers 2022.

Schneider Electric South Eastern Europe (SEE) was recognized as “HR initiative of the Year”, granted by the Bucharest Arena Magazine for implementing an Employee Assistance Program (EAP) across SEE.

Schneider Electric Poland was elected as Firma Dobrze Widziana (a Company that is well seen) by the Business Center Club in 2021.

Awards

2.5.3 Talent attraction and development

2.5.3.1 Risks and opportunities

Attracting and developing talent is crucial to the ongoing success of Schneider Electric. The growth of the Group's businesses in markets around the world, in conjunction with the rapidly evolving "next normal", requires an acceleration of skill development to prepare for greater organizational agility, develop leaders who build human connections in a digital world, and shape the workforce of the future.

The Group strives to be recognized as an employer of choice to attract the best talent and to be a market leader for talent development for people of all walks of life, ages, and cultures. Key programs are in place to invest in the attraction and development of people, creating opportunities and the environment for people to learn and grow, while enabling employees to own their development, taking responsibility to build critical skills to keep up with the changing world, supported by their manager and enabled by digital tools. This mitigates the risk of skill gaps and supports overall retention of employees. Focusing on critical skills to drive results and innovation for customers helps keep the businesses ahead of the competition. The opportunity for Schneider Electric to have a balanced multi-hub footprint will be a key differentiator for talent attraction and retention, especially with regards to career development and opportunities for our local and regional talents.

2.5.3.2 Group policy

Schneider Electric believes that all employees are talent and empowers people to grow to their fullest potential, developing new skills and building careers for today and tomorrow, enabled by our multi-hub organization. Establishing a strong brand as an employer is communicated in the EVP (Meaningful, Inclusive, Empowered); the promise to current and future employees, driven and anchored by a meaningful purpose. In addition, the Group invests in learning and development for the wider ecosystem, including universities and schools, partners, customers, and the wider community.

The Group has a two-pronged approach to talent development, in order to prepare the workforce of the future – for all employees and for specific target groups.

- **For all employees**, the Group ensures there are tools and processes in place to set individual performance and development goals, access learning and development opportunities for their current role as well as future roles and explore diverse career paths around the world. #LearnEveryDay as one of the Core Values sets the tone for employees to be open to new challenges and continue to upskill for themselves, their teams, and their communities. In the OneVoice employee survey, 75% of employees were favorable to being able to renew their skills through learning and development opportunities at Schneider.
- **For specific groups of talent**, there is a strong focus on high potentials, early career talent, and a new pilot program for talent who are in a later stage in their professional career. An annual talent review process operates across the Company to help ensure high potential talent, including technical and digital talent, is identified, recognized, and supported with an accelerated development path. There are also targeted programs for specific skills to support our commercial, digital, and leadership transformations and equip our blue-collar workers for the supply chain of the future.

In the next normal, the role of leaders to transform culture, build great teams, and deliver impact is more critical than ever. The 2021 Culture & Leadership survey of around 2,000 Schneider leaders validated steady progress on the overall Group leadership and culture transformation started in 2017. Key strengths include strong ethics and integrity, sense of purpose, and customer focus, as well as positive spirit and willingness to go above and beyond. Moving forward, the Group has identified four resets for leaders that require a renewed focus for the next normal. In this context, the Leadership Expectations were refreshed in Q4 2021 to emphasize the collective focus for leaders to disrupt, accelerate, coach, and collaborate.

2.5.3.3 Governance

The Executive Committee discusses the overall health of the leadership pipeline and succession strength for top positions on an annual basis. In addition, the Executive Committee meets regularly to make critical selection and succession decisions and review specific talent attraction and development strategies, for example digital talent and global top potential talent. This is supported by integrated HR information systems and analytics platforms which provide data and analysis in the areas of workforce planning and talent management. In addition, Regional, Business, and Function People Committees also meet regularly to review talent in their perimeter.

2.5.3.4 Attracting talent to shape the workforce of the future

In the next normal, attracting talent at all levels is more critical than ever to enable delivery of the Group strategy and continually innovate for our customers. To support the increased focus on talent acquisition, the Group invested in a new talent acquisition tool in 2021 which is enabling digital and borderless pipelines of talent and powering a seamless digital experience to help us compete in the market for top talent. So far, this has resulted in a 1,000% increase in talent joining our talent network, and a 95% reduction in time to apply. Deployment will continue into 2022.

Our Leadership Expectations 2.0

SHAPE OUR FUTURE	FREE UP ENERGY	BUILD THE BEST TEAM	ACHIEVE TOGETHER	USE YOUR JUDGEMENT
Disrupt ahead of the curve	Accelerate and Simplify	Coach and Care	Collaborate to Win	Empower and Trust

Providing opportunities for the next generation is a key part of the strategy to harness the power of a multi-generational workforce, having five generations working side by side. As part of SSI #10, our five-year ambition is to grow the early-career pipeline by two times. This involves leveraging traditional approaches today but migrating to more digital, borderless, and self-paced offers, ensuring the Company can de-bias practices and create a more equal playing field for those interested in Schneider and sustainability. This will be achieved through flagship global programs and partnerships, supplemented by country-specific initiatives:

- Schneider Global Virtual Student Experience: A completely digital experience designed to provide students with a way to engage with Schneider Electric through e-learning modules and on project simulations that mirror the skills and qualities that are important to our mission and when serving customers.
- Schneider Go Green: an annual global competition for business and Science Technology Engineering Mathematics (STEM) students around the world to find innovative solutions for energy management and automation. Over the past ten years, Schneider Go Green has had over 117,400 registrants and more than 21,700 students have submitted ideas from 172 countries. In 2021 alone, more than 25,400 students registered with close to 2,800 students submitted their ideas, proving that Go Green continues to be consistent in developing strong and increasing interest from students for this contest, especially from emerging economies.
- Development programs around the world that are structured to help support the acceleration of early career talent through a robust training and development path including graduate programs, internships, apprenticeships, and co-ops.
- Sponsorship initiatives, virtual Careers Fairs, office/site tours, Innovation Summit tours, digital and face-to-face speaking engagements and networking opportunities, mentoring relationships.

Generations

SSI #10

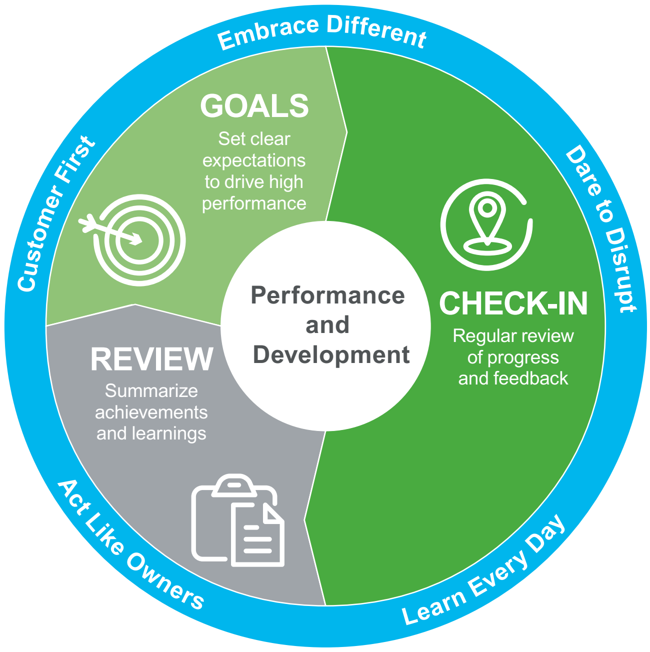
2x number of opportunities for interns, apprentices, and fresh graduate hires

Schneider Global Virtual Student Experience
In 2021, the Company ran a digital and borderless learning experience, providing opportunities to the next generation of talent broken into three phases: skills building through professional e-learning courses, project simulation using genuine business problems, and feedback and coaching from Schneider Electric employees. This resulted in 1.6 million impressions and 5k+ registrations, growing the next generation pipeline of talent in key skill areas: digital, sustainability, services, supply chain, and electronics/R&D.

Baseline	2021 Progress	2025 target
4,939	x1.25	x2.00

2.5.3.5 Driving high performance

Schneider Electric's approach to performance and development is anchored by the Group's Core Values, and for leaders, by the Leadership Expectations. The approach encourages learning and growth, enabling employees to reach their full potential individually, as teams, and as a Company. The Group's robust process of setting individual performance and development goals annually with regular reviews during the year provides everyone with a clear roadmap to deliver with impact based on the "what" and the "how" to ultimately achieve collective success. Schneider Electric employees are encouraged to seek, give, and receive feedback, empowering them to take ownership for driving their individual performance, and managers are encouraged to support them with coaching and frequent conversations, driving the business forward. In 2021, 98% of eligible employees completed a performance and development review.



2.5.3.6 Enabling sustainable careers

Developing employees in their current role and for future roles is critical to enable growth of the Group's businesses. In line with the belief that all employees are talent, Schneider Electric believes that all employees should take ownership of their own unique career development, whatever the stage of their career, supported by their managers and enabled by digital tools. To empower and engage employees with this approach, Schneider Electric held its first Career Week for all employees in 2021. Over 250 events took place with employees participating from over 90 countries, sharing career stories, having career check-in conversations with their manager, learning about different roles and skills, and being equipped with tools and resources to develop, grow, and shape their future. 95% of employees surveyed were positive about the event, especially appreciating the time to discuss and learn about career development.

Schneider Electric have several career development programs in place for groups of talent, supporting employees at all stages of their career and ensuring a strong pipeline of talent for the future. To harness the power of all generations, in addition to career programs for early talent, pilot programs for talent in the later stages of their professional career started in four countries in 2021. The intention is to support talent in the later stages of their professional career to have meaningful and fulfilling development and recognize and leverage their unique expertise and experience to boost learning and innovation across generations. The plan is to expand the pilot programs to more countries in 2022. This ambition is reflected in SSE #23.

Generations

SSE #23

8 DECENT WORK AND ECONOMIC GROWTH

Access to meaningful career development programs for >90% employees during later stages of their career

Schneider Electric want to recognize and support talent who are near the later stages of their professional career to strengthen key skills, leverage expertise and ensure knowledge exchange. The strategy and approach has been defined in 2021 and 'personas' based on employee motivations have been established. Ten entities have been identified to pilot the program in 2022 including France, Germany, Japan, Denmark, UK & Ireland, China, India and Australia. Programs will be anchored by a robust career plan and development options that may include flexible work, upskilling, career pivots, personal planning, or workplace adjustments.

Baseline	2021 Progress	2025 target
--	In progress	90%

An annual talent review process operates across the Company to discuss employee performance and potential, and their development. This process also ensures that high potential individuals are identified and supported with an accelerated development path to realize their full career potential. High potential individuals are identified by managers as demonstrating high levels of performance and career growth potential over time, with the ability to deliver transformational impact with others in a VUCA (volatile, uncertain, complex, ambiguous) world. Structured succession planning for leadership and critical roles helps to accelerate individual career development while maintaining continuity for the organization. In selecting and developing talent, an important consideration is also to foster diversity such as gender and nationalities (new economies as well as mature economies), as well as building the pipeline for leadership roles and technical expertise. Towards the end of the talent review process across the entities, there is an aggregated review with the Executive Committee to discuss the overall health of the leadership pipeline and succession strength for top positions.

The Group has an expert program to recognize individual employees who have demonstrated outstanding achievement, expertise, and leadership throughout the Company. Schneider Electric strongly believes that its position as a global technology and innovation company is driven by the innovative contributions of its creative employees. The expert program offers them a chance to continue to extend their contribution and increase their impact and exposure to the Group's strategy. Employees in this program are identified as Level 1 – Expert, Level 2 – Senior Expert, or Level 3 – Master Expert.

The Group actively promotes a learning and teaching culture by developing its internal trainer capability. There has been a strong focus on equipping internal trainers to develop and facilitate virtual classroom training, including using tools such as Klaxoon and BlendedX for additional interaction and engagement. A Global Virtual Internal Trainer Conference was organized in September with the purpose to recognize, develop, and connect internal trainers. It was a day-long conference providing sessions on facilitation skills, creating impactful presentations, and how to create impact virtually, with a Keynote speaker from MIT-Sloan. There are currently over 5,500 identified internal trainers who collectively delivered over 20,000 sessions in 2021, accounting for 71% of formal training. Additionally, the Company currently has over 250 communities of practice as part of the Communities@Work program. These communities promote a new way of working, with employees coming together to share activities on a specific professional topic, solving problems, innovating, and learning together.

2.5.3.7 Upskilling for today and tomorrow

The Group recognizes skills are rapidly becoming outdated, especially vital technical and digital skills required to accelerate our business growth. Roles requiring digital and human skills are growing due to the rise of AI, automation, and digitization. Purposeful renewal of skills is necessary to ensure sustainable careers and a resilient, future-ready business. To support this ambition, business, and function academies are in place to partner with the business in identifying learning needs and spotting gaps in core and future skills for relevant employee populations. They develop and promote learning and development opportunities based on the 3E model (education, exposure, and experience). Key programs include:

Consultative Selling:

The Commercial Excellence Academy has created a blended and fully digital learning curriculum to enable sales teams to build trusted advisor relationships with business decision makers. This consistent, repeatable & consultative approach drives sustainable & profitable growth, champions digitization and enables customer success. As such, this program is a key pillar in the overall customer-centric commercial transformation at Schneider Electric. At the heart of the Consultative Selling approach is understanding customers' undiscovered pain points by conducting strategic sales dialogues through effective questioning strategy and then articulating outcome-based results and benefits to those customer challenges. This sales culture transformation is a paradigm shift in the way sales teams engage with customers and requires a robust learning intervention on skillset, toolset, and mindset, all of which are stitched together in the learning journey. Additionally, the program is complemented by a robust module for sales managers, named Coaching for Consultative Selling Approach, which ensures that the managers are able to coach and develop the team members constantly as they navigate this transformation, developing best-in class consultative mindset.

By the end of 2021, 3,700 sales employees have been certified in Consultative Selling, almost 40% of the target population. 2022 will see continued strong deployment. As a result of the program, 93% of managers say they have observed the participants using the consultative approach consistently while engaging with customers. Given the success and impact of the program in 2021, the program has been adapted and extended to other teams including tendering, customer care and customer facing roles in Global Supply Chain to ensure adoption end to end of a more consultative approach to engage and interact with customers.

Leadership for Profitable Growth:

With a fast-changing, rapidly digitizing industry and customer base, Schneider Electric faces a challenge of transformation and performance. The Executive Committee committed to the market to significantly increase both top and bottom line and set a goal to rapidly align, educate, and mobilize the top 1,000 leaders across the company to drive for this outcome. As the COVID-19 pandemic hit the world, severely disrupting supply chains, customer engagements, business continuity and sales, through the design and rapid deployment of the "Leadership for Profitable Growth" program, Schneider was able to both continue to drive its business profitably in extraordinary circumstances, whilst delivering critical business, strategic, and financial acumen learning to its executive leadership in a 100% digital solution.

The Leadership for Profitable Growth executive masterclass combines:

- Markets & Financial theory with a finance professor
- Schneider applications in the context of the company's three core business models
- A business game simulation designed to engage leaders in competitive learning for optimizing share price performance

The result has been above competitor performance, a substantial increase in business literacy, and a more commercially capable executive leadership population prepared to deliver in the most challenging market circumstances. The program has also been recognized by the industry at the 2021 Brandon Hall Group HCM Excellence Awards with the Leadership for Profitable Growth masterclass winning Gold in the 'Best Unique or Innovative Learning and Development Program' category and two Silver awards.

Building on the 83% Learner Promoter Score, in 2021, the program has been progressively cascaded to other leadership levels in the Group. Almost 1,500 leaders in total have now completed the program.

Foundational digital skills for all employees:

Digital is a must to succeed in this VUCA (volatile, uncertain, complex, ambiguous) world and our employees are key to support the business transformation. The Group has set the goal to achieve >90% employees undergo digital upskilling through the Digital Citizenship program and digital transformation training by 2025 (SSE #22). This commitment to growing the digital mindset and digital skills of all employees, enabling them to become "digital citizens" was introduced in the Digital Citizenship framework in 2018. This provided an understanding of the digital baseline of all employees. A smart learning solution "Boost Your Digital Knowledge" was launched in 2020, by the Digital Academy, designed for employees to self-assess and evaluate strength and development areas, followed by learning suggestions to upskill in key digital areas based on individual results. In 2021, 20,100+ employees completed the Boost Your Digital Knowledge assessment. Specifically for Global Supply Chain, a Digital Acumen Quiz has been designed according to the digital citizen competency requirement. This quiz recommends related e-learning if results are below a certain threshold. This quiz also helps to objectively measures an employee's digital citizenship level within the function. For workers, the SSE #22 goal is to achieve >90% completion of two hours of training per year on digital transformation.

Supporting these programs and available any time, the Digital Citizenship Learning Corner empowers employees to own their development as digital citizens by exploring and completing courses as needed by topic, persona, and/or function. In total, the Group had 171,800+ completions by over 29,700 employees on digital foundational knowledge. A special attention is given to the blue collars in the plants and distribution centers by implementing physical learning corners in each site with individual access to the learning platform with dedicated, multi-language content.

Generations

SSE #22

>90% of employees undergo digital upskilling through the Digital Citizenship program

In Europe Operations, a data science upskilling program was piloted in 2021. Data science skills are critical to the digital transformation. In 2021, 60 employees from across different functions, including marketing, sales, and IT, were identified for the eight-month program. They were provided with specialized learning experiences to accelerate their development including functional skills and technical skills provided on the Pluralsight platform. Participants also had the opportunity to practice their skills during a mini-hackathon. The program will result in employees being skilled to take a Data Analyst or Data Engineer role in future.

Baseline	2021 Progress	2025 target
41%	74%	90%

2.5.3.8 Digitizing access to learning and development

Schneider Electric launched a global career development platform, Open Talent Market (OTM), in 2020, available to all white collar employees globally. The tool leverages AI (Artificial Intelligence) to match the supply and demand of internal talent with a transparent, digital, and borderless approach, empowering employees to drive their own careers by discovering opportunities for mentoring, new positions, and part-time projects, as well as potential career paths. The ambition for usage is to increase 3x the number of employee-driven development interactions in the OTM by 2025 (SSE #21). At the end of 2021, 71% of eligible employees are registered on the platform and 25% of those have engaged in some type of opportunity since registration. Through OTM in 2021, 553 employees have been given visibility to over 1,100 open positions, 3,229 mentoring relationships were formed and 3,248 part-time project roles were assigned. OTM's Career Planning functionality was launched in June 2021 and almost 20,000 employees visited the feature before the end of the year.

Equal

SSE #21

4x the number of employee-driven development interactions on the Open Talent Market

Testimonial from Randy Kesel, Customer Project Specialist, North America Operations.

'Since OTM opened a couple of years ago, it has steadily grown as a user-friendly tool to help Schneider employees realize their potential. There are abundant opportunities for anyone that wants to take their career to the next level, whether that is participating in a project, finding a new position, or taking on a mentoring role. I really think the new Career Planning feature will be a game changer for anyone that wants to map out future role suggestions and how to get there. I've frequently used OTM to find new projects, such as the NAM OTM Champions Community, and to stay informed of open positions within the company.'

Baseline	2021 Progress	2025 target
5,019	x2.1	x4

Schneider Electric also has an open learning ecosystem comprised of interconnected platforms at the center of which is My LearningLink (MLL). This platform integrates e-learning, webinars, social learning, classroom learning, assessments, and full certification paths. The Group continues to see an increase in usage and an increase in digital learning. In 2021 there were:

- More than 147,000 employees with access to the system;
- More than 74,000 employees visiting MLL every month;
- More than 24,000 modules of learning content available in more than one language;
- Digital learning consumption at 73% for all employees and 79% for connected employees, stable compared to 2020 and an increase of 45% on 2019.

My LearningLink was made available to all employees on mobile in 2021 (as well as on desktop) and is also now integrated with MS Teams to enable learning in the flow of work. Schneider also continues the program to connect shop floor workers to the Schneider Electric network, either from a computer or kiosk installed in our facilities called "Digital Learning Corner" or from their mobile phone.

Online training content to Schneider Electric's partners is also delivered via My LearningLink. The mySchneider Partner Portal is deployed in 140 countries and provides a customized learning experience with targeted training content that is most relevant to the different personas in partners' businesses. The training portal is accessible to over one million Schneider Electric partners, distributors, resellers, and customers who have completed close to 1.4 million courses since its inception in 2015.

2.5.3.9 Recognitions and awards

Schneider Electric achievements include:

- Brandon Hall Excellence Awards in Learning Gold and Silver for the "Leadership for Profitable Growth" program dedicated to our top leaders.
- Fortune recognized Schneider as one of the "World's Most Admired Companies", ranking #3 within the Electronics Industry in 2021.
- Universum, university student specialized ranking, recognized Schneider as #24 in their "World's Most Attractive Employers 2021" ranking amongst engineering students.
- Fortune ranked Schneider #40 on their "Change the World" list in 2021.
- Great Place to Work certified Schneider Electric in the US, Colombia, Singapore, Indonesia, Malaysia, Thailand, Philippines, and Vietnam.
- Schneider Electric Chairman & CEO, Jean-Pascal Tricoire, was named as "Glassdoor Top CEOs 2021" ranking #2 in France and #8 in Canada.
- Schneider's Glassdoor rating is on a steady growth, up to 4.2 at the end of 2021, recognizing Schneider Electric France as one of the Best Place to Work for 2021:
  - In 2016, Schneider's rating was at 3.5 and increased to 3.7 and 4.0 in subsequent years, leading to 4.2 at the end of 2021, out of a 5 points scale. The Glassdoor average is a 3.67.
  - Contributing to the overall Glassdoor rating, Schneider is rated as 4.3 in Culture & Values, 4 in Work/Life Balance, 3.9 in Compensation & Benefits, and 4.4 in Diversity & Inclusion.

2.5.4 Compensation and benefits

2.5.4.1 Risks and opportunities

To support Schneider Electric's mission to create a great place to work and to cater for the diverse needs of its global existing and future workforce, the Company is committed to providing a competitive, inclusive compensation and benefits offering, which attracts, motivates, and retains talent.

2.5.4.2 Group policy

Schneider Electric takes its responsibility as a leading employer seriously and ensures its diverse global workforce is treated in a fair and ethical way. Its inclusive reward portfolio is designed to support employees to be at their best, and it goes beyond pay and benefits. It's a meaningful mix of programs to engage employees, including recognition to celebrate great work, incentives to reward high performance, an award-winning employee share ownership plan, and benefits to suit employees and their dependents.

Schneider Electric ensures that all compensation and benefits decisions and policies are based on these above principles and follow local statutory and collective agreements.

Schneider Electric believes in rewarding, recognizing, and differentiating fairly employees who contribute to the success and live the values of the Company. By putting recognition at the center of a high-performance ambition, employees feel engaged and motivated to do more. Delivering high performance is rewarded by competitive market pay, incentive programs, employee shareholding, and opportunities to grow careers within Schneider Electric.

The Group offers a portfolio of benefits to care for employees' needs at each life stage. Its diverse and multi-generational workforce is provided with meaningful choices covering a holistic range of well-being, flexibility, and financial protections to provide peace of mind to employees and their dependents.

2.5.4.3 Compensation

2.5.4.3.1 Our job architecture and compensation process

The Company has implemented a global job architecture to support HR processes and programs and to enable Schneider Electric to engage, develop, and move talents across different businesses and geographies. The job architecture provides alignment to market practice and organizational structure to ensure the reward package offered for a role is fair and competitive. This helps working towards creating greater transparency for career development and progression.

2.5.4.3.2 Pay competitively and pay-for-performance

Schneider Electric employees are empowered to receive ongoing feedback, recognition, and coaching from their managers, and their individual performance is assessed in a fair manner based on their goals and behaviors. In line with the Group's pay-for-performance philosophy, the compensation structure typically includes fixed and variable (incentive) elements. Compensation programs and decisions are based on individual performance and behaviors, Company performance, and competitive market positioning.

2.5.4.3.3 Equal pay for equal work

At Schneider Electric, the basic foundational principles of fairness, equity, ethics, and transparency are fully embedded in our values. Through reward policies and processes, employees are compensated fairly and equitably for the skill set they possess and value contributions as a business imperative. Over the past five years, proactive actions have been taken to not only close gender pay gaps, but to prevent new gaps from being created.

To ensure accountability and transparency, Schneider Electric conducts quarterly reviews of compensation, both at country and global levels, leveraging analysis from HR data, which covers all key drivers of the employee lifecycle from hiring, performance assessment, and salary adjustment to career moves. Focusing on this Pay Equity Ecosystem allows Schneider Electric to proactively create offers for new hires and promotions that do not create pay gaps. The global pay equity framework was implemented in all countries by the end of 2020, covering 99.6% of Schneider Electric's total workforce.

Given the progress made on pay equity and to support our inclusion philosophy, starting in 2021 the focus on pay equity has gone beyond gender. The ambition to attain and maintain a pay gap below 1% by 2025 for both females and males has been included as part of the SSE #18 for 2021 – 2025. Our baseline as of the end of 2020 is -1.73% and +1.00% for females and males respectively. As of the end of 2021, the pay gap was -1.61% for females and 1.11% for males, on track with target. Note that this measurement will differ from Country figures that may be required to be reported due to statutory requirements.

Equal

SSE #18

<1% pay gap for both females and males

A dedicated Pay Equity budget by country during salary review, education and training for leaders, HR and managers to create awareness of and eliminate unconscious biases, and established governance at the country level for HR and leaders to review progress have been put in place to facilitate the attainment of our ambition to achieve pay gaps of <1% for both females and males.

	Baseline	2021 Progress	2025 target
Female	-1.73%	-1.61%	<1%
Male	1.00%	1.11%	<1%

2.5.4.3.4 Living wage

In line with its Human Rights Policy and Trust Charter, Schneider Electric believes earning a living wage is a basic human right and a key element to decent work. Schneider Electric is committed to paying all employees at or above the living wage to meet their families' basic needs. By basic needs, the Group considers food, housing, sanitation, education, healthcare, plus discretionary income for a given local standard of living.

In 2018, Schneider Electric started working with an independent advisor – Business for Social Responsibility (BSR) – to implement its living wage commitment as part of its fair and equitable policies. Schneider Electric has initiated a global process to analyze wage levels and employment practices against local living wage standards set by BSR. Moving forward into 2020, the COVID-19 crisis highlighted even more strongly the need for a safety net to guarantee a minimum income level for employees. Given the complexity to evaluate and mitigate the macroeconomic impact of the crisis, the Group did not run a gap analysis that year. In 2021, the new gap analysis covered 63 countries (representing over 99% of Schneider Electric footprint globally). As of December 31st, 99.9% of in scope employees, i.e. all Schneider employees treated as permanent workforce, were paid at least a living wage. Where living wage gaps were identified, corrective actions were taken to ensure that all employees are paid a living wage and no new gaps are created. In addition to guaranteeing that all in scope employees are paid at least a living wage, Schneider continues to comply with all applicable federal, state and local regulations regarding minimum wage requirements.

From 2021 onwards, the Group reiterated its commitment to pay 100% of employees at least a living wage as part of its SSE #20. This commitment will be audited annually with the support of an independent third party. Schneider Electric also continues to be part of leading corporate coalitions and notably became a Decent Work patron for the UN Global Compact. These global coalitions work together to implement living wage standards within their workforce and their entire ecosystem.

Equal

SSE #20

100% of employees paid at least a living wage

The UN Global Compact announced its new 2021-2023 strategy, which aims to accelerate and scale up the global collective impact of business by upholding the Global Compact Ten Principles and the SDGs through accountable companies and enabling ecosystems. Given that Schneider Electric is a leader in providing and promoting a living wage, the UN Global Compact invited Schneider Electric to become a Patron of its Decent Work portfolio. The Group's role will be key to raise the bar by advancing decent work for its ecosystem and other companies.

Baseline	2021 Progress	2025 target
99%	100%	100%

2.5.4.3.5 Short-term incentive

For employees, the annual short-term incentive is linked with the overall Company performance and individual objectives. It is designed to encourage and motivate employees to deliver on collective ambitions through accountability and collaboration, driving better performance collectively and individually. With a strong sustainability component, the annual short-term incentives for the Group's executives and c. 64,000 eligible employees focus on what matters to Schneider Electric. Since 2011, sustainability performance criteria have been embedded in the incentive goals for Group executives. They are directly linked to the Schneider Sustainability Impact (SSI) targets.

From 2019, the weight of the SSI criteria has increased from 6% to 20% in the collective part of the annual short-term incentive highlighting further the importance of sustainability on Schneider Electric's business agenda. In France, since 2012, the SSI has also been included in the profit-sharing incentive plan for the French entities, Schneider Electric Industries and Schneider Electric France. The reduction in the occupational accidents severity rate is also considered in the profit-sharing incentive plans of 24 other French entities.

To promote a superior sales culture where sales people go above and beyond to surprise and delight customers, Schneider Electric offers levels of differentiated reward for sales people to enhance motivation and results.

2.5.4.3.6 Long-term incentive

Schneider Electric's long-term incentive plan offers share ownership opportunities to the Group's key talents and critical roles to align their rewards with the interests and experience of Schneider Electric shareholders. Similar to the short-term incentive, a portion of the award under the long-term incentive plan is subject to the achievement of sustainability objectives. From 2020, the long-term sustainability performance is measured through the Schneider Sustainability External & Relative Index (SSERI), a combination of external indices which cover a range of environmental, social, and governance indicators wider than and different from the SSI criteria included in the annual incentive plan. See more details on SSERI in Chapter 4.2 "Compensation Report", page 311.

2.5.4.3.7 Recognition is in our DNA

Every day, Schneider Electric employees are making important contributions to help the organization achieve its mission and key business results. The global recognition portal "Step Up" gives employees a way to formally recognize and celebrate people who consistently demonstrate the Company's Core Values and go above and beyond. Schneider Electric creates a culture where employees receive regular feedback and coaching from their managers and colleagues and encourages the recognition of small and big achievements by simply saying "thank you".

In 2021, Schneider Electric celebrated five successful years of the Step Up program. Throughout the year, the recognition culture remained strong, with many employees continuing to utilize the dedicated platform to appreciate and recognize colleagues. In 2021, over 600,000 recognition moments were recorded, acknowledging Schneider Electric employees living the Core Values around the world.

2.5.4.4 Benefits

Company provided benefits represent a considerable business commitment by Schneider Electric everywhere in the world. Schneider ensures that all employee benefits are locally and globally compliant, as well as market relevant. Because employee benefit plans vary significantly between countries due to different levels of social, tax, and legal regulations, Schneider Electric's benefits portfolio is primarily country-driven and aims at providing similar benefits within a country territory.

2.5.4.4.1 Global benefit standards

Schneider Electric regularly reviews compliance with its global benefit policies and principles to ensure that its inclusive global benefit standards are delivered for everyone, everywhere. These standards cover healthcare, family leave, and life cover and are audited in the SSI.

One of Schneider Electric's underlying benefit objectives is to ensure all its employees are equipped to manage their basic health and well-being and to provide adequate security to employees and their dependents. Health and well-being are embedded in the Schneider Electric strategic people priorities and contribute to its sustainability mission. The Group is committed to provide its employees access to a comprehensive well-being at work program – translated into a dual standard of access to healthcare and well-being training programs (detailed further in subsection "Well-being in our DNA", page 174). Access to an inclusive and comprehensive standard of healthcare coverage (outpatient, hospitalization, key health risks/chronic conditions, maternity, children) is defined by local regulations and employment agreements. Schneider Electric also supports its employees with personal time off at critical life stages and this is fully deployed in 100% of countries as detailed below. In addition, the Group commits to provide financial security to employee dependents, in the event of an employee's death, in the form of a minimum standard of life assurance coverage of at least a multiple equivalent to one year's salary.

Schneider Electric has reaffirmed and enhanced its existing global benefit standards outlined above for all our employees worldwide, for the duration of the COVID-19 crisis. This included a global extension of care leave from one to two weeks for our employees to care for their dependents diagnosed with COVID-19.

Global Family Leave Policy

As part of being a caring and responsible employer, Schneider Electric launched its global family leave policy along with care leave in 2017. With its industry-leading Global Family Leave Policy, Schneider Electric supports employees with personal time at critical life stages and empowers everyone to manage their "unique life and work" so that they can be at their best. While the Group's countries have flexibility to define eligibility and policy details per statutory/market requirements, the policy sets global minimum standards:

- Fully paid parental leave (primary parent – 12 weeks, secondary parent – 2 weeks);
- Care leave (for sick/elderly relatives – 1 week); and
- Bereavement leave (1 week).

All benefits eligible employees have access to this global policy.

2.5.4.4.2 Employee share ownership

The Worldwide Employee Share Ownership Plan (WESOP) is one of the Group's recurring key annual reward programs, offering employees across the world an opportunity to become owners of the Company, at preferred conditions.

WESOP is strongly ingrained in the Group's culture, as a cultural and reward differentiator with a positive impact on engagement, attraction and retention. Schneider Electric has strongly developed and reinforced its offer over the years in order to build a sustainable group of employee shareholders reflecting the workforce diversity, to create a strong feeling of belonging, and to link employees to the performance of the Company, acting like owners of Schneider Electric. In that spirit, WESOP has become part of the Group sustainability commitments towards its 2025 roadmap (SSE #19).

In participating countries, eligible employees have the chance to participate. All eligible country teams are collaborating to deploy WESOP and they made its success possible over the years.

In 2021 the Group successfully reintroduced WESOP in 40 countries for the 25th anniversary, after cancelling the plan in 2020 due to the COVID-19 pandemic, achieving 59% subscription rate, a higher rate than in 2019 at 50%.

As of December 31, 2021, the employee shareholding represented 3.6% of Schneider Electric SE's capital and 6.3% of the voting rights. 77% of the Group employee shareholders were located outside of France, of which 13% are in China, 15% in India, and 10% in the US. This also includes employee shareholding resulting from the long-term incentives grants.

Equal

SSE #19

60% subscription in yearly Worldwide Employee Share Ownership Plan (WESOP)

Schneider Electric commits to achieve a 60% subscription rate among eligible employees in the yearly WESOP by 2025, as a key program to support Schneider Sustainability Essentials. Scope concerns 29 recurring participating countries, among the 40 participating countries representing 91% of the eligible headcount.

From 53% subscription rate in the recurring countries in 2019, WESOP has reached 60.5% achieving the 2025 target four years ahead of the deadline. The Group aims to maintaining at least 60% subscription rate in the coming years in the recurring countries.

With more than 80% subscription rate, India, and China outperformed and have become part of the major contributors of the 2021 capital increase, representing together more than one-quarter of 2021 total subscription.

Baseline	2021 Progress	2025 target
53%	61%	60%

2.5.5 Social dialog and relations

2.5.5.1 Risks and opportunities

Social dialog and freedom of association must be seen within the wider context of ethics and responsibility. As a global Company, Schneider Electric is convinced that its responsibility goes beyond compliance with local and international regulations and is committed to conducting its business ethically, sustainably, and responsibly.

The Company is constantly interacting with all stakeholders throughout the world: its borders are expanding, its environment is changing ever faster, its activities are becoming globalized, and its social responsibilities are growing.

The challenge is to gain and maintain the highest confidence of its stakeholders. To support each employee in this approach, the Group emphasizes the importance of placing responsibility at the heart of its corporate governance.

The Group currently has around 128,000 employees worldwide. Following the Group's various acquisitions, it has been able to integrate this exceptional professional and cultural diversity.

2.5.5.2 Group policy

Schneider Electric considers freedom of association and collective bargaining as fundamental rights that must be respected everywhere and therefore in its Trust Charter commits to complying with local laws in every country where it operates.

In its Human Rights Policy, Schneider confirms that it considers freedom of association as the basis of a regular dialog between a company and its employees. To that purpose, Schneider respects the individual right of its employees to freely join, participate in, or quit labor organizations to assert and defend their interests. Subsequently, Schneider guarantees that any employee wishing to do so shall be protected against any internal measure limiting his or her freedom of association such as discrimination of any kind, pay loss, or dismissal. Schneider also recognizes the importance of dialog with freely appointed employee representatives, employee representative bodies (such as Works Councils or employee forums), or organizations (like trade unions) and supports collective bargaining.

In addition, Schneider joined the Global Deal initiative in 2017. The Group is promoting social dialog as a means to foster decent work, quality jobs, increased productivity and, by extension, greater equality and inclusive growth.

2.5.5.3 Governance

Social dialog is managed at country level by the HR leaders with the employee representative bodies and unions, and at transnational level with the European Works Council (EWC) which covers most of geographical Europe. Social dialog is also taken into consideration by the Group's social reporting system, where local HR teams report on the presence of trade unions, works councils, and the Health and Safety Committee every year.

In 2014, while changing the corporate form of its parent company, Schneider Electric SA, into a European company (Société européenne), Schneider Electric negotiated an agreement with employee representatives of European countries about the involvement of these countries' employees in the Company's decision-making processes, thus reaffirming its commitment to promoting social dialog at international level.

Labor relations within Schneider Electric are based on respect and dialog. In this spirit, management, and employee representatives meet regularly to exchanges views, negotiate, sign agreements, and ensure that agreements are being implemented.

2.5.5.4 European Works Council (EWC)

The changes that were made in 2014 to the EWC in the framework of Schneider Electric SA's transformation into a European company significantly enhanced the intensity and the impact of social dialog at European level. This European channel for dialog aims at enabling management to make more efficient decisions by giving employee representatives the opportunity to be informed of such decisions and to understand their reasons, as well as to put forward proposals to supplement or improve them.

It has also fostered the emergence of a strong identity, combining different cultures and having the common aim of working towards social and economic progress within the companies in the Group at European level. The EWC covers all European Economic Area countries (hence all EU member states) and Switzerland, for a total of 43,000 employees.

In 2017, Schneider Electric and IndustriAll Europe signed an innovative Europe-wide agreement, the European agreement on the anticipation and development of competencies and employment with respect to the Schneider business strategy. This agreement is a great opportunity to create a governance for jobs and skills at the Company by anticipating impact and evolution in business in line with current market trends and the Company's ambition. It sets clear objectives for boosting employees' employability, and for enriching the workforce by diversity and digital generation recruitment and reinforces constructive social dialog at European and local level within the Company.

Since the beginning of COVID-19 pandemic crisis, Schneider Electric has constantly increased its interactions with its employees and its representatives in order to contribute to helping create a stimulating work environment and participate in decisions aimed at improving the way we work and the need to adapt to our environment, all of which go hand in hand. For example, a new discussion space with EWC members has been set up to propose a collective improvement of the whistleblowing process.

The digital June plenary session hosted presentations and discussions on the Company's strategy with Executive Committee members including Schneider Electric's Chairman & CEO.

2.5.5.5 Group Works Council, France

Schneider Electric is organized in France through more than 28 legal entities. However, with a coverage of 80% of employees, Schneider Electric Industries and Schneider Electric France SAS set the tone for social dialog in France mainly through the Group Works Council.

In 2021, we continued to limit the impact of the COVID-19 pandemic on the business through our proven practice of social dialog, such as negotiations about the flexible working hours agreement.

Several collective agreements were concluded with an objective to keep resiliency, strengthen Company performance, and at the same time maintain investments and employability of the workforce.

To anticipate and manage the consequences of the evolution of Schneider Electric's strategy over the next three years, a strategic workforce planning agreement was negotiated with the trade unions. Every year, Schneider Electric will discuss with its employee representatives the evolution of skills and workforce, including the opportunity to enhance its commitment on apprenticeship programs and others disruptive actions.

2.5.5.6 Social dialog in the United States

In the US, and more generally in North America, regular communication takes place with both union and non-union employees on key business topics and trends affecting their jobs. Company officials meet with key international union leaders and local union leadership on an ongoing basis, and formally on an annual basis, to advise and discuss competitive issues impacting the Company's business, and to ensure alignment with the Company's business strategies and challenges. In 2021, contract negotiations took place both locally and nationally resulting in successful contract ratification. Company officials have continued to partner with union representatives to discuss COVID-19 and ensure safety protocols are in place for employees, customers, and vendors. Recently, impact bargaining took place in November with union leaders regarding the Company's "COVID-19 US Vaccination Policy" aligned with the federal mandate, Executive Order 14042.

2.5.5.7 Social dialog in Mexico

In Mexico, Schneider Electric leaders conduct regular communication with employees on topics related to their jobs; this communication takes place in different ways, including large communication meetings and small group conversations. There is also continuous communication with the union leaders and delegates of four national unions which represent unionized employees. Schneider Electric informs them of internal and external issues impacting the Company's results, listens to their concerns, and looks for alignment with the Company strategy and challenges. Moreover, Schneider and the unions review the collective contract every year. Social dialog has been a critical factor reinforced during the pandemic to ensure collaboration and optimal relations between Schneider and its unionized employees. Each site is empowered to lead its social actions according to local needs.

For over the past 10 years, Schneider Electric Mexico has been certified annually by the CEMEFI (Mexican Center for Philanthropy) as a Socially Responsible Company, recognizing the Group's actions focused on labor relations, ethics and governance, human rights, community impact, and sustainability.

2.5.5.8 Social dialog in China

Schneider Electric China has over 30 legal entities and more than 100 sites. In 2021, the Company fostered active social dialog with joint Group efforts. The HR department, in partnership with unions, facilitate active dialog with employee representatives on topics that cover employee lifecycle:

- Mobile-enabled learning is extended to both office and plant workers, while virtual and on-site blended training with action learning is deployed in all talent programs ensuring generation and gender diversities. Employee average learning time has reached 18 hours.
- Leadership management continuously listens to employees with open communication, reflection, and action plans. Well-being bi-monthly live talks have attracted over 3,000 participants; topics cover mental health, stress management, parenting, etc.
- Sustainability practices are promoted through various events, for instance, Zero Carbon Run to increase carbon neutral knowledge and corporate commitments awareness.

2.5.5.9 Social dialog in India

Schneider Electric India has a strong culture of social dialog with all employees, unionized and non-unionized. In 2021, Schneider Electric India maintained engaging in equitable industrial relations across its plants and associated establishments.

Industrial harmony has been achieved through a time-tested collective bargaining process involving unions or through worker representative committees. In some of the plants where there are no recognized unions, this bargaining process is conducted with elected employees on committees such as Welfare (Works Committee). There is also strong engagement with other committees like Health & Safety, Canteen, Sports, and Transport, including a special committee for women employees and a prevention of sexual harassment committee (fully compliant with the prevention of sexual harassment governance as per local laws), duly represented by employees and external women with specialist knowledge of the subject and with legal backgrounds. These committees provide a platform for employees to represent their concerns, collective grievances, and workplace-related issues to the management. All employee engagement programs are run through these committees with the active participation of every employee.

The process of social dialog also includes monthly employee communication at plants level, as well as through Quarterly Town Hall communication on Company performance, strategy, and challenges. Special sessions were organized for employees' family members on the world standard safety procedures at the workplace which boosted confidence and encouraged employees to return to work. To drive positive mental well-being, the Company leveraged the existing Employee Assistant Program (Saathi) for employees and family members, which became a huge support system. Experienced doctors and specialists facilitated COVID-19 safety and mental health sessions. Employees regularly connected with counsellors, read articles on relevant health topics, and attended webinars to augment their health preparedness. Employees were regularly involved in social and environmental protection initiatives through large scale tree plantation drives across the factory and at nearby locations. Campaigns on virtual engagement and collaboration, and leaders connecting in formal and informal settings, further ensured that a physical and psychologically safe environment for employees was created.

2.5.5.10 Social dialog in Turkey

In 2021 the Company saw great benefits from the policies that were deployed in 2020. All COVID-19 actions continued to be followed systematically and more digitally by Health Safety & Environment and HR, and updated information was regularly shared with all employees.

This year, Schneider Electric successfully renewed the union agreement which covers nearly 650 employees without any dispute. With this agreement, the private health insurance scope has been extended, and not only the employees but also the families have been taken under the coverage. Digital learning, which has been a priority for many years, was further encouraged during this time. The Digital Learning Corner project has been completed so all shop-floor employees can access digital learning, with a wide range of topics available from Schneider Essentials learning offer to digital technology trends, Lean Digitization Systems, and more.

2020 also, unfortunately, saw a serious forest fire in much of Turkey, especially the Aegean region. Schneider Electric and employees came together and provided support to the region. In 2021, Schneider Electric supported the project, which was initiated under the leadership of Bogaziçi University Climate Center and United Nations Sustainable Development Solutions Networks – SDNS Turkey, for the training of teachers within the scope of Turkey's Climate Mobilization. Within the scope of the "Climate 2030: Special Education for Educators on Climate Change" project, it is aimed to inform about the basic concepts of climate change, its physical foundations, the reduction and adaptation dimension of climate change, its international processes, and sustainable climate actions. Istanbul innovation hub started to co-operate with selected universities in Turkey, giving young people the opportunity to see the digital solutions in energy management and the latest technologies applied by the Company, to expand their vision.

2.6 Delivering social impact for a just transition

In this section

"Today's young people are forward-thinking, creative and one of the largest demographics. They are committed to address the biggest challenges of our time. However, many of them lack access to education to unleash their true potential. Schneider Electric has a key role to play in supporting all young people and ensuring that they acquire the skills to build their future."

Gilles Vermot Desroches, Senior Vice President Corporate Citizenship & Institutional Affairs

Context and goals

Schneider Electric has been building a sustainable development approach since the late 1990s thanks to the Schneider Sustainability Impact, measuring the Company's objectives and progress every quarter. These objectives have always taken into account all dimensions of responsibility – environmental, social, territorial, and governance – encompassing all the Group's stakeholders on a global scale.

In 2021, Schneider Electric was recognized by Corporate Knights as the World's Most Sustainable Corporation out of 5,000 companies surveyed. All of this prompted the Group to get moving, to think about the world of tomorrow by building scenarios, both in the environmental and climate fields – but without forgetting the social and territorial dimensions. If the transition is not inclusive and fair, it will not allow people in underserved communities to build their future and create their own business. Schneider Electric Corporate Citizenship division, created in early 2021, embodies this vision. The planet has to be saved, and its inhabitants too.

Four main lines of action have been defined. The first one is to ensure that the Group's business partners respect all human rights for everyone, everywhere, at any time and in any situation, from decent work standards to the creation of a social label for the Group's products.

The second line of action is to ensure that everyone is supported in building their future, regardless of their generation. Schneider has always played an active role in the economic development of the communities in which it has a presence, in particular where people have no or poor access to energy through dedicated products offers and socially responsible investments for impact.

This focus is in line with the third major action, youth. There have never been so many young people on the planet, but many have no access to training. Yet it is young people who bring innovation. The Company has a role to play in supporting them and ensuring that they acquire the skills to build their future. This is the mission of the Schneider Electric Foundation, to give them the means to do so. The first of these means is training, the Foundation's historical activity. It has already enabled more than 300,000 young people around the world to receive professional training in energy-related professions. These are essential jobs for the future in a world that is becoming increasingly electrified and digitized and where access to energy is still difficult for millions of people.

The fourth approach is to make citizenship a collective commitment to co-construct the future in a dynamic way by learning and sharing with many different initiatives.

2.

2021 Highlights

13,000 Mobiya solar lanterns distributed in Benin, Senegal, and Cameroon in partnership with ADEME.

150,000 Young people trained in energy management through UCEP Bangladesh and Schneider Electric Foundation partnership.

Partnership with Solar Impulse Foundation on its Efficient Solutions Label initiative to identify 1,000 solutions to fight climate change.

24hr electricity to 150,000 people in 5 remote cities in Chad through a partnership with local entreprise ZIZ energy.

+9,500 Days of Volunteering in 2021 with increased participation from Schneider Electric employees.

The Schneider Electric Foundation has reached the bar of 300,000 young people trained in energy related professions.

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[1]	2021 progress[2]	2025 Target
Equal	**9.** Provide access to green electricity to 50 million people	**30M**	**+4.2M**	**50M**
Generations	**11.** Train people in energy management	**281,737**	**328,359**	**1M**

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[1]	2021 progress[2]	2025 Target
Local	**25.** Increase the number of volunteering days since 2017	**18,469**	**27,981**	**50,000**

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs, except SSI #1, SSI #10, SSE #5, SSE #14, and SSE #20, which are measured against a 2019 baseline to mitigate COVID-19 impacts.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23, in 2021), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224. Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in each section of this report.

Long term roadmap

2030

Give access to green electricity to 100 million people cumulated since the beginning of the program in 2009

2.6.1 Offering better lives through access to green electricity

2.6.1.1 Risks and opportunities

Today, more than two billion people have little or no access to electricity, representing 25% of the world's population.

Notable progress has been made on energy access in recent years, with the number of people living without electricity dropping to 759 million in 2019 from one billion in 2016[(1)]. Nonetheless, as SEforAll[(2)] puts it, "electricity access is growing, but not for everyone".

In sub-Saharan Africa, colossal additional efforts must be made to achieve universal access:

- About 600 million people in sub-Saharan Africa do not have access to electricity, i.e., more than one in two inhabitants;
- This trend is increasing, due to demographic pressure;
- The COVID-19 pandemic will have further amplified the difficulties of access to electricity in the most fragile areas; according to SEforAll, the pandemic could increase the non-electrified population by 100 million in 2020;
- By 2030, on the current trajectory, 85% of the remaining unelectrified world population will be in sub-Saharan Africa.

Asia-Pacific is approaching universal electrification with ambitious government off-grid electrification and grid extension programs:

- Between 2000 and 2018, more than 1.4 billion people gained access to electricity worldwide, mainly in developing countries in Asia;
- Nevertheless, the grid can be unreliable in remote areas, where it must be supplemented with solar-powered backup solutions;
- The growing need for equipment and electrical appliances for productive use in rural areas must be met with renewable energy solutions.

In addition to the 759 million people without electricity access, an estimated one billion people have access to intermittent, unreliable, or dangerous electricity.

To achieve United Nations Sustainable Development Goal 7 (SDG 7), access to affordable, reliable, sustainable, and modern energy must be a major objective, as the lack of energy affects the poorest: among the energy poor, three quarters are also multidimensionally poor in terms of human development[2].

Access to green electricity offers a chance to live a better life, as it can have a positive multiplier effect on all socio-economic dimensions of the individual or community: livelihood, health, education, security, and empowerment of women, while fighting against climate change by replacing fossil solutions.

2.6.1.2 Group policy

Schneider Electric launched its Access to Energy program in 2009, with a unique approach combining three dimensions that enrich each other:

- **A training and entrepreneurship program** aimed at developing skills in the electricity trades and supporting entrepreneurs in this area, in particular women, in order to promote sustainable and inclusive local development.
- **A social and inclusive business,** with products and solutions for rural electrification (collective and individual, such as solar lanterns, solar home systems including Pay-As-You-Go features, solar water pumping systems, microgrids including plug and play containerized solutions, etc.), creating local jobs in distribution, energy services, electricity powered industries, etc.
- **Impact investment funds** to support local economies in gaining access to modern energy and reducing energy poverty.

The purpose of the Access to Energy social business is to bring clean electricity to populations in emerging markets both as a fundamental right and a means for social and economic development, with a safe, affordable, reliable, and sustainable energy offer. At Schneider, we call this Electricity for Life and Electricity for Livelihood.

The ambition of the Access to Energy social business is to connect an additional 20 million people between 2021 and 2025, and 70 million by 2030. 34 million people have already benefited from the Schneider energy access solutions between 2009 and 2021.

The impact investment funds will contribute to these targets, within the scope of the invested companies contributing to the mission of providing access to green electricity. More broadly, Schneider's vision of impact investing is to fund high social impact initiatives, such as energy and digital services that enable all generations to contribute to a better future.

2.6.1.3 Access to energy social business

Schneider Electric develops products and solutions to meet a range of both individual and community needs across the energy chain, from solar lanterns and solar home systems to decentralized small power plants, water pumping systems, and street lighting. These offerings also make it possible to maintain a sustainable economic and social activity as well as include and involve local communities in projects.

2.6.1.3.1 Governance

A new governance of the Access to Energy business was put in place from 2021. It is placed under the responsibility of the Access to Energy Business Vice-President, reporting to the Sustainability Senior Vice-President.
An advisory board dedicated to the subject has been set up, made up of the Chief Strategy & Sustainability Officer, the Energy Management Executive Vice-President, the International Operations Executive Vice-President, as well as the Sustainability Senior Vice-President and the Access to Energy Business Vice-President, and, once a year, the Chairman & CEO.
The subject was also one of those reviewed in 2021 by the Schneider Electric Stakeholder Committee.

(1) Source: Tracking SDG 7: The Energy Progress Report, produced by the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the United Nations Statistics Division (UNSD), the World Bank, and the World Health Organization (WHO).
(2) Using the Global Multidimensional Poverty Index.

2.6.1.3.2 Electricity for Life

Actions towards "Electricity for Life" focus on delivering access to green electricity for off-grid households and small businesses, and the humanitarian sector. Almost 800 million people live in off-grid areas, and our world has no less than 80 million people forcibly displaced. These people are in need for energy as a fundamental right answering to essential needs in homes (lighting, cooking, social connection, education, etc.).

Whether due to the geopolitical context, natural disasters, or climate change, emergency situations continue to rise in an increasingly uncertain world. With nearly 80 million people displaced in 2019, the United Nations High Commissioner for Refugees (UNHCR) has seen an unprecedented number of people uprooted by war, violence, or persecution worldwide. According to the NGO Oxfam, an estimated 23.5 million people were forced to leave their homes in 2016 due to extreme natural disasters. Since 2016, Schneider Electric has committed to offering energy access solutions in emergency situations and has been working closely with the UNHCR to find solutions that are suited to the specific needs of refugees or displaced persons. In 2018, Schneider and the UNHCR signed a memorandum of agreement to seal their commitment with the deployment of Mobiya lamps in refugee camps over a three-year period. This agreement has been extended to 2022. Schneider has provided camps around the globe with modern energy systems and services. Such systems and services range from Mobiya lamps to microgrids – including with connection to EcoStruxure™ for Energy Access – energy dispensers, solar streetlights, and training in electricity trades.

2.6.1.3.3 Electricity for Livelihood

Actions towards "Electricity for Livelihood" focus on delivering access to green electricity for households and small businesses connected to an unreliable grid, and for productive businesses. Around one billion people depend on an unreliable, intermittent grid, and are in need for quality energy with solar backup equipment. Micro-businesses and micro-industries in rural areas need solar power generation and storage equipment; for example, in agriculture where solar systems can power water pumping and processing activities. "Electricity for Livelihood" proves that energy is a driver of economic development and poverty reduction.

Electricity can make a real difference to the lives of farmers and ensure food security through irrigation, food storage, and processing, or linking to the market to ensure better prices, while allowing people to be the agents of their own transformation.

In India, the "Energy for Livelihood" Schneider initiative is transforming the lives of farmers, in particular women, through the innovative Villaya Agri-business solution. This project promotes sustainable livelihood activities in the farming, agri-enterprises, food processing, livestock, handicraft, and other micro-enterprises.

Sustainable and reliable electricity is also a prerequisite for enabling effective health services, especially in the fight against pandemics such as COVID-19. Providing local infrastructures with modern energy also contributes to socio-economic recovery through better health and a greater capacity to work and enhances rural appeal.

In Nigeria, the COVID-19 isolation facility of the Eleme General Hospital in Rivers State needed a reliable system to provide uninterrupted power supply to its medical equipment. Schneider Electric supplied a solar mini-grid and power storage.

Equal

SSI #9

Provide access to green electricity to 50 million people

Schneider Electric is equipping five remote cities with solar hybrid microgrids in Chad, providing electrical distribution and monitoring software. The five sites are currently grid-connected but with only two hours of power per day on average and with priority given to productive hubs – homes are not connected. Thanks to this project, hybridization and batteries will make it possible to provide 24-hour energy to all 150,000 inhabitants.

Baseline	2021 Progress	2025 target
30M	+4.2M	50M

A full range of products and solutions to provide green electricity

Mobiya

Portable, robust, and affordable solution for individual lighting and charging a cell phone

3 products

Mobiya Original: solar powered LED lamp with mobile charge, offering 48 hours of lighting without recharging

Mobiya Lite: lighter solar powered portable LED lamp with mobile charger

Mobiya Front: head lamp

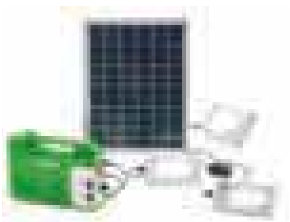
Case Study: Schneider Electric, its Foundation and ADEME, the French Agency for Ecological Transition, partner to provide 45,000 solar lanterns to vulnerable women in Africa.

Objective: Distribute solar lanterns to women entrepreneurs in order to extend hours of activities and livelihood, as well as underprivileged women and families in order to enjoy lighting for nighttime home activities and limit the use of kerosene lamps.

Solution: Mobiya Original. An impact study will be conducted, measuring the benefits of the solution across the five African countries of the project: Kenya, Nigeria, Cameroon, Benin, and Senegal.

Homaya

Domestic electrification for access to quality, affordable, and uninterrupted power



3 products

Homaya Family: solar home system including a solar panel and lamps

Homaya Family PAYG: solar home system including a solar panel and lamps, and Pay-As-You-Go function fully compatible with all mobile payment platforms

Homaya Hybrid: AC and DC, solar and grid home system

Case Study: 300,000+ people living in remote and rural areas of Cambodia have been provided access to clean and reliable electricity through Schneider Electric's solar home systems, supplied under the government funded rural electrification program.

Objective: Provide access to energy for basic lighting for domestic needs, mobile charging, and rice cookers.

Solution: Homaya Family and other customized solar home systems.

Villaya

Collective electrification solutions in remote sites, either 100% solar or hybrid

6 solutions

Villaya Community: solar or hybrid microgrid to power rural communities
Villaya Agri-Business: solar power plant to provide electricity and/or hot water to agriculture
Villaya Emergency: containerized solar or hybrid microgrid to provide electricity in emergencies
Villaya Water: solar water pumping system
Villaya Lighting: solar street lighting
Villaya Recharge: USB charging station
Including EcoStruxure™ for Energy Access, an affordable, flexible, and open platform using analytics to improve the profitability and efficiency of electricity microgrid.

Case Study: Schneider Electric and *Entrepreneur du Monde* (NGO) launched a project to bring reliable power for onion storage in Senegal.

Objective: Develop a low cost, decentralized generation of refreshed storage buildings that can conserve onions for several months as 30% to 60% of Senegalese onions' production rot due to lack of storage.

Solution: Villaya Community 25 kW with sodium-nickel batteries and Villaya Edge Control software in order to ensure reliable power supplying cooling system and some income generating activities.

Didactic

Educational tools for the vocational and higher education fields

Offer

Didactical benches for training electricians, installers, facility managers, entrepreneurs, and trainers, covering the management of high and low voltage, electrical distribution, building management, global energy management, and process and machine management.

Case Study: Schneider Electric and *La Salle Solidarieta Internazionale ONLUS* (NGO) join forces to empower local communities with competencies in energy management in Chad.

Objective: Train 250 students per year in electrical distribution, industrial control, and renewable energies focused on practical experience.

Solution: Didactic benches to equip electrical labs in training centers in N'djaména and Kélo in Chad.

2.6.2 Investing for high social impact

A pioneer in the corporate social investor space, Schneider Electric has been investing for impact since 2009:

- 2009 – Launch of Schneider Electric Energy Access (SEEA)
- 2011 – Investment in Livelihoods Carbon Fund #1
- 2015 – Launch of Energy Access Ventures (EAV)
- 2017 – Investment in Livelihoods Carbon Fund #2
- 2020 – Launch of Schneider Electric Energy Access Asia (SEEAA)
- 2021 – Investment in Livelihoods Carbon Fund #3

Schneider Electric Impact Investing activities catalyze and facilitate multiple coalitions with different stakeholders (Schneider Electric Foundation, employees, DFIs, NGOs, social businesses, impact investors, asset management companies) to leverage Schneider Electric competencies towards a fair and inclusive transition.

2.6.2.1 Risks and opportunities

Schneider Electric's Impact Investing strategy aims to address the fundamental needs of underserved communities and minorities around the world.

By investing in and supporting companies with high social and environmental impact, Schneider Electric contributes to bridging the energy gap, supporting local economies to get access to green energy and to reduce energy poverty. It also promotes digital and financial inclusion and the transition to a decarbonized world.

2.6.2.2 Group policy

The goal of Schneider Electric's Impact Investing is to generate high social impact while protecting the assets under management. Accordingly, it has adopted strict management rules, such as:

- Always invest in partnerships with recognized players;
- Never take a majority stake;
- Always provide efficient company support (help develop a business plan, provide technical advice, etc.) to deliver the optimum social impact while minimizing risk; and
- Ensure that ethical business practices and rules are respected.

2.6.2.3 Governance

Each investment vehicle has its own governance structure generally composed of at least two bodies.

The first one is a Board of Directors or a Supervisory Board in charge of ensuring compliance with all legal and ethical regulations. In most cases investors are represented in this board.

The second one is a Management Investment Committee which can be either totally independent or composed by investors according to the legal structure. All Management Investment Committee members bring specific competencies and knowledge to assess investment decisions. In some cases, they can also rely on external experts. They are responsible for ensuring compliance with investment policies and are regularly updated on investment performance, both in terms of impact and finance.

In some cases, an investment vehicle can also rely on Advisory Committee or Strategic Committee to help them setting up and managing their investment strategies and policies.

All investment vehicles are supervised by independent auditors.

2.6.2.4 Tackling energy poverty in Europe with Schneider Electric Energy Access (SEEA)

In July 2009, Schneider Electric created an Impact Investing structure in the form of a variable-capital SAS (simplified joint-stock company), Schneider Electric Energy Access (SEEA), certified as a social and solidarity investment company (ESUS certification) and open to French employee savings through the Group's Employee Savings Plan *(Schneider Energie Solidaire Fund)*.

With a dedicated Schneider management team based in Rueil-Malmaison (France), SEEA invests primarily in equity and quasi-equity in start-ups that:

- Fight against energy poverty by promoting efficient affordable housing and energy efficiency solutions:
  - Six invested companies for a total of EUR 2.3 million *(Foncière Chênelet, Foncière du Possible, LVD Energie/ HomeBlok, Soliha BLI, Dorémi, Réseau Eco-Habitat)*
- Promote digital and financial inclusion:
  - Two invested companies for a total of EUR 644,000 (Sunfunder, SIDI)
- Provide access to affordable, clean and sustainable energy:
  - Two invested companies for a total of EUR 940,000 (Okra Solar, Amped Innovations)
- Promote job creation and income generation:
  - Three invested companies for a total of EUR 400,000 (Bretagne Ateliers, Incubethic, *Envie Rhônes Alpes*)

SEEA has invested in 21 companies and has exited eight. As of December 2021, SEEA had 13 companies in its portfolio: 10 in France, two operating in sub-Saharan Africa, and one operating in South-East Asia, and managed the following amounts:

- EUR 3,000,000 in capital invested by Schneider Electric;
- EUR 3,200,000 invested by *Schneider Energie SICAV Solidaire* (including EUR 500,000 in capital), a mutual fund managing the employee savings scheme for Schneider Electric employees in France;
- EUR 200,000 of capital invested by Phitrust Impact Investors;
- EUR 500,000 of capital invested by *Mutuelle d'Entreprises Schneider Electric* (MESE).

SEEA brings together different stakeholders by encouraging Schneider Electric's employees and business partners around the world to play an active role in this commitment. At the end of August 2021, 6,576 (past or present) Group employees in France have invested EUR 57 million in the *Schneider Energie SICAV Solidaire* fund.

2.6.2.5 Bringing access to green energy in Africa with Energy Access Ventures impact fund (EAV)

Schneider Electric initiated and supported Energy Access Ventures (EAV), a fund which manages EUR 75 million to be invested in companies transforming communities across Africa and stimulating economic development through energy access solutions. The fund is jointly backed by Schneider Electric, CDC group (on behalf of the UK Department for International Development, DFID), the European Investment Bank, FMO (Dutch development Bank), FISEA-PROPARCO, OFID, and AFD-FFEM.

At the end of 2021, EAV has invested in 15 companies and has exited one. EAV is now entering the seventh year and the independent management team based in Nairobi (Kenya) is now focusing on actuating on value creation in the portfolio, follow-on investments, and driving liquidity events.

EAV invests primarily in equity and quasi-equity in start-ups that:

- Provide access to affordable, clean, and sustainable energy solutions:
  - Five invested companies for a total of EUR 15.1 million (Zola Electric in Tanzania, PEGAfrica in Ghana, Nuru in DRC, Zonful Solar Energy in Zimbabwe, ZIZ Energy in Chad)
- Provide access to clean productive use energy:
  - Six invested companies for a total of EUR 22.2 million (ManoCap Energy in Ghana, Candi Solar in South Africa, SolarX in Mali, PayGo Energy, SunCulture, and InspiraFarms in Kenya)
- Promote digital and financial inclusion:
  - Three invested companies for a total of EUR 8.9 million (Mawingu, Solarise Africa, Palgo in Kenya)

2.6.2.6 Bringing access to green energy in South and South East Asia with Schneider Electric Energy Access Asia (SEEAA)

In recent years, electrification rates in Asia have improved due to strong government policies supporting national electrification. As Asian countries are now approaching universal access to electricity, the focus has been shifting to integrating renewable energy into the energy mix. However, at the micro level, there are still a considerable number of rural areas without access to electricity. Even when access is available, electricity is often not reliable as power grids struggle with load and connectivity issues.

Schneider Electric recognizes the gap and opportunities in this region and envisioned the SEEAA impact investing vehicle in 2018 to help the region advance towards SDG 7 "Affordable and Clean Energy". The vision convinced three other investors to join forces and the SEEAA was officially established in December 2019 with four founding partners investing EUR 20.9 million: Schneider Electric (SEI SAS), the European Development Finance Institution Management Company (EDFI MC), Norwegian Investment Fund for Developing Countries (Norfund), and *Amundi Finance et Solidarité* (Amundi).

With a dedicated Schneider management team based in Singapore, SEEAA invests primarily in equity in start-ups that work toward increasing quality of life and boosting economic development in Asia, thanks to access to affordable, clean, and sustainable energy. The goals of SEEAA are twofold:

1. Increasing access to affordable and reliable energy primarily targets unprivileged communities where last mile energy access is not, or poorly, available. SEEAA aims at creating to social impact for these rural communities especially leveraging productive use of energy.
2. Accelerating the transition of economies to clean and renewable sources and increasing the mix of renewables in total energy consumption. For instance, this can be achieved by investing in companies developing renewable energy assets.

As of December 2021, SEEAA had invested in four start-up companies for a total of EUR 2.5 million. Two companies are contributing to Goal 1, both operating in India: Frontier Markets and Oorja Development Solutions, and two are contributing to Goal 2, Freyr Energy and Xurya operating in India and Indonesia respectively.

India: a farmer irrigates his crop using water from a solar-powered pump operated by Oorja in Bahraich district, Uttar Pradesh. © Oorja Development Solutions India Private Limited

2.6.2.7 Contributing to decarbonize the world with the Livelihoods Funds

Schneider Electric is a founder member of the Livelihoods Carbon Fund: the first sustainable carbon fund with high social impact created in 2011, managed by an independent team based in Paris. In 2021, Schneider Electric invested EUR 25 million in Livelihoods Carbon Fund #3, in addition to the EUR 10 million invested in Livelihoods Carbon Funds #1 and #2 (EUR 5 million each).

A total of EUR 250 million, invested by private companies and financial investors, is dedicated to investing in high potential carbon clusters to generate positive impact for people and the planet. As at the end of 2021, three million tons of CO_2 have been avoided or sequestrated and 1.5 million people have been positively impacted.

The Livelihoods Funds support three types of projects: reforestation, agroforestry, and agricultural practices, and rural energy (improved cookstoves).

The Livelihoods Carbon Funds #1 and #2 have contributed to three mangrove reforestation projects in Senegal, India, and Indonesia. These projects have enabled local communities to improve their living conditions thanks to the restoration of the ecosystem (fish, crabs, etc.). Furthermore, the mangrove has provided efficient protection to the villages and crops during the last tornadoes that struck Asia recently.

Livelihoods Agroforestry projects enable farming communities to increase their revenues thanks to improved conditions for cash crops such as coffee or cocoa and the plantation of fruit trees such as mangoes. Furthermore, Livelihoods Funds contributes to the creation of new downstream activities such as food processing and commercialization.

Rural energy projects contribute strongly to improving women's lives and create jobs thanks to the construction and the distribution of the cookstoves. The carbon credits from the Hifadi project in Kenya, supported by Schneider Electric, are used to offset all the carbon emissions generated by the Schneider Electric Marathon de Paris; the race has been carbon-neutral since 2019.

All these projects are an integral part of Schneider Electric's Carbon Pledge, ensuring that the compensation part has a real effect both on climate and on social development.

Senegal: the largest mangrove restoration program in the world – Artisanal fishing
© Hellio & Van Ingen/Livelihoods Funds

2.6.3 Empowering new generations with the Schneider Electric Foundation

2.6.3.1 Risks and opportunities

Today's young people are forward-thinking, creative and one of the largest demographics. They need to be empowered with the necessary skills and supported to build a life aligned with their dreams and aspirations.

New social and environmental challenges have weakened social cohesion and blurred opportunities for the future, especially for the youth. They are going to be the first generation to feel the sting of issues such as climate change, and the last generation that can do something about it. Skilling and empowering the youth enables them to actively define their future and find their place in a complex and fast-paced world.

2.6.3.2 Group policy

In a world where ecological and social challenges are more widespread and more urgent than ever, the Schneider Electric Foundation, under the aegis of *Fondation de France*, supports innovative and forward-looking initiatives to empower youth with the energy they need to succeed.

Optimistically, the Foundation's aim is to help build a fairer, lower-carbon society to give future generations the keys to transform our world.

2.6.3.3 Governance

2.6.3.3.1 The Foundation fully in line with the Sustainable Development Goals

For more than 20 years, the Schneider Electric Foundation has been deploying the Group's philanthropic activities in coherence with its sustainability commitments. It contributes directly to the achievement of the United Nations Sustainable Development Goals (SDGs), and more specifically SDGs 1, 4, 7, 8, 10, 11, 13, and 17.

In 2021, there were more than 100 projects, 46,817 young people receiving support, through 9,512 days of volunteering. With an annual budget of EUR 4 million, the Schneider Electric Foundation contributes to the partnerships that are completed by more than EUR 15 million in support from Schneider Electric's entities. Group employees are also involved in these partnerships. In total, more than EUR 19.5 million has been invested to help local communities worldwide.

2.6.3.3.2 A foundation under the aegis of *Fondation de France*

Fondation de France is a non-profit organization that, since its creation in 1969, has been the bridge between donors, founders, and field structures in order to support projects in a range of general interest areas. It supports other foundations (916 in 2021) whose operations are governed separately, but who are legally part of *Fondation de France*. It is responsible for ensuring that their actions comply with its by-laws and the legal framework of the sponsorship. The Schneider Electric Foundation's Executive Committee determines the major focuses of its actions and the projects it supports. It then informs *Fondation de France* of its decisions, and the latter verifies the projects' compliance and implements them.

2.6.3.3.3 A governance that combines internal and external expertise

Since 2019, the composition of the Schneider Electric Foundation's Executive Committee is as follows:

- Chairman: Jean-Pascal Tricoire;
- Members: Monique Barbut (external expert), Agnès Bouffard (employee representative, Schneider Electric), Bénédicte Faivre-Tavignot (external expert), Christel Heydemann (Schneider Electric), Yoann Kassi-Vivier (external expert), David Lechat (employee representative, Schneider Electric), Pierre-François Mourier (external expert), Philippe Pelletier (external expert), and Luc Rémont (Schneider Electric).

Its missions are the following:

- Define the strategic directions of the Foundation;
- Validate the activity report and financial report;
- Decide on the allocation of budgets by program;
- Validate commitments exceeding EUR 200,000.

One to two Executive Committee meetings are organized each year.

The Schneider Electric Foundation organization has been reinforced with the creation of the zone/cluster foundation committees in 2019. These committees are made up of zone /cluster Presidents and aims to:

- Share a quarterly activity report;
- Validate the commitments/partners to join;
- Specify the respective contribution levels (financial or in-kind donations, skills);
- Follow up on projects.

These committees meet two to three times a year.

The members of the operational team are:

- Gilles Vermot Desroches, General Delegate;
- Patricia Benchenna, Corporate Philanthropy Director;
- Brigitte Antoine, Employee Engagement Leader;
- Morgane Lasserre, Administrative Assistant.

Lastly, the Foundation's Selection Committee is composed of:

- Gilles Vermot Desroches, General Delegate;
- Patricia Benchenna, Corporate Philanthropy Director;
- François Milioni, Program Director, Training & Entrepreneurship.

2.6.3.4 Give all young people the means to build solutions for a better life

The Schneider Electric Foundation supports innovative initiatives all over the world that enable the most vulnerable, especially young people, to access the energy needed to succeed and build the world of tomorrow. To be relevant and effective, i.e., to have the greatest possible impact and respond specifically to the needs of the people concerned, it is essential that these initiatives combine education, technological innovation, social innovation, and entrepreneurship. These initiatives cover three main areas.

2.6.3.4.1 Vocational training for the youth, underprivileged persons, and entrepreneurship support

Training is the historical mission of the Schneider Electric Foundation. The energy sector, and more particularly electricity and renewable energies, offers a lot of potential, especially in areas where access to energy is difficult and growing. Passing on skills to young people and giving them the means to support their families could, in the long term, boost the local electricity and electrotechnical sectors. This will improve their quality of life and create sustainable jobs. That is what the Training & Entrepreneurship program set up in 2009 is all about.

The Schneider Electric Foundation encourages and provides long-term support for vocational and entrepreneurial training organizations. These include associations and electrical profession educational institutions. The vocational training and entrepreneurship program capture 67% of the funding allocated by the Foundation. All of these actions are monitored and measured on a quarterly basis within the scope of the Schneider Sustainability Impact (SSI #11): “1 million people trained in energy management by 2025”.

Since 2009, 328,359 underprivileged people have been trained in more than 45 countries.

2.6.3.4.2 Raising awareness of sustainability and the use of reliable, affordable, and clean energy

Contributing to meeting the United Nations SDGs also involves, amongst other things, raising awareness among as many people as possible, especially young people, about the challenges of the fight against climate change and of sustainability.

The Schneider Electric Foundation therefore invests in emblematic and international programs by making available its knowledge of energy systems management, through donations in resources and/or knowledge. It has made a four-year commitment to the Solar Impulse Foundation, which selects 1,000 solutions that contribute to the achievement of at least five SDGs:

- Clean, Accessible Water for All (SDG 6);
- Affordable and Clean Energy (SDG 7);
- Industry, Innovation and Infrastructure (SDG 9);
- Sustainable Cities and Communities (SDG 11); and
- Responsible Consumption and Production (SDG 12).

The selected solutions must meet the following criteria: technical feasibility, environmental benefits, and economic viability. Schneider Electric employees are mobilizing their skills to analyze the various solutions within their field of expertise.

The Solar Sound System project by Atelier 21, a Foundation partner, obtained two Solar Impulse Efficient labels:

- Solar sound systems for events powered by renewable energies (solar or bike-powered). With seven systems in place in France and Switzerland, Solar Sound System has set up solidarity projects in Haiti, Brazil, India, Taiwan, and Cameroon and has projects in Reunion, the United States, and South Africa.
- Regenbox, the first do-it-yourself “non-rechargeable” alkaline battery charger. Regenbox aims to be ecological and anti-planned obsolescence. This project is also an educational tool and a mean to raising awareness about a different use of batteries in order to reduce the amount of electronic waste so present in our daily lives.

Bertrand Piccard, Chairman of the Solar Impulse Foundation, will then promote this portfolio of solutions to corporate and political leaders worldwide. At the end of 2021, 1,000+ solutions had already received the Solar Impulse Efficient Solution label. These included insulating blocks made from hempcrete, wind turbine floats, and a web-based pallet exchange platform.

2.6.3.5 Responding to the COVID-19 and post-COVID-19 emergency

In April 2020, the Schneider Electric Foundation set up the Tomorrow Rising fund in response to the COVID-19 health crisis. The purpose of this global initiative is to provide local responses to meet the challenges of the emergency, to promote the recovery of education and training of the most vulnerable young people and to boost resilience.

1 **Response:** an initial response to the emergency. Food bank, first aid, COVID-19 health kits, maintenance of access to education, etc. For example, a project in China to help low-income students in technical schools to cope better with the crisis (SDG 1 and SDG 4);

2 **Recovery:** support to the Foundation's partners in resuming their activities and helping them to roll-out new ones, in particular, the establishment of new partnerships to provide training in energy trades to young people. For example, a project in Brazil to provide young people with tablets and internet access (SDG 4 and SDG 10);

3 **Resilience:** the ability to continue to train and awareness-raising actions using digital technologies.

KiMSO conducted an assessment of the Tomorrow Rising initiative, based on a three-stakeholders approach, covering all the regions where the initiative has been deployed. Interviews and online surveys took place between July and October 2020.

Tomorrow Rising Impact study*

Project owners	Support	Impact on beneficiaries	Impact on project owners and NGOs
74 projects in **65** countries **70%** new partners of the Foundation	**€5.5K** to **€65.5K** In a context where funding became scarce More than **25%** of the budget for 1/3 project	**1.5** million of beneficiaries of which **78%** below the poverty line	Strong effects on their confidence and credibility in a context of uncertainty
Study findings	**Study findings**	**Study findings**	**Study findings**
89% answering to an emergency situation **68%** Specific projects created to face the COVID-19 health crisis **75%** addressing existing needs that have increased due to the COVID-19 crisis** (food, education, housing…)	Crucial for **35%** of the NGOs Quick and flexible **87%** were able to fill In the funding request form easily	1. Access **emergency food aids** 2. Get **digital tools** for school/studies 3. Keep **hope** about the future 4. Access **protective medical equipment** or hygiene kits	1. **Meet** beneficiaries needs for all 2. **Teams confidence** and motivation 3. **New relationships** with partners 4. **Greater** visibility

* This qualitative and quantitative study was conducted in 2020 by KIMSO, Research & Consulting in social impact assessment. The online survey covered all affected areas and resulted in a 60% response rate (37 answers). Scores "quite agree/completely agree" are bundled in % figures.
** Many project owners also mentioned emerging needs to due the crisis, such as employment and health.

Priorities for project owners (Emergency aid should not replace long-term support)
- 54% more budget
- 51% unrestricted financial support (for project and running costs)
- 49% over-time fundings
- 46% to be put in contact with other funders

2.6.3.6 Foundation actions worldwide

The Schneider Electric Foundation has actions in 100 countries on all continents, in particular Asia, the Americas, Africa, and Europe.

2.6.3.6.1 Initiatives in North America

The Schneider Electric North America Foundation provides monetary support, product, expertise, and volunteers to non-profit organizations that align with business priorities, values and geographies.

The Schneider Electric Foundation North America offers employee programs to support efforts in their communities:

- Matching Gift provides a dollar match on employee donations to the non-profit of their choice
- Dollars for Doers provides financial grants to organizations where employees volunteer their time
- Sponsorship Grants offer financial and product donations to sponsor events, capital projects and employee missions
- New Hire Program welcomes new employees with a gift to donate to a non-profit of their choice
- Service Days and Volunteer events enables employees to donate time during their working hours

The Schneider Electric North America Foundation has strategic partnerships focusing to support the Schneider Electric Foundation areas:

- Disaster Relief – Provide support to those impacted by disasters through American Red Cross and the Footprint Project
- Habitat For Humanity – Support sustainable and transformative housing with product donations, financial support, and more than 2,500 hours of work done by volunteer employees
- FIRST Robotics –Inspiring future leaders through STEM education with employee mentors and financial support
- National Merit Society –Support the future with scholarships for children of employees

In 2021, the North America Foundation contributed over 5.3 million dollars in cash and product donations to over 1,619 charitable organizations.

2.6.3.6.2 Initiatives in India

In 2021, Schneider Electric India Foundation has been instrumental in supporting vocational training of 14,888 unemployed youth out of which 514 are women. 294 trainers were trained and recruited in the program to enhance the quality of training.

In the education field, 57 new electricity and renewable energy training centers were established. Upskilling of 1,232 electricians was done through solar training to enhance their employability in the current markets. 10 alumni meetings were conducted in 2021 enabling 280 alumni from vocational skill development centers to share their professional journey and experiences as well as meet and recommend new trainees to their current organizations and businesses for placements. 85 aspiring entrepreneurs have been incubated this year to establish their own businesses.

Other key programs include:

- Under the Energy for Sustainable Livelihoods program, 120 irrigation pumps powered by green energy were installed, thus supporting 2,400 farmers to switch from monocropping to multi-cropping.
- Through Conserve My Planet, 50 schools have been registered across five cities taking the program forward with 100 Change Maker Teachers and sensitization of 5,035 Green Ambassadors towards environment and energy conservation, digitally.
- Taking another step forward towards a cleaner and greener tomorrow, SEIF has planted 30,060 saplings across 10 cities in India.
- Facing COVID-19, through Healthcare initiatives, SEIF has reached 4,758 beneficiaries through free medical consultations and basic medicines. Also, to ensure preparedness towards the third wave of COVID-19, SEIF is supporting 12 hospitals across 10 states by strengthening their infrastructure to save more lives.

Volunteers from Schneider Electric India Foundation came forward to support of the Foundation causes like youth coaching through teachers' missions, tree plantation, and donations, dedicating 413 volunteering days, including 264 Teachers Missions where they shared their knowledge and skills with young people training as electricians. Most of these Teachers Missions were carried out remotely via a digital platform due to COVID-19 restrictions.

2.6.3.6.3 Initiatives in Australia

The Schneider Electric Pacific Fund was established as a sub-fund of the Australian Communities Foundation in July 2021 to help facilitate Schneider Electric's philanthropic giving in the region. Its purpose is to promote sustainability, enable access to energy, and tackle fuel poverty by forming engaged, long-term partnerships with organizations in Australia.

In 2021, the Fund has contributed AU$ 315,000 to four major charity partners – Australian Wildlife Conservancy, Kokoda Track Foundation, Brotherhood of St Laurence, and the Centre for Appropriate Technology. Funds donated through the Schneider Electric Pacific Fund are supplemented by other programs run directly by Schneider Electric in the zone including matched donations for employees (up to AU$ 5,000/employee/year); 21 hours of volunteering leave and charity funding in New Zealand continue to be funded directly.

2.6.3.7 Support grassroots initiatives: a network structure that acts locally

The Schneider Electric Foundation's network structure is an original and very powerful means for engaging local, human, and lasting sponsorship. This network includes Schneider Electric employees, non-profit associations, public institutions such as the Education ministries of the countries concerned, and government agencies such as ADEME in France.

The Schneider Electric Foundation:

- Has established partnerships with 90 NGOs and associations in 38 countries, such as Solar Impulse Foundation, Don Bosco Tech in India, etc.;
- Works with ministries of education in 13 countries including France, Cambodia, and South Africa.

The Schneider Electric Foundation works almost exclusively with local structures. It is a guarantee of reliability and efficiency because only organizations that work most closely with the communities to be supported know their specific needs and constraints and can provide the appropriate solutions. The creation of the zone/cluster committees, since 2019, made up of Schneider Electric zone directors is a step in that direction.

Over and above financial, material, or logistics support for projects, the actions of the Schneider Electric Foundation aim to create bonds among partners, encourage structures to work together, and build relevant and innovative solutions with all stakeholders to raise the challenges of sustainability.

2.6.3.8 Group employees, spearheading the Schneider Electric Foundation's actions

The Schneider Electric Foundation strongly focuses on the involvement of Group employees in all the actions it implements. Whether they are Foundation delegates or employee volunteers, they are the link between the Company, the Foundation, and the supported organizations. In 2012, the Schneider Electric VolunteerIn NGO was created to organize volunteer missions benefiting the Foundation's partners. Wherever the Company is based, Schneider Electric VolunteerIn empowers people to be actors and ambassadors of societal commitments in the fields of education, access to energy, and the fight against energy poverty. In particular:

- Employees volunteer their time and make their skills available;
- Partners look for skills to support their activities, specify their needs, and support volunteers in carrying out their mission;
- The Schneider VolunteerIn association as well as the Foundation delegates co-ordinate, connect, and organize the process and cover costs related to carrying out missions, in particular abroad;
- The Schneider Electric entities host the volunteers when the mission takes place outside their country of habitual residence.

2.6.3.8.1 Governance

The Schneider Electric VolunteerIn Executive Board is composed of Schneider Electric leaders:

- Charise Le (Chairman, Chief Human Resources Officer);
- Michel Crochon (Vice-President),
- François Milioni (Secretary, in charge of the Training & Entrepreneurship program);
- Christophe Poline (Treasurer, in charge of the SEEA solidarity investment fund);
- Emir Boumediene (Member, volunteer representative);
- Gilles Vermot Desroches (Member, Senior Vice-President Corporate Citizenship).

One to two Executive Board meetings are organized each year.

2.6.3.8.2 100 delegates in 80 countries to catalyze the Schneider Electric Foundation's actions

The Schneider Electric Foundation draws on a network of around 100 volunteer employees, also known as delegates, covering 80 countries. Their role is to select local partners in the fields of vocational training in the energy sector, entrepreneurship, and raising sustainability awareness. They inform the employees of their entity, as well as the Foundation. They follow the progress of the projects after they have been 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.

The delegates manage a digital platform, VolunteerIn, that groups together all the missions proposed by the Foundation locally and internationally. Available in eight languages, the platform can be accessed from anywhere in the world and enables employees to apply for volunteer assignments for the benefit of the Foundation's partners and their beneficiaries.

Finally, the delegates co-ordinate the organization of the Schneider Electric Foundation's campaigns for international mobilization such as the Tomorrow Rising fund. This showcases local initiatives to a global audience. They also engage in campaigns organized following natural disasters.

An assignment campaign will be conducted in 2022 to renew the Foundation delegates' mandates.

Each year, around 35,000 employees in 50 countries take part in these campaigns.

2.6.3.8.3 Standardize measurement to improve the impact and coherence of actions in favor of sustainability

The Schneider Electric Foundation is a groundbreaker in the measurement of the social impact of the actions that it supports. The idea is to enable its partners to better fulfill their missions by identifying areas for improvement.

The Schneider Electric Foundation is assisted in particular by KiMSO, a social impact assessment consulting firm. A first study was conducted in 2018, as part of the fight against energy poverty, to draw up an innovative methodology to assess the social impact of missions. This methodology is placed at the disposal of project sponsors. CLER, the Energy Transition Network, has used this methodology.

Generations

SSE #25

50,000 volunteering days since 2017

In 2021, employee participation in the activities of the Schneider Electric Foundation greatly increased.

The pandemic raised a lot of fragilities in our society. In this difficult period, volunteers at Schneider Electric have accelerated their contribution to initiatives aiming at access to food, education and health. Mainly through digital and remote missions, they demonstrated their ability to adapt and to help the most vulnerable; above all the youth in need of support and coaching. With more than 25,000 volunteering days in 2021, over 50% of the 2025 target for this indicator has already been reached.

Baseline	2021 Progress	2025 target
18,469	27,981	50,000

2.6.4 Developing access to education and employment all over the world

2.6.4.1 Risks and opportunities

Education is an essential catalyst for the youth inclusion in the social and environmental challenges. In 2021, for the second year in a row the COVID-19 pandemic has heavily impacted education systems and left millions of children and youth out of school. The youth unemployment rate is growing worldwide and there is an urgent need to create a better transition between education and access to employment, and to develop the tools to provide continuous education even in time of crisis.

Technical and Vocational Education and Training (TVET) play a vital role in national sustainable development for countries, it fosters employment and entrepreneurship, and promotes economic development. In order to have better impact and ensure life-long competencies, the TVET systems need partnership between the private and public sectors, and higher investments.

2.6.4.2 Group policy

Schneider Electric and the Schneider Electric Foundation are committed to include all generations in the energy transition. For more than 10 years the Training & Entrepreneurship program has been supporting the development of TVET. Training in the energy field is a key that offers an inclusive answer to several challenges of the United Nations Sustainable Development Goals (SDGs). TVET plays two major roles regarding social and economic development. The first role is to provide training and career opportunities for people, in particular, those who are not in education, employment or training. The second role is to help build a generation of skilled manpower, which are needed at all levels of the economies. Furthermore, TVET can also be a valuable tool for sustainable development, as it allows the development of environmentally sound skills, critical for shifting toward a more sustainable economic model.

The program has a specific focus on impacting people not in education, employment, or training, the youth, refugees, women in vulnerable situations, and marginalized groups of people. The actions are always implemented in partnership with local players and/or national or international non-profit organizations (NGOs, governments, etc.) and with Schneider Electric's local subsidiary.

Thanks to the ecosystem of partners, the program has supported the training of more than 300,000 people across Asia, South America, Africa, and Middle East since 2010. More than 5,000 trainers and 4,000 entrepreneurs have also been supported. The COVID-19 pandemic has heavily impacted education and increased inequalities. We are committed to go further and faster by reaching one million people trained by 2025, 10,000 entrepreneurs supported, and 10,000 trainers trained. From now on, the program will also operate in OECD countries.

2.6.4.3 Governance

The Training & Entrepreneurship program follows the rules and governance of the Schneider Electric Foundation and *Fondation de France*.

To increase effectiveness in following up the partnerships and achieve the 2025 ambition, the program organizes every six months zone meetings with the zone President, the Foundation representatives, and the Training & Entrepreneurship program leaders. Each zone has a defined ambition up to 2025 and a pipeline of projects that is reviewed. Corrective actions are implemented if necessary.

The program is led by zone representatives and in-country leaders that exchange on a daily basis. One global co-ordinator sets regular meetings to support the zone representatives and guarantee the progress of the program in each zone.

The program is part of the Schneider Sustainability Impact. Every quarter, the zone representatives report on a central tool the impact of the program, and data are reviewed by an external auditor. With rare exceptions, all projects-initiated benefit from monitoring by employees of Schneider Electric entities operating in the countries concerned.

2.6.4.4 Actions supporting trainees and trainers' skills development

The key challenge of training in the energy sector is to provide the youth with the knowledge and skills to be able to carry out a trade in a safe and responsible way, providing them and their families with the means for satisfactory subsistence. It will also give them the ability, should they wish, to sell and maintain energy solutions and to create their own small business in time. Furthermore, they are a vital and indispensable element for all responsible and sustainable rural electrification policies.

Schneider Electric's strategy, backed by its Foundation, under the aegis of *Fondation de France*, for training people in the energy sector, includes three key priorities:

- Basic training over a few months, which is free and accessible to many people and adapted as much as possible to the local situation. These training courses lead to the issuing of a certificate of competence by Schneider Electric;
- Single or multi-year trainings leading to qualifications, in partnership with local Ministries of Education, or even under bilateral agreements; and
- The training of trainers to support the effective and quality roll-out of training down the line.

The Training & Entrepreneurship program also provides valuable support to trainers involved in projects at its partners training centers. The aim is to help trainers thoroughly grasp the training approach and materials, enabling them to efficiently convey full and relevant knowledge to the students in short and long-term courses. Training of trainers ensures effective long-term transmission of quality, up-to-date knowledge finely tuned to the characteristics of today's energy markets in the host country.

Training of trainers is supported by the VolunteerIn association via missions at the partners training centers:

"I helped to create an entire training module using a pragmatic and realistic approach. I feel like I've contributed to a better future for a lot of young people in Vietnam." Nathalie Nguyen, Manager, Customer Digital Experience Mission in 2019 as part of the IECD Seeds of Hope Program in VietnamIn 2021. Due to the COVID-19 pandemic on sites missions were stopped, but via digital tools contact was kept with the training centers.

2.6.4.5 Actions supporting women integration in the energy trades

Since the beginning of the Training & Entrepreneurship program, female participation in the energy trainings has remained low. Indeed, the energy sector is still a male dominated environment, and young women are sometimes discouraged by social norms and even by their family to venture down this path. Moreover, for Schneider Electric and its Foundation, it is essential to include women in all stage of the energy value chain. Most programs today only include women in non-technical, such as selling solar products, and non-essential activities.

Schneider Electric Foundation's Training & Entrepreneurship Program supports local organizations specializing in skills development and women empowerment, which are two critical factors in achieving a sustainable change. These organizations create inclusive ecosystems offering training, mentoring, and funding to enable women to work in the energy sector and become entrepreneurs. Schneider Electric and its partners also raise awareness among local communities, promoting best practices and encouraging a bottom-up approach to gender equality. Through these initiatives, the Training & Entrepreneurship Program seeks to play a dual role, championing economic inclusion and gender equality.

In 2017, in Ivory Coast, Schneider Electric and the Foundation, Mastercard Foundation, and International Rescue Committee have partnered to support 1,250 unemployed youth to acquire long-term competencies and start their own activity in electricity and solar energy; 60% of the total beneficiaries are women. In 2021, USAID joined force through their "Women's Global Development and Prosperity Initiative" with the three existing partners, to expand the program targeting women and support two new training centers in Abidjan and Ferké.

In 2021, during the Generation Equality Forum, Schneider Electric and its Foundation took commitments under the Economic Justice and Rights Coalition. On one hand, to support the training of 5,000 women in the energy trades and their self-employment or access to jobs by the end of 2022. On the other hand, to launch two new international initiatives around women training and empowerment in the energy field.

2.6.4.6 Actions towards entrepreneurs

Encouraged by the achievements of its training courses, the Training & Entrepreneurship program is going further by providing informal entrepreneurs and those trained in the electricity sector with support in setting up their own businesses. Employment markets in emerging economies are characterized by high proportions of informal sectors, underemployment and people holding multiple jobs to make ends meet. In addition to specific skills training, entrepreneurs need business startup support and access to funding, both being key factors in the creation of long-lasting businesses.

Since 2017, 52 technical laboratories in electricity and energy management have been upgraded in Pakistan's Punjab province. 6,200 youths have been trained and 1,890 have become entrepreneurs. This project was financed by Schneider Electric and implemented in Pakistan by Muslim Hands Pakistan (as the lead agency) in partnership with the Technical Education and Vocational Training Authority (TEVTA) Punjab, and Punjab Vocational Training Council (PVTC), to improve and expand vocational training in Pakistan's dynamic energy sector.

2.6.4.7 Actions towards digital trainings

The digitization program strategy is to provide the current partners with online tools to deliver their training programs while also supporting new online programs. The online programs will allow to both study theory and practice related to the energy content and will deliver a certificate.

Schneider Electric and its Foundation have the objective to develop digital training to complement the training offer in energy and automation. Theoretical courses but also practical courses will be covered to deliver comprehensive training curriculum, that can be followed online only or through blended learning (a mix of in-class and online training).

To start this journey, in 2021 Schneider has collaborated with SENAR, an Augmented Reality platform development company, to develop digital twins of Schneider's didactic equipment. Until now, three practical simulator exercises are ready and are being tested in Indonesia.

The three simulators are about:

- Study bench for grounding schemes
- Motor starting
- Microgrid for isolated areas

Schneider Electric also has an in-house simulator-based training tool, the Augmented Operator Advisor (AOA), which is typically used to train customers in Industry 4.0. It has a builder feature which allows teams to build their own exercises and disperse them among learners. It is currently being tested with trainers in France to create practical exercises for vocational training.

2.6.4.8 Testimonies of people trained

In 2021, Schneider Electric continued to promote Tomorrow Rising, a five-episode docuseries made up of concrete testimonies. It presented the stories of four students who are building tomorrow's energy world each in their own way:

- Yéyé is the narrator and her ambition is to become a respected engineer. The documentary follows her from the beginning of her training in Lagos, Nigeria, to her diploma;
- Pierre, in Senegal, has been trained to be a teacher and is now fighting to improve the future of youth in his country;
- For Vitor, in Brazil, Schneider's training has been a genuine lifeline helping him build a career in electricity;
- Lastly, in India, Gurdeep, an ambitious young entrepreneur installs solar panels and employs young people, like him, benefiting from Schneider Electric training.

Resources

SSI #11

Train 1 million people in energy management

In 2021, a partnership with Ministry of Labor and Vocational Training of Cambodia was established through its subsidiary college, NTTI. The partnership aims to build 1 center of excellence and upgrade 21 schools across the nation, which will train 290 teachers and 7,300 students.

Baseline	2021 Progress	2025 target
281,737	328,359	1M

Training & Entrepreneurship program key figures and 2025 targets

People trained since 2009

328,359

1m 2025 target

Trainers trained since 2009

5,879

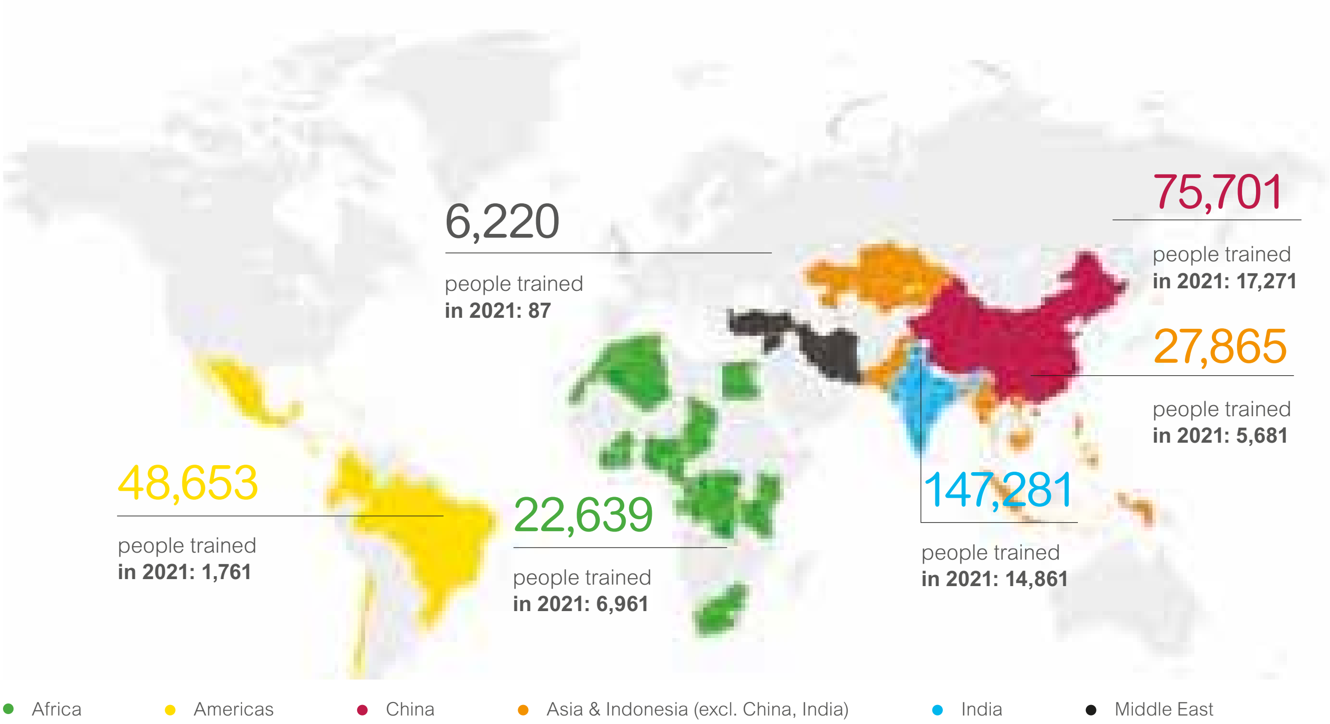
10k 2025 target

Entrepreneurs trained since 2009

4,789

10k 2025 target

Breakdown of people trained by geography since 2009



2.6.4.9 Impact assessment of training actions

In 2019, the Schneider Electric Foundation launched a global initiative to assess the social impact of training actions in the energy sector. With its partner KiMSO, the Group built a guidebook intended to support its local partners in assessing, in a standardized way, the social impact of their training activities. The pilot phase was carried in several centers. The roll-out program was shelved because of the health crisis, leading to the temporary closure of many centers. KiMSO is a social impact assessment consulting firm that helps charities, NGOs, and Foundations to understand, measure and value their impact on key stakeholders.

The project covers both social impact assessment and results chain analysis.

Social impact consists of the direct or indirect, intended or unintended, effects of an organization's actions on its stakeholders (i.e., beneficiaries, users, volunteers, partners) and on society in general.

Social impact assessment refers to the process of monitoring, analyzing, and managing those social consequences, which can be both positive and negative. This is an evaluative process aiming at answering the following key question: what changes thanks to us?

Results chain analysis establishes causal relationships from the resources used to conduct a program to the long-term effects following the end of the program. It sets out a logical and plausible outline of how a sequence of inputs and outputs interacts with individuals' behavior and conditions to generate outcomes.

2.6.4.10 Action towards employability in France

Wherever it operates, Schneider Electric makes a strong commitment to community partners and civil society through positioning itself in a way that is indispensable for a global enterprise that wants to keep in touch with the labor markets of its industrial locations. In France, numerous projects, broken down into four challenges: youth, planet, poverty, and territory, demonstrate Schneider Electric's desire to be engaged, notably in the area of employability, and to contribute fully to local economic development. Based on their successes, some of them are planned to be deployed broadly in the frame of the long-term commitments in the Schneider Sustainability Impact; called "Empower local communities".

2.6.4.10.1 Schneider Electric School

In 1929, Schneider Electric founded its own school – Paul-Louis Merlin – in Grenoble, to address the difficulty of recruiting skilled labor in the energy industry and help young people in precarious situations to access promising jobs. Today, it still focuses on vocational training in Schneider Electric areas of expertise, with innovative training approaches and close alignment with actual industry practices.

Students leave with qualifications enabling them to continue in higher education or take employment in innovation-rich energy-sector fields such as renewable energies, home automation, and smart buildings, as well as energy management.

In 2019, to reinforce the link with the Group, the school changed its name to École Schneider Electric and a new vocational training has been added in the frame of the creation of its CFA *(Centre de Formation d'Apprentis)*.

In July 2021, to meet the ever-increasing need for skills in the energy and electrical sectors, and in a context where there is growing concern about the professional future of young people, the CFA has taken a new step forward and expanded its range of training courses both geographically and in terms of content by forging new partnerships. In addition to the current BTS "Fluids Energies Home Automation" and the *Licence professionnelle* "Connected Buildings and Intelligent Energy Management" courses, which are currently offered by the CFA, there are:

- The BTS CRSA (Design and Production of Automatic Systems) with the Vaucanson High School in Grenoble (France);
- The vocational baccalaureate MELEC (Electrical Trades and Connected Environments) with the Lycée Pablo Neruda in Saint-Martin-d'Hères (France);
- The BTS FED Home Automation and Communicating Buildings, extended to a new geographical area, with the Lycée Maximilien-Perret in Alfortville (France).

2.6.4.10.2 Social integration of disadvantaged young adults

Diversity of backgrounds, cultures, profiles, and experience is always a source of wealth, sharing new ideas and innovation. In priority urban areas, there is a huge amount of talent that is eager to grow. Recognizing this, Schneider Electric believes that companies have a role to play. It is their duty to act, particularly in the heart of the markets in which they operate.

Convinced of the need to better support young people entering the workforce, Schneider Electric is involved in different ways: training, work/study programs for young adults from underprivileged backgrounds entering the workforce, partnerships with schools and associations, financial support for young students, and participation in technical or general training courses. Such is the scope of the initiatives implemented by Schneider Electric. These actions complement the partnerships established within the framework of the Schneider Electric Foundation.

The unemployment of young people, especially those living in priority employment neighborhoods, is unacceptable and efficient actions have been put in place to reduce this scourge, regardless of the economic, social, or industrial situation.

Schneider Electric is involved in three major programs. Two of them are sponsored by the French Government: paQte (priority neighborhoods under the City Policy, QPV)) and the *"La France, une chance. Les Entreprises s'engagent"* program. The third program, *"Le Collectif pour une Économie plus Inclusive,"* is sponsored by companies.

This group was initiated by the CEO of Danone at the end of 2018. Schneider Electric joined the group and has developed the "inclusion focus" in France in 10 cities (Aubervilliers, Strasbourg, Rouen, Marseille, Lyon, Bordeaux, Nantes, Lille, Toulouse, and Grenoble). Within this framework and in conjunction with state employment stakeholders (the French Public Employment Service, Youth Employment Centers, and Maison de l'Emploi), it organized neighborhood-oriented forums, e-forums during the pandemic, and coaching sessions for the youth.

Lastly, there is the "100 opportunities – 100 jobs" system, which takes in more than 1,000 young people primarily from priority neighborhoods (as defined in the City Policy/QPV) and helps them to find long-term employment or training. Today it represents a collective of 1,500 companies located in 45 territorial areas. The relationship between all the local companies builds a melting pot that becomes the network for young people who have no network, in order to support them and structure their future project. It is a real public/private partnership that brings two worlds together for work.

The "100 opportunities – 100 jobs" system was implemented for the first time in Chalon-sur-Saône in 2005, and by the end of 2021 more than 8,600 young people had been involved, with 68% achieving positive exits, fixed-term contracts or interim contracts longer than six months, permanent contracts, or a qualification or diploma training.

Schneider Electric works to help inhabitants of the disadvantaged neighborhoods identified in the City Policy (QPV) and is naturally in line with the PaQte (Pact with Neighborhoods for all Companies) with respect to the four pillars of Raise Awareness, Train, Recruit, and Buy.

Schneider Electric in France includes integration clauses in contracts to encourage suppliers to become committed to an approach of vocational integration of persons who are outside the job circuit. Schneider Electric in France challenges employment agencies to put in place temporary occupational integration contracts (CIPI) and interim open-ended employment contracts (CDI-I), which accompany the unemployed toward long-term employment and encourage temporary work that integrates people.

Finally, Schneider Electric has partnered with many other structures or associations: *École de la Deuxième Chance, les Entreprises pour la Cité, FACE, Télémaque, Fondation de la 2ème Chance,* EPA, *La Cravate Solidaire,* Emmaüs Connect *la Varappe,* etc., and has made a commitment to double the number of its apprentices, interns, and doctoral students.

2.6.4.10.3 Spirit of entrepreneurship for collaborators

For more than 27 years, Schneider Electric in France has supported employee projects to create businesses or business takeovers through *Schneider Initiatives Entrepreneurs* (SIE), through a dedicated structure *(Pass Créations)* demonstrating the Group's commitment to its local labor markets: promoting actions to support local economic development and proposing and supporting volunteer employees in reliable career paths that are external to the Group. It comes resolutely within the development of a spirit of entrepreneurship.

SIE provides support for Schneider Electric employees at all stages of business creation, as well as afterward, with a follow-up period of three years. Sustainability rates at three years remain above 85%.

SIE's dedicated team of seasoned managers and young work/study participants are responsible for reviewing the financial, legal, technical, and commercial aspects of business creation or company purchase projects to ensure they are viable and sustainable.

Since 2010, 1,009 projects have been supported, and 537 of them have resulted in the creation or takeover of a business: these include electricians, bakers, organic trades, consultants, asset managers, and florists, creating more than 637 jobs (employees recruited by the founders to support company growth).

The SIE structure is represented directly or indirectly in local business networks and enhances the quality of services offered through partnerships with associations such as *Réseaux Entreprendre, France Initiative,* and other local structures.

Thanks to SIE's expertise in entrepreneurship, it is regularly called upon to develop training courses in this field. SIE is highly active in the promotion of spin-offs (business creation and takeover support for employees), in particular through the *DIESE* association made up of other major groups.

Since 2008, SEI teams have showcased and rewarded the six most creative projects for company creation or takeover by employees of the Group through the *Vivez l'Aventure* competition. This competition and the prize-giving bring together many managers from the Group as well as political and economic figures. This event is an opportunity to reaffirm the important role this scheme plays in the Group's values and strategy.

The SIE teams manage many actions to contribute to local economic development, for example:

- Specific missions within the fabric of the local SMEs (small and medium enterprises) carried out by Schneider Electric senior experts or missions in the framework of skills-based sponsorship (*Alizé system)*;
- *Pass Compétences*, which allows experienced managers to take long-term assignments with SMEs. These experts invest in structuring and strategic development projects for SMEs;
- Support for organizations dedicated to the creation of activities and companies *(Réseau Entreprendre, France Initiative, etc.)*;
- Supports employees who want a career path external to the Group within the framework of a skills-based sponsorship system called Pass Associations. It enables employees to work on defining projects with partner associations or NGOs for one or two years. It encompasses all types of professions, and there are some 30 effective assignments each year. These specific systems are valued and taken into account in human resources processes and management in France.

2.7 Methodology and audit of indicators

In this section

2.7.1 Methodology elements on the published indicators

Schneider Electric has drawn up a frame of reference with reporting methods for Schneider Sustainability Impact (SSI), Schneider Sustainability Essentials (SSE) indicators and for Human Resources, safety and environmental data.

This frame of reference includes the scope, collection and consolidation procedures and definitions of this information. As it is engaged in a process of constant improvement, Schneider Electric is gradually supplementing this work to adapt its frame of reference for sustainable development indicators to changes in the Group. This document is updated every year.

In keeping with its commitment to continuous improvement, Schneider Electric asked Ernst & Young to conduct a review in order to obtain a “limited” level of assurance for certain Human Resources, safety and environmental data indicators, and all of the key performance indicators from the SSI and SSE (see Independent verifier's report on page 224). The audit work builds on that conducted since 2006.

As a general rule and subject to any particular exception to be set out in the universal registered document:

(i) Schneider Electric reports extra-financial data at Group level for all entities over which it has operational control, within 2 years of acquisition;

(ii) Data is consolidated over all fully integrated companies within the scope of financial consolidation;

(iii) Companies accounted for by the equity method are not included in the reporting.

(iv) Within the above scope, small entities may exceptionally be excluded if their collective exclusion does not exceed 5% of consolidated revenues or total number of employees, in agreement with external auditors.

Notable exclusions in 2021 (except for SSI #1):

- AVEVA and OSIsoft. AVEVA remains a listed company and publishes its financial and extra-financial statements on regular basis. It acquired OSIsoft in March 2021.
- Companies acquired in 2020 and 2021: Larsen & Toubro; RIB software; ETAP.

2.7.1.1 Human Resources, safety and environment indicators

The Human Resources (HR), safety and environmental data come from our HR Analytics for the HR data, Resource Advisor for Environmental data and GlobES (Global Environment and Safety) for the safety data. Its consolidation is placed respectively under the Global Human Resources, the Global Environment and the Global Supply Chain functions. Data reliability checks are conducted at the time of consolidation (review of variations, inter-site comparison, etc.). Details for data coverage are specified in tables page 232 for each topic and are generally well above 80%.

The safety data of the sites are included in the Group metrics after one complete calendar year following their creation or acquisition. A site joining the Group in year n will be included in the metrics on January 1, n+2, except in exceptional circumstances when an agreement stipulates that the safety data will not be included for two years.

The scope of environmental reporting is that of ISO 14001-certified sites, and certain non-certified sites on a voluntary basis and without interruption in time. All production and logistics sites with 50 or more FTE employees must obtain ISO 14001 certification before the end of the third full calendar year of operation or membership of the Group. Administrative, R&D and sales sites with 500 FTE employees or more also have to obtain ISO 14001 certification. Other sites may seek certification and/or report on a voluntary basis. A difference can be thus recorded with respect to the scope of financial consolidation.

2.7.1.2 Indicators from the Schneider Sustainability Impact

SSI #1: Grow Schneider Impact revenues to 80%

Schneider Impact revenues are defined as offers that bring energy, climate, or resource efficiency to our customers, while not generating any significant harmful impact to the environment. Schneider Impact revenues are split into four categories described thereafter. Activities included are:

1) **Energy efficiency architectures bringing energy and/or resource efficiency to customers**. Offers include building management systems, power management systems, lighting and room control, thermal control, variable speed drives, Sustainability Business (SB), and industry automation. Neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.
2) **Grid reinforcement and smart grid architectures contributing to electrification and decarbonization**. This includes all technologies and architectures contributing to a New Electric World, helping grid and electrification come to life: smart grid and microgrid technologies, EV charging infrastructures, medium voltage systems to upgrade electricity distribution networks, low voltage connectable offers enabling smart grid management and energy efficiency, secure power and switches that enable security, and security of supply;
3) **Products with differentiating green performance, flagged thanks to our Green Premium program**. Green Premium products offer environmental transparency (with digital life cycle analysis and circular end-of-life instructions), superior compliance to stringent environmental regulations, and differentiating environmental performance through specific environmental attributes (note: double-accounting with categories 1 or 2 is removed);
4) **Services that bring benefits for circularity** (prolonged asset lifetime and uptime, optimized maintenance operations, repair, and refurbish) **and energy efficiency** (maintenance to maintain the operational performance of equipment and avoid a decrease of energy efficiency over time).

Additionally, revenues derived from activities with fossil sectors and others are systematically excluded, including Oil & Gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting and sustainable finance practices, even though Schneider Electric's technologies deliver resource and carbon efficiency in such sectors as well. In line with Schneider Electric's strategy to phase out SF_6 from offers by 2025, SF_6-containing switchgear for medium voltage applications are also excluded. In addition, neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.

All revenues consolidated in financial accounts are taken into account. Calculation is based on revenues per line of business. Exclusion of fossil revenues is based on orders per customers' end-segment, with extrapolation to estimate destination of transactional sales.

This indicator was audited by Ernst & Young.

SSI #2: Deliver 800 million tonnes of saved and avoided CO_2 emissions to our customers

This indicator measures CO_2 savings and avoidances delivered by Schneider Electric offers to customers.

CO_2 savings and avoidances are calculated for global sales of the reporting year and cumulated over the offers' lifetime. Net emissions are calculated as the difference between emissions with Schneider Electric's offer and emissions in the reference situation. The ambition for this indicator has been increased in 2021 with the definition of the new sustainability strategy: Schneider is committed to save and avoid 800 million metric tons of CO_2 thanks to EcoStruxure™ for its customers.

The difference between "saved" and "avoided" emissions is key: saved CO_2 emissions correspond to brownfield sales that enable reduction of global CO_2 emissions compared to previous years, and avoided CO_2 emissions correspond to greenfield sales that enable a limitation of the increase of global emissions.

- **Brownfield sales** correspond to the situation where the offer sold replaces or upgrades an existing system, leading to a change of GHG emissions of installed infrastructure versus the previous year. For "saved" emissions, the "brownfield reference situation" is defined as the situation before the new solution is sold and installed at the customer's site.
- **Greenfield sales** correspond to the situation where the solution is installed into a new system, allowing a better performance with respect to the market alternative.

The calculation of CO_2 impact of offers over their lifetime is based on sales data per product range. The electricity emission factors are forward looking, integrating the decarbonization of the global energy mix as per scenario of the IEA. Market data and expert assumptions are used to determine the use-case scenario of offers and the associated CO_2 impact. This methodology is associated to typical uncertainties of CO_2 corporate accounting methodologies, and conservative assumptions are preferred.

More methodological details can be found in our website that has been made public in 2019.

This indicator was audited by Ernst & Young.

SSI #3: Reduce CO_2 emissions from top 1,000 suppliers' operations by 50%

Under this program, also called Zero Carbon Project, the Group partners with 1,000 of its suppliers, who commit to reduce their company's CO_2 emissions (mandatory Scope 1 & 2; Scope 3 is optional) and not just on the proportion of sales to Schneider Electric. The active participation of upstream supply chain is critical because it represents multiple times GHG emission compared to Schneider Electric's own operations. The top 1,000 suppliers come from 64 categories across direct material, indirect material and project procurement and have been nominated by the respective procurement teams.

2.7 Methodology and audit of indicators

To ensure suppliers get adequate handholding during the implementation, several capacity building and engagement modules have been deployed. These initiatives sensitize the suppliers on various approaches and technical levers for decarbonization, including training on basic requirements and calculations. Moreover, Schneider attempts to support and drive collaborations with suppliers through services and EcoStruxure™ solutions.

As a first step in the long-term journey to decarbonize, top 1,000 suppliers are required to quantify their carbon emissions and take ambitious reduction targets and deploy roadmap to achieve them. Suppliers are required to share the carbon emission performance via the dedicated Schneider Supplier Portal-Supplier Relationship Management (SSPSRM). To measure the carbon emission reduction achieved, we calculate the average carbon intensity reduction achieved by responding suppliers, multiplied by the percentage of suppliers reporting carbon emission data. Carbon intensity is calculated as Scope 1 & 2 CO_2 emission divided by financial turnover.

This indicator was audited by Ernst & Young.

SSI #4: Increase green material content in our products to 50%

A Green Material is defined as either of the following:

- a material with a lower environment footprint;
- a material that is the output of an industrial technology which is a key enabler for a 1.5°C climate scenario and/or a more circular economy.

For 2021, the scope of this KPI covers commodities identified as relevant in terms of volume (circa 29% of total products volume in 2019), environmental impact (carbon footprint and biodiversity assessment) and industry readiness, meaning:

- Steel and aluminum direct purchases;
- Thermoplastic direct and indirect purchases.

Overall, the materials in scope represent approximatively 400,000 metric tons.

Cross-functional experts at Schneider Electric (Procurement, R&D, Environment) have worked in close relationship with suppliers to define the Green attributes for each commodity in scope, based on existing international schemes and standards.

Thermoplastics are qualified as "Green" when the supplier is bringing evidence of a minimum recycled content, biobased content (minimum threshold depends on whether the compound is halogenated or not) or is using a green flame retardant.

Steel is qualified as "Green" when the supplier is bringing evidence that the mill of origin is an Electric Arc Furnace (EAF) or has a Green certificate such as the ones delivered by Responsible Steel.

Aluminum is qualified as "Green" when the supplier is bringing evidence that the product carbon footprint is below 8 tons of CO_2 per ton of Aluminum, is using a minimum of 90% of recycled content in its product or that the mill of origin has a Green certificate such as the ones delivered by the Aluminium Stewardship Initiative.

The scope will be yearly reassessed as the program maturity and the transparency of supply chains improve.

To consolidate the KPI, several sources of data are used. The volumes of green materials are identified using Prism extract for metals and Puma extract for thermoplastic, both tools are providing budgeted volumes. The total volume in scope (the denominator of the KPI) is determined using RMI extracts for thermoplastic, steel and aluminum providing purchased volumes in metric tons. For silicon steel there is no consolidation in RMI since silicon steel is not a market index, thus the volume is estimated based on a negotiation file RCM. Schneider Electric decided to identify reported and tracked Green Materials using 'budgeted' volume since the precision of the reporting tool is better compared to RMI extract. Actually, Prism and Puma allowed to track suppliers and material grade that make the two levers mentioned above possible to activate.

This indicator was audited by Ernst & Young.

SSI #5: 100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard

This program has been designed to:

- Ensure legal compliance through the selection of our packaging materials and the availability of adequate take-back, collection and sustainable options for our customers.
- Support the achievement of our 2025 Green packaging commitment:
  - 100% of our primary and secondary packaging uses recycled cardboard.
  - 100% of our primary and secondary packaging is free from single-use plastic.
  - Define the best practices to offer differentiating green packaging solutions to our customers.

The scope includes tier-one strategic suppliers with a direct purchase of cardboard and plastics in the Schneider Electric procurement system. Geographically, all regions under the global supply chain will be covered, as well as Equipment & Transformers.

Cardboard is considered as recycled when it includes at least 70% of recycled fiber by weight. Temporary exemption is made for NAM, where an average of 50% of recycled fiber by weight is required to be considered recycled.

Every reporting period, the spend on cardboard and plastics is extracted from the system and each element is classified as sustainable or none based on criteria mentioned above. Verification is done for sustainable declarations on the definitions already provided as well as certificates and other documentary evidence from suppliers. The list of eligible certificates/documents is continually updated to make it exhaustive and to cover countries specificities.

A global campaign is being run in all global supply chain regions to progressively move the spend to sustainable sources and remove single use plastic usage with sponsorship from top management.

This indicator was audited by Ernst & Young.

SSI #6: 100% of our strategic suppliers provide decent work to their employees

Schneider Electric has deployed a series of engagement on the topic of working conditions to correct mal practices, but also proactively work to implement measures which will prevent such violations in future. This philosophy is the foundation of the Decent Work program.

Taking inspiration from the pioneering work of ILO, Schneider has defined **10 pillars of Decent Work:**

1. Employment opportunities;
2. Adequate earnings and productive work;
3. Decent working hours;
4. Stability and security of work;
5. Social dialogue and workplace relations;
6. Fair treatment in employment;
7. Safe work;
8. Social protection;
9. Purchasing practices; and
10. Balancing work and family life.

The program requires strategic suppliers to develop a pro-active policy and provide a safe, attractive, inclusive workplace to their employees, and treat all workers as we treat our own workforce. Criteria defined for each Decent Work pillar may overlap with ISO26000 standard and are validated by Global Procurement, Human Resources, Supply Chain and Sustainability teams.

The suppliers will be assessed through remote questionnaires supported by relevant documentation as well as onsite visits, spot audits and their performance will be monitored by experts. All questions have a minimum acceptable answer defined. Suppliers responses will be evaluated against the minimum acceptable criteria to qualify as Decent Work compliant. Program deployment is ensured by Global Procurement Services to onboard, train and assess suppliers.

Through Decent Work standard setting and compliance, Schneider employment aims to enhance social integration, equity, security, dignity, satisfaction and overall improvement in the quality of life for the workers, and their family. For each Decent Work issue identified, the Global Procurement team will ask for corrective actions to be undertaken and supported by documentation. If the supplier effectively deploys corrective actions, it can be counted in the KPI calculation. Otherwise, it is still counted as non-compliant regarding the requirements of the program.

A pilot for this indicator will be launched early 2022. As such, this KPI is excluded from the 2021 SSI score computation, and will be integrated in 2022.

The methodology for this indicator was reviewed by Ernst & Young.

SSI #7: Measure the level of confidence of our employees to report behaviors against our principles of Trust

Speak-Up helps to maintain high standards, a strong reputation, and a healthy and productive working environment, and protects Schneider Electric and its employees from multiple risks. Misconduct situations will be less likely to occur if people, employees and stakeholders feel safe to speak up about concerns, dilemmas or issues in good faith, respectfully and without fear of retaliation.

Our Trust Charter and Ethics & Compliance program participate to transform this belief into practical actions, notably offering multiple fair, neutral and confidential reporting channels to our employees to make them feel confident to report an unethical conduct.

In order to assess this KPI, the question "I can report an instance of unethical conduct without fear" is annually asked to all Schneider Electric employees included in the OneVoice survey scope. The percentage of "Agree" and "Strongly Agree" amongst the answers determines the level of confidence of Schneider Employees to report unethical conduct. Responses are anonymized and aggregated for compliance purposes.

This indicator was calculated for the first time in 2021 and reached an 81/100 performance. As such, this KPI is excluded from the 2021 SSI score computation, and will be integrated in 2022.

The methodology for this indicator was reviewed by Ernst & Young.

SSI #8: Increase gender diversity, from hiring (50%) to front-line managers (40%) and leadership teams (30%)

Schneider Electric is strongly committed to building a diverse organization at every level, with a workforce that reflects the diverse markets in which we operate. This indicator measures female representation within Schneider, at the hiring, frontline manager, and leadership level.

It covers all new hires within the company, including both non direct variable costs (NDVC i.e. white-collar) and direct variable costs (DVC i.e. blue-collar) positions; managers who are in NDVC positions, at the junior and mid-management level and whose direct reports are individual contributors only; and all leaders in Senior Vice Presidents & Vice Presidents positions.

This is a composite indicator: the progress of each metric (new hires, frontline managers, leaders) is being evenly weighted (1/3) to calculate the achievement of this commitment.
At the end of each quarter,

- **Percentage of female new hires**: Count number of new hires that are women divided by total new hires in the current year *100.
- **Percentage of female frontline managers**: Count number of frontline managers that are women divided by total frontline manager population *100
- **Percentage of female leaders**: Count of women leaders divided by count total leaders *100
- **Blended achievement percentage**: Weighted 1/3, based on annual % progression from Base Year to total 5-year achievement.
  - 50% new hires progression: Subtract current period % of women who are new hires from 2020 base line and divide by targeted 5-year progression target (9%).
  - 40% frontline managers progression: Subtract current period % of women who are frontline managers from 2020 base line and divide by targeted 5-year progression target (15%).
  - 30% leaders progression: Subtract current period % of women who are leaders from 2020 base line and divide by targeted 5-year progression target (6%).
  - Calculate blended progression achievement %: 1/3 of each KPI current period progression

This indicator was audited by Ernst & Young.

SSI #9: Provide access to green electricity to 50 million people

Schneider aims to provide access to electricity from renewable sources to 50 million people, thanks to the products and solutions that are developed and/or commercialized under the Access to Energy (A2E) program, from 2009 to end-2025.

Geographical scope are countries where the A2E program is operating, in APAC, Africa, Middle East, and South America. Within these A2E countries, the impact is calculated based on:

- **Individual and domestic electrification**: the number of units sold is counted out of the defined list of references providing access to green electricity, and a coefficient is applied to translate into an estimated number of people impacted.
- **Collective electrification:** the total power sold is counted out of the defined list of references giving access to green electricity; it is translated into a number of people impacted from an average energy consumption of a household in the targeted areas, estimated from external databases and studies.
- **Large A2E projects or electrification of public services**: as an alternative to the above method, actual or statistical number of people connected can be taken into account. In this case, the technologies sold by Schneider can go beyond the strict A2E references, but their value must be at least equal to the estimated price of the project's inverters.
- **Impact funds** (SEEA, SEEA Asia and EAV): 100% of the impact of companies that contribute directly to the Schneider A2E mission of providing green and reliable electricity in Africa and in Asia are taken into account, as well as 50% of the impact of companies that contribute indirectly. To this result, we apply the percentage of participation of SE in the fund.

An exhaustive list of products and solutions considered with reference codes is available and maintained. Considered products and solutions are those already available at the end of 2020, and the forthcoming products and solutions providing access to electricity. Products and solutions that are out of scope: A2E products and solutions that are sold out of A2E countries; other A2E products and solutions, not directly providing access to electricity (e.g. MPPT, EcoStruxure™ for Energy Access, batteries, etc.).

This indicator was audited by Ernst & Young. The methodology and 2021 performance was audited, not values cumulated before 2021.

SSI #10: Create 2x opportunities for the next generation

The purpose of this initiative is to ensure Schneider Electric has a sustainable talent strategy to develop a Next Generation (Next Gen) pipeline of talent through full-time, temporary, and self-paced opportunities. Our goal is to provide access to professional opportunities for young adults, educating them about sustainability and how Schneider Electric plays a part in this endeavor.

To achieve this ambition to double opportunities, the Group accounts for the various ways it interacts with talent considered to be part of the next generation pipeline, including Student Opportunities and Recent Graduate Hires:

- **Student opportunities** are defined as the workforce on the cusp of entering the job market, engaged in a temporary relationship with Schneider Electric with a defined start and end date at the onset (i.e.: Intern, learning event about Schneider and sustainability).
- **Recent Graduate Hires** are recent graduates or early career professionals hires from a formal education program whose relationship with Schneider has a defined start date but open-ended end date (i.e.: Contract type: open ended contract, fixed term contract).

Calculations are based on actual external requisition positions filled in the Global Applicant Tracking System and opportunities tracked via connect Candidate Relationship Management.

This indicator was audited by Ernst & Young.

SSI #11: Train 1 million people in energy management

The deployment of professional training programs in energy management enable people to acquire skills to pursue a career that offers them, as well as their families, the means for a decent standard of living. These courses must benefit to disadvantaged people. They are defined according to a local reference and justifiable by the partner who must be able to justify the BoP nature of the people trained, related to the defined local benchmark.

In partnership with local and international NGOs and local authorities, the Schneider Electric Foundation and the Company's local entities provide direct and indirect contributions to professional training centers. The objective is to help them improve the level of vocational training courses with diploma or certification in energy management. As a technical partner, Schneider Electric does not pay operating expenses.

The minimum duration of these courses is three months (or totaling 100 hours). Schneider's Contributions may be (cumulative possible):

- funding of electrical and didactic equipment, donation of request equipment, first generation, for practical work;
- knowledge transfer through trainer training, and support for future entrepreneur training.

The KPI score is calculated with the number of students enrolled in trainings courses, supported by Schneider Electric through partnership agreement (supporting documents (list of young people) required)."

This indicator was audited by Ernst & Young.

SSI #+1: 100% of Country and Zone Presidents define 3 local commitments that impact their communities in line with our sustainability transformation

Since its creation in 2005, the former Planet & Society barometer (now Schneider Sustainability Impact), has focused on measuring progress against key sustainability performance indicators at worldwide level.

In SSI 2021-2025 Schneider Electric introduces a new component to measure local impact because:

- There is a high internal demand for local communication on progress, as well as to locally empower collaborators to contribute to our meaningful purpose;
- Sustainability priorities are highly dependent on local context therefore it makes sense to not only deploy worldwide programs, but also local actions close to local context and needs.

In order to boost local impact towards communities close to Schneider Electric, Countries with at least 100 employees have set 3 commitments aligned with the Group's sustainability strategy, on different pillars: Climate, Resources, Trust, Equal, Generations and Local.

Progress against these commitments is measured by precise Key Performance Indicators (KPI). The assessment of this objective goes as follow: KPIs are validated by zone/ country presidents, and a local SSI lead is designated and communicated to the Sustainability Team. This local Lead is in charge of consolidating KPI performance on an annual basis.

This indicator was not audited by Ernst & Young and is not included in the SSI score.

2.7.1.3 Indicators from the Schneider Sustainability Essentials

SSE #1: 150 Zero-CO_2 sites

A site achieves Zero CO_2 site status if it emits zero greenhouse gas emissions related to energy consumption and has in place Digital Energy Monitoring. Additionally, the site must have no SF_6 leaks. Exclusions for energy-related greenhouse gas emissions are considered for small sources (<3%) of a site's total energy where no feasible fossil-free solution exists today. Digital Energy Monitoring is defined as having energy data connected to a Schneider Electric solution (such as Power Monitoring Expert, EcoStruxure™ Building Operation, Resource Advisor, etc.). For larger sites, this requires a significant proportion of the site's energy to be measured and monitored through real-time connected meters. For smaller sites, this requires energy invoices to be available in Schneider Electric's Resource Advisor solution. This indicator relates to all sites within the Group's full real estate footprint.

This indicator was audited by Ernst & Young.

SSE #2: 100% substitution with SF_6-Free medium voltage technologies

This indicator measures the ability of Schneider Electric to offer to the market (i.e. SELL gate of our Offer Creation Process) industrialized SF_6-Free solutions for all geographies.

The range considered for the calculation of this KPI are Primary & Secondary switchgears up to 40.5 kV, Indoor only:

A SF_6 free ranges ready in 2020: Vacuum components, Premset, primary AIS with vaccum CB, HVL, Masterclad…

B SF_6 ranges in 2020: RM6, FBX, Ringmaster, DVCAS, Flusarc, SM6, RN2C, GMA, GMAe GHA, WS, WSG, CGBS-0, CGBS-1, HVL-CC, Mcset, F400

C SF_6 free offers to be launched from 2021-2025: SM AirSeT, Air PacT, RM AirSeT, RingmasterX, GM AirSeT, HVLCCX, …

Products above 40.5kV (WI, CBGS-2, Kite), Outdoor Equipment such as Pole mounted, Reclosers, Sectionalizers, Instrument transformers, as well as ranges manufactured by JVs and local offers adaptation are excluded.

The performance is measured as the percentage of the quantity of SF_6 free offer range available for order (**A+C** above) compared to the total quantity of the current ranges sold in the 2019 reference base (for both MV switchgears and components). The current range for 2019 reference base is defined as the sum of the current SF_6 and non-SF_6 (Air, Vaccum) ranges sold in quantities (**A+B** above).

For the calculation, as an example, 1 RMairSet =1 RM6. Calculation: KPI % = (**A + C**) / (**A + B**). Reference Base: total quantities by range sold in 2019.

This indicator was audited by Ernst & Young.

SSE #3: 90% of electricity sourced from renewables

This program measures the share of renewable electricity in Schneider Electric electricity supply, on the scope of environmental reporting (industrial sites >50 employees and tertiary sites >500 employees certified ISO 14001).

Four different types of renewable sourcing are taken into account:

- Renewable electricity produced onsite and consumed onsite;
- Renewable power purchase agreements (PPAs);
- Green tariffs; and
- Renewable certificates (depending on the country: REC, iREC, GO, EAC, etc.).

Electricity purchased with no specific renewable electricity claim is not taken into account, even if the electricity mix of the supplier includes a share of renewable power.

This indicator was audited by Ernst & Young.

SSE #4: 15% CO_2 efficiency in transportation

Transport within Schneider Electric is a significant generator of CO_2 due to dependence on fossil-fuels. To achieve its net-zero target, the Group must engage with its transport providers on both efficiency opportunities as well as technical advancements in transport assets.

This KPI measures the Group progress against an annual 3% CO_2 emissions for its paid transportation footprint for each of the next 5 years, or 15% total reduction from 2020 to 2025. The scope of the program covers all shipments globally with all transportation providers and modes where the freight is paid by the Group. This equates to approximately two-thirds of the total freight CO_2 impact to the Group. The base calculation for CO_2 efficiency uses an activity-based method of weight multiplied by distance and by mode/equipment CO_2 factors. Progress is measured using CO_2 emissions per tonne shipped as unit.

This indicator was audited by Ernst & Young.

SSE #5: 15% energy efficiency in our sites

This program measures the normalized energy reduction of the Group's largest energy-consuming sites against a baseline. The objective is to reduce energy consumption by ~3% each year, for a total reduction of 15% over the whole duration of the company program (2021-2025) using Schneider Electric solutions and services. The program focuses on Schneider sites within the scope of environmental reporting that consume >3 GWh of total energy, along with other sites the Group considers strategic (213 sites in 2021). Energy savings are calculated versus a baseline year (2019) for the whole duration of the company program. In order to ensure a fair calculation of the savings, the actual consumption of a site is normalized versus the baseline year. This normalization is based upon a site-specific linear regression model enabling climate and changes in production levels to be taken into account. All energy consumption that can be modelled is taken into account and converted into MWh.

This indicator was audited by Ernst & Young.

SSE #6: 80% of product revenues covered by Green Premium™

Schneider Electric provides environmentally conscious products to customers that support their sustainability goals and ambitions. The

2025 target is a transformation of the existing program, for products focused on green materials, low CO_2, circularity and digitization of data.

Green Premium products provide detailed information on their regulatory compliance, material content, environmental impact and circularity attributes. They deliver market driven value propositions through third-party labels, such a Green Building and product certifications, that support our customers' sustainability ambitions. All globally sold products are within the scope of Green Premium. The product must be identifiable by an individual commercial reference number sold under a recognized brand of Schneider Electric. The Group provides resources efficient products (energy at usage, low CO_2, material efficiency) whose footprints are fully available through the 'Product Environmental Profile' relying on Life Cycle Assessment; Green Premium offers also come with 'Circularity profiles', providing information on a product's Circularity through product end-of-life instructions and take-back services. Green Premium offers are regulatory compliant. Schneider is going beyond regulatory compliance with step-by-step substitution of certain materials and substances from our products. All this information is provided digitally to our customers.

This indicator was audited by Ernst & Young.

SSE #7: One-third of corporate vehicle fleet comprised of electric vehicles

Schneider Electric has joined the EV100 initiative of Climate Group to reduce its carbon emissions by committing to electrify 100% of its fleet by 2030. The fleet reporting structures the fleet carbon emissions calculations, the calculation of EVs share in the fleet and allows to support countries in the transition. As a mid-term objective, by 2025, Schneider commits to switch a third (1/3) of its fleet to electric vehicles (EV).

Schneider Electric uses the definition by the Climate Group for electric vehicles, including:

- Battery Electric Vehicle (BEV),
- Plug-in hybrids (PHEV): Extended Range vehicle (EREV) and Fuel Cell Electric Vehicle (FCEV) - with at least 50km of electrical autonomy

Vehicles' count is a picture at 31/12. The share of electric vehicle in fleet is calculated by dividing EV count by total vehicle count

Fleet leasers are the source of information; global leasers operate the largest share of Schneider Electric's fleet and provide data on multiple countries by region. A detailed reporting is asked to all countries to eventually correct, complete or complement the information (considering for instance vehicles under local leasers).

This indicator was audited by Ernst & Young.

SSE #8: 100% of sites with local biodiversity conservation and restoration programs

This program measures, for each site in scope, the percentage completion of a set of biodiversity-related actions. The scope is Schneider Electric sites within full real estate footprint that have >50 people.

Initiatives are defined as "eliminate single-use plastic", and "local biodiversity action" (2 required for large ISO14001 sites, 1 for small sites).

Each site reports initiatives at completion. At Group level, performance is calculated by dividing completed initiatives by total required initiatives.

This indicator is audited annually by Ernst & Young.

SSE #9: 200 'Waste-to-Resource' sites

A site achieves 'Waste-to-Resource' status if it recovers more than 99% (by weight) of its non-hazardous waste while leveraging waste-to-energy solutions for less than 10% of its non-hazardous waste. Additionally, if a site generates hazardous waste, it must ensure 100% proper handling and treatment of that waste. Proper handling and treatment of hazardous waste means that hazardous waste shall be handled as per Schneider Electric's requirements and local regulations, whichever is the most restrictive. Waste is considered as recovered if it is reduced, reused, or sent to a waste provider for recycling or disposal in any manner except landfill and incineration without energy recovery. Waste composting and energy recovery systems qualify as recovered. This indicator relates to all sites within the Group's full real estate footprint.

This indicator was audited by Ernst & Young.

SSE #10: 420,000 metric tons of avoided primary resource consumption through 'take-back at end-of-use' since 2017

The aim of this KPI is to measure Schneider Electric's Circular Economy efforts, meaning all the industrial activities that contribute to the Circular Economy model, such as repair, reuse, refurbish and recycling, thus avoiding waste, material & energy consumption, CO_2 emissions and/or water depletion.

Activities in this KPI will enrich on the basis of SE increasing focus on circularity business models, and are currently constituted of

- Batteries take back and recycling;
- Volume of devices refurbished and repaired in our repair centers (eg UPS, Drives);
- Volume of MV, LV and Transformers refurbished or recycled in our Ecofit Centers.

This indicator was audited by Ernst & Young.

SSE #11: 100% of sites in water-stressed areas have a water conservation strategy and related action plan

This program measures the percentage completion of a set of water conservation actions that sites in water-stressed areas must complete. The scope is Schneider Electric sites within the scope of environmental reporting that are classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute (WRI) Aqueduct Water Risk Atlas. Actions are defined based on the amount of water that a site consumes along with the application(s) that the site uses water for. At the Group level, performance is calculated by totaling all completed site actions and dividing by the total required actions.

This indicator was audited by Ernst & Young.

SSE #12: Deploy a 'Social Excellence' program through multiple tiers of suppliers

This indicator has not yet been deployed by Schneider Electric.

SSE #13: 100% of employees trained every year on Cybersecurity and Ethics

As per to our Ethics & Compliance and Cybersecurity programs, training of employees on ethics, corruption risks (for eligible employees) and cybersecurity is mandatory. To do so, Schneider Electric launched 3 new trainings as part of the Global Schneider Essentials training campaign reconducted every year with new content:

- Since 2018: Training on the Principles of Responsibility (PoR document replaced in September 2021 by Trust Charter Schneider's Electric Code of Conduct) and Anticorruption.
- Since 2020: Training on Cybersecurity.

The scope of this KPI is all employees registered in TalentLink (legal entities integrated in Talent Link, Core HR data system) as of November 15:

- **Principle of Responsibility and Cybersecurity e-learnings:** all active employees with Open Ended Contracts (OEC) (exception: Chinese and Bulgarian Fix Term Contracts – FTC – are included), present in the Group on December 31st and hired before December 1st
- **Anticorruption e-learning**: exposed employees identified based on the job description (Schneider Electric System of Reference – description of functions), active, with connectivity type online-corporate credentials, with OEC (exception: Chinese and Bulgarian FTC) present in the Group on December 31st and hired before December 1st

This KPI is calculated as followed: the number of employees who completed all required e-learnings assigned based on defined criteria (2 or 3) divided by the number of employees x 100.

This indicator was audited by Ernst & Young.

SSE #14: 0.38 or below Medical Incident rate

Safety is one of the 5 pillars of Schneider Trust Charter, which emphasizes the importance Schneider Electric is placing on its employees, customers, and contractors. Schneider works with many VIP global customers, and they demand the highest standards of Health & Safety management and performance before they engage and continue to do business with Schneider Electric.

Moreover, at Schneider Electric our mission is to protect Occupational Health and Safety of employees, customers, contractors, and visitors to our locations. The Group also strives to provide employees safe, pleasant, and efficient workplaces for enhanced wellbeing and effectiveness. As such, we aim to reduce the Medical Incident Rate (MIR) to 0.38 by 2025.

The MIR is the number of work incidents requiring medical treatment per million hours worked (i.e. average hours of 500 employees working for one calendar year). Work related injuries and occupational illnesses requiring medical treatment are included. Work incidents may or may not have resulted in time off work.

All work-related incidents reported on Schneider Electric sites are counted (including therefore incidents affecting Schneider employees and other employees working under the supervision of Schneider, i.e. temporary workers). All Schneider sites within scope are considered. Medical incidents do not include: visits to a physician or other licensed healthcare professional solely for observation or counselling; the conduct of diagnostic procedures, such as x-rays and blood tests, including the administration of prescription medications used solely for diagnostic purposes (e.g. eye drops to dilate pupils); or first aid.

This indicator was audited by Ernst & Young.

SSE #15: Reduce by 50% scrap from safety units recalled

Schneider Electric's priority is to delight its customers with an outstanding end-to-end experience. The Group strives to ensure our products' reliability, safety and cybersecurity to secure customers' business continuity and protect their people, assets and data. Quality is every customer's right and every employee's responsibility. By rationale, with an enhanced emphasis on quality, Schneider products henceforth should have minimal recall. In addition, safety in using Schneider products is of utmost priority and therefore we set this target with the mindset to ensure that our products remain safe for use for our customers.

In the unfortunate event of a recall, the Group aims to encourage a circular economy by reusing any parts from the recalled product as possible instead of scrapping it.

This KPI is based on all Problem (PRB) opened with Go decision from the Offer Safety Alert Committee (OSAC). Target of weight of scrap need to be included in the OSAC presentation and decision.

The used definition of 'recall' is a product recalled from Customer sites to Schneider's premises. Products remediated at customer's site without physical recall to SE's premises is excluded. The scope of this KPI includes all physical products sold by Schneider. Software are by definition excluded. Also, safety recalls bound by Non-Disclosure Agreement is excluded.

The weight of scrapped materials (in kilograms) is estimated by multiplying the number of physical products scrapped following a safety recall multiplied by the weight of product. The % reduction is calculated by comparing the weight of scrapped materials in the reporting year to that of the baseline (4,202 kilograms in 2020).

This indicator was audited by Ernst & Young.

SSE #16: In the Top 25% in external ratings for Cybersecurity performance

Schneider Electric is continuously and consistently monitoring the security of its digital footprint with the support of cyber scoring agencies and this discipline is applied across the extended ecosystem* (e.g. integrated and non-integrated entities).

Our primary scoring agency is BitSight which rates company security maturity between 300 to 820. This rating is calculated in real time with a proprietary algorithm that examines two classes of externally observable data:

- configuration information, which represents how diligent a company is in implementing best practices to mitigate risk.
- observed security events, which are evidences of cyber events like system compromises or data breaches etc.

Security incidents or identified vulnerabilities can negatively impact the company's rating. They are addressed in a timely manner and the Group strives to maintain the score above 800.

*Bitsight scores for non-integrated entities (e.g. Aveva) are not included and are monitored separately.

This indicator was audited by Ernst & Young.

SSE #17: 4,000 suppliers assessed under our 'Vigilance Program'

Schneider Electric seeks to be a role model in its interactions with customers, partners, suppliers, and communities, when it comes to ethics and the respect and promotion of human rights. The Group's vigilance plan reflects this ambition. It also complies with the provisions of 2017 French law on Corporate duty of vigilance: Duty of Vigilance introduced a new legal framework by which French authorities could hold corporations accountable.

Risks within our Supply Chain are multiple: potential violations of human rights and fundamental freedoms, serious bodily injury, Environmental damage, Health and Safety risks, etc. Impact are therefore quite various: reputation impacts, legal impacts, people health & safety, environmental pollution…

To mitigate these risks with suppliers, the 2021-2025 plan is to deploy on site and remote audits for 4,000 suppliers:

- 1,000 identified in "high risk" level (by a 3rd party methodology, RBA or other) with one site audits; and
- 3,000 others through remote self-declarative assessment. Suppliers answering are counted, removing, if any, suppliers that have been audited in the current year or in past.

The KPI adds the total number of audits performed. The baseline takes into account on site audits performed between 2018 and 2020 (i.e. 374 audits); this value has been audited and validated by Ernst & Young in the previous years.

This indicator was audited by Ernst & Young.

SSE #18: <1% pay gap for both females and males

Over the last five years, Schneider Electric has proactively worked to identify and address female pay gaps with appropriate corrective actions through a country driven approach. Given the progress made on Pay Equity and to support its inclusion philosophy, starting in 2021, Schneider Electric has engaged in best practices to maintain a pay gap below 1% by 2025 for both females and males.

Measurement of the individual pay gap is achieved by comparing each employee to a universal median total target salary "TTC" (base salary + target short term incentive) for all genders. In other words, an individual's TTC is assessed against the median TTC of their comparator group (individual TTC/median of comparator group TTC – 1). The comparator group is defined by the drivers of job level (grade) and salary structure within a country.

This indicator was audited by Ernst & Young.

SSE #19: 60% subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)

The World Employee Share Ownership Plan (WESOP) is one of the Group's recurring key annual reward programs, offering employees across the world an opportunity to become owners of the Company, at preferred conditions. Schneider Electric commits to achieve a 60% subscription rate among eligible employees in the yearly WESOP by 2025.

The scope concerns 29 recurring participating countries, representing 91% of the eligible headcount, which are all long-term employees of countries participating in WESOP with seniority of 3 month in the company. The KPI is calculated by collecting the number of subscribers from the subscription tool, divided by the number of eligible employees in the 29 countries as per data from our global HRIS system.

This indicator was audited by Ernst & Young.

SSE #20: 100% of employees paid at least a living wage

In line with its Human Rights Policy and Trust Charter, Schneider Electric believes earning a living wage is a basic human right. Schneider Electric is committed to paying 100% of employees at or above the living wage to meet their families' basic needs. By basic needs, the Group considers basic household expenditures (food, housing, clothing, sanitation, education, healthcare, transport), plus discretionary income for a given local standard of living.

There is no universal benchmark or methodology on how to calculate a living wage, which is why Schneider Electric has been working with an external consultant since 2018 to calculate living wages for all its locations worldwide. To calculate a living wage, the external consultant estimates the basic household expenditures of employees, as well as the number of persons earning a wage in a "typical" household based on various sources of cost of living and macroeconomic data (national statistics, OECD, United Nations agencies, etc.).

To measure compliance with the living wage, a gap analysis is conducted every year post salary review for all our Schneider Electric employees treated as permanent workforce (employee scope coverage was 99% in 2021 and will be extended to 100% in 2022). The Reward team centrally compiles and analyses total employee remuneration data (base salary, bonus, and allowances) to compare it with agreed living wage. Employees are benchmarked to their work location living wage. To calculate employee remuneration, the Reward team uses data available in its global HRIS system, as well as local payroll. For final reporting of the year end results, Schneider Electric can disclose a final score that considers living wage gaps closed by countries until the end of the year after they have been identified.

This indicator was audited by Ernst & Young.

SSE #21: 4x the number of employee-driven development interactions on the Open Talent Market

The purpose of this initiative is to create an integrated and digital Open Talent Market (OTM) that enables employees to drive their own career development. The platform is borderless, neutral, and uses AI to help achieve best matches. The ambition is to multiply the number of employee-driven interactions within OTM by 4 in the next 5 years.

Interactions are tracked in the tool for each feature of OTM. At the start of 2021, current features available to employees are:

- Positions;
- Projects; and
- Mentorships.

These 3 features work best when employee profiles are robust and rate a 3/4 for completeness. The scope of this initiative extends to the connected population of Schneider Electric as defined in January 2021, thus excluding non-connected workers (ie: plant), as well as contractors, and interns/apprentices.

This indicator was audited by Ernst & Young.

SSE #22: >90% of employees undergo digital upskilling

The Group is committed to growing employee digital citizenship and aims to achieve digital upskilling for >90% employees by 2025. The progress combines white collars and workers populations KPIs.

- **For white collars**, the Group aims to achieve >90% eligible employees reaching Intermediate, Advanced or Expert Digital Citizenship level by 2025. The Digital Citizenship level of all employees will be assessed by their managers each year. Eligible employees in 2021 are active employees hired before January 31 2021, Open-ended and fixed-term contracts, and excludes employees in non-integrated entities & further exclusion defined by country.
- **For workers**, the Group aims to achieve >90% workers complete 2 hours of training per year offered by the GSC Academy on digital transformation, such as Smart factory program, Cybersecurity, Digital knowledge. The scope covers active workers populations and plant team leaders defined by specific job codes and hired before January 31 2021, Open-ended and fixed-term contracts (China only) in relevant operating units, and excludes workers on extended leave of more than 6 months during the year and factories which planned to be closed before Q2 of the following year.

The scope and exclusions of this indicator will be reviewed at the beginning of each year.

The KPI is an aggregated % based on the % of employees meeting the target defined for white collars and workers to the total employee population in scope (white collars & workers).

This indicator was audited by Ernst & Young.

SSE #23: 90% of employees have access to a program that supports meaningful development in the later stages of their professional career

This indicator aims to support and recognize talent who are near or at the later stages of their professional career through a robust career plan and development options, in order to strengthen key skills, leverage expertise and ensure knowledge exchange.

In 2021, the strategy and approach were defined. Pilot programs will start fully in 2022. As such, this indicator was not measured in 2021.

From 2022, the indicator will be calculated as total headcount in the countries which meet the global minimum standard for a program, compared with overall Schneider Electric headcount. All countries with >250 employees are in scope. The minimum standard for a program include:

- **Training, coaching or one to one** support available for employees (and their managers) in the later stages of their professional career enabling them to have a career check-in/ next-step conversation that results in a meaningful career development plan.
- **A selection of support options** available in the employees' country that may include flexible work, upskilling and career growth options, career pivot options, personal planning options or workplace adjustments.

The methodology for this indicator was reviewed by Ernst & Young.

SSE #24: 75% employee engagement score

A high Employee Engagement index is linked to higher sales growth, higher operating income and ultimately higher customer satisfaction and loyalty toward the company. This index is calculated once a year through a survey called OneVoice, sent to 100% of Group employees, and serves a starting point to adapt the Group's people strategy, and action plans.

The computation of this KPI includes all Schneider employees treated as permanent workforce (i.e. open ended and fixed term contracts over 3 months), thus excluding interns or third party contractors.

The Kincentric employee engagement model is used, composed of 6 questions, 2 per item (SAY, STAY, STRIVE), scored on a 6 points scale by employees:

- Employee Engagement Index: is the percentage of people for which the average of the 6 questions is equal or higher than 4.5
- Employee Disengagement: percentage of people for which the average of the 6 questions is equal or lower than 3.5
- Neutral: is the percentage of people for which the average of the 6 questions is scored between 3.5 and 4.5

This indicator was audited by Ernst & Young.

SSE #25: 50,000 volunteering days since 2017

Schneider Electric employees' volunteering activities mainly take place in vocational or educational NGOs (vocational and technical training, schools, universities, etc.), and companies supported by the Schneider Electric Access to Energy Fund and more globally in all organizations referenced by the Schneider Electric Foundation delegates in their countries. They principally fall into actions benefiting young people, underprivileged families, the environment and are organized depending on the personal or professional skills of the volunteers as well as the needs identified by the supported organizations (specialized or non-specialized needs). Missions are posted on a dedicated digital and multilingual platform called VolunteerIn enabling Group employees to apply for volunteer missions among the Foundation's partners. Local and spontaneous initiatives organized by the Schneider Electric Foundation delegates and their partners in which employees engage are also taken into account.

In 2021, the Schneider Electric Foundation and partner NGOs increased the number of digital missions offered to employees, enabling employees to continue on engaging even under restrictions due to the pandemic. One day of volunteering is counted when a staff member dedicates five hours of his or her time to one of these partner organizations. The indicator also includes the training missions organized abroad for a period of five days minimum. However, due to the pandemic this type of mission has not been organized in 2021 for safety reasons. Only missions lasting a minimum of 0.5 days are considered.

This indicator was audited by Ernst & Young.

2.7.2 Methodology elements on EU taxonomy indicators

Regarding the calculation of the proportion of activities considered eligible in accordance with Article 1(5) of the Disclosure Delegated Act in turnover, capital (CapEx) and operational expenditures (OpEx), Schneider Electric provides the following additional details:

Calculation of Taxonomy-eligible turnover

As detailed in Annex 1 of the Delegated Act on Article 8, the denominator of Taxonomy eligible turnover is equal to the net turnover recognized pursuant to IAS 1.82(a) after removal of intra-group transactions. At Schneider Electric, this represents EUR 28,905 million, as disclosed in the first line of the consolidated statement of income in this Universal Registration Document (URD, page 344).

For 86% of revenues (excluding entities having their own reporting framework), eligibility calculation combines two approaches:

- An offer-based (by nature of technology) approach, whereby workshops are conducted with offer management teams for each line of business to define whether products are in line with the definition of economic activities included in the EU Climate Delegated Act. The analysis is performed at the level of each product category, which enables a granular segmentation between Taxonomy-eligible and Taxonomy-non-eligible revenues. For example, Building Management Systems (BMS) generally include energy efficiency systems, which are Taxonomy-eligible, and fire safety and access control systems, which are not. In this example, the analysis enables to account only for energy efficiency systems installed as part of a BMS. An eligibility ratio is then consolidated for each product line (which includes multiple product categories).
- An end-segment-based approach, whereby commercial teams indicate for each product line the amount of revenues generated from Taxonomy-eligible end-segments (Green Transport and Renewables mainly).

Double-counting between offer-based approach and end-segment-based approaches are removed before consolidation.

The following assumptions are made:

- At the granularity level of product categories, data is based on orders instead of revenues. Therefore, the eligibility ratio is calculated by dividing the amount of eligible orders by the total amount of orders, and then applied to the net turnover.
- At the granularity level of product categories, a non-significant share of orders (<5%) is not allocated per product category. These are not considered in the calculation of Taxonomy alignment per product line (the product line's average eligibility ratio is applied).
- End-segment sales data is based on orders. A correction factor is applied to assess the value of net revenues per end-segment.

For the remaining 14% of revenues (related to entities having their own reporting frameworks), analysis is conducted separately following a review of each entity's product line reporting.

Calculation of Taxonomy-eligible Capital Expenditure (CapEx)

As per specification of CapEx as detailed in Annex 1 of the Delegated Act on Article 8, the denominator of Taxonomy-eligible CapEx KPI is equal to additions to tangible and intangible assets of the financial year 2021 (including IFRS 16 rights of use), considered before depreciation, amortization and any re-measurement and including those resulting from revaluations and impairments for the financial year 2021 and excluding fair value changes. The denominator also covers additions to tangible and intangible assets resulting from business combinations that occurred during the financial year 2021.

At Schneider Electric, total tangible assets resulting from the above definition represents EUR 581 million, including EUR 536 million from additions, as disclosed in the note 11 of the Group financial statements in this URD, and EUR 45 million from business combinations.

The total covered IFRS 16 rights of use over 2021 represents EUR 402 million, as disclosed in the note 11 of the Group financial statements (page 369), including EUR 349 million from additions and EUR 53 million from business combinations.

The total intangible assets resulting from the above definition represents EUR 1,782 million. This amount is split as follows: EUR 333 million from additions, as disclosed in the note 10 of the Group financial statements (page 367) – this includes EUR 307 millions of capitalized Research and Development (R&D) projects, as disclosed in the note 10 of the Group financial statements, and EUR 1,449 million from business combinations.

As per specification of CapEx as detailed in Annex 1 of the Delegated Act on Article 8, all costs based on IFRS 16 related to long-term leasing of buildings are eligible. CapEx related to assets or processes associated with Taxonomy-eligible activities, including R&D CapEx, were calculated using allocation keys of eligible turnover per business and operations. In 2021, CapEx for eligible individual measures was not evaluated, however the Group is working to implement the reporting process to do so next year.

Calculation of Taxonomy-eligible Operational Expenditure (OpEx)

Only non-capitalized costs related to Research and Development (R&D) are reported. OpEx related to building renovation measures, short-term leases, maintenance and repair and other expenditures relating to the day-to-day servicing of assets represent less than EUR 116 million and are therefore considered as non-material for Schneider Electric business, and therefore excluded from the KPI calculation.

The denominator of Taxonomy eligible OpEx KPI represents EUR 1,276 million, corresponding to non-capitalized Research and Development costs of the Group for EUR 1,232 million presented before offsetting with the R&D Tax Credit for EUR 44 million, as disclosed in the note 4 of the Group financial statements in this URD (page 365).

Taxonomy eligible OpEx KPI numerator corresponds to R&D OpEx related to assets or processes associated with Taxonomy-eligible activities. R&D OpEx dedicated to Taxonomy-eligible activities were calculated using allocation key of eligible turnover per business and operations.

Double-counting between offer approach (by nature of technology) and segment approach (by nature of customers and infrastructure built such as renewable and low-carbon transport) are removed before consolidation.

The Group provides below a mapping of Schneider activities eligible under the current EU Taxonomy in order to provide a better understanding for its stakeholders.

Activity name as specified in Annex 1 of the EU Climate Delegated Act	Activity definition as specified in Annex 1 of the EU Climate Delegated Act	Corresponding business activities of Schneider Electric
3.1 Manufacture of renewable energy technologies	Manufacture of renewable energy technologies, where renewable energy is defined in Article 2(1) of Directive (EU) 2018/2001.	• Manufacture of renewable energy technologies, equipping wind and solar power generation capacities
3.5 Manufacture of energy efficiency equipment for buildings	Manufacture of energy efficiency equipment for buildings.	• Building management systems (except fire safety and access control) • Power metering systems for buildings • Smart monitoring and regulation of electricity or heat in buildings, such as thermostats and controls for lighting systems • Cooling systems
3.6 Manufacture of low carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered in activities 3.1 to 3.5 of the Annex.	• Manufacture of variable speed drives • Manufacture of medium voltage switchgear SF_6-free technology
4.15 District heating/cooling distribution	Construction, refurbishment and operation of pipelines and associated infrastructure for distribution of heating and cooling, ending at the sub-station or heat exchanger.	• Control, measurement and supervision systems for heat and cold networks
4.9 Transmission and distribution of electricity	Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system. Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.	• Equipment and projects for the construction of transmission and distribution infrastructure • Services for the operation of transmission and distribution infrastructure • Communication and control technologies for the controllability and observability of the electricity system, such as advanced automation software
6.15 Infrastructure enabling low-carbon road transport and public transport	Construction, modernization, maintenance and operation of infrastructure that is required for zero tailpipe CO_2 operation of zero-emissions road transport, as well as infrastructure dedicated to transshipment, and infrastructure required for operating urban transport.	• Electric vehicles charging stations and supporting grid reinforcement technologies • Electrical infrastructure for urban and suburban public transport
6.16 Infrastructure enabling low-carbon water transport	Construction, modernization, operation and maintenance of infrastructure that is required for zero tailpipe CO_2 operation of vessels or the port's own operations, as well as infrastructure dedicated to transshipment.	• Port infrastructure for shore-side electrical power to vessels at berth and electrification and efficiency of ports' operations
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	• Service plans related to building management and power metering systems in buildings
9.3 Professional services related to energy performance of buildings	Professional services related to energy performance of buildings.	• Technical consultations such as energy audits, simulations and trainings • Energy management services • Energy performance contracts

2.7.3 Sustainability Accounting Standard (SASB) Correspondence table

Topic	Accounting metric	Category	Unit of measure	Code
Energy Management	(1) Total energy consumed	Quantitative	Gigajoules (GJ)	RT-EE-130a.1
	(2) percentage grid electricity		Percentage (%)	
	(3) percentage renewable			
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	RT-EE-150a.1
	Number and aggregate quantity of reportable spills, quantity recovered		Number, Kilograms (kg)	RT-EE-150a.2
Product Safety	Number of recalls issued, total units recalled	Quantitative	Number	RT-EE-250a.1
	Total amount of monetary losses as a result of legal proceedings associated with product safety		Reporting currency	RT-EE-250a.2
Product Life cycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%) by revenue	RT-EE-410a.1
	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria			RT-EE-410a.2
	Revenue from renewable energy-related and energy efficiency-related products		Reporting currency	RT-EE-410a.3
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	RT-EE-440a.1
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	n/a	RT-EE-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Reporting currency	RT-EE-510a.2
	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative		RT-EE-510a.3
Activity metrics	Number of units produced by product category	Quantitative	Number	RT-EE-000.A
	Number of employees			RT-EE-000.B

Response/ Data/ Reference	Topic
The following KPIs covers our measured energy consumption (about 81% of Group energy consumption): (1) 3,889,318 GJ (1,080,366 MWh) (2) 37.0% (399,564 MWh) (3) 58.3% (629,844 MWh)	Energy Management
Hazardous waste generated: 8,549 tons. Hazardous waste channeled according to Schneider Electric expectations: 8,549 tons.	Hazardous Waste Management
Zero reportable spills in 2021, therefore no recovered quantity to report.	
14 product recalls have been issued in 2021. Schneider Electric has an Offer Safety Alert (OSA) process to alert the relevant Line of Business and other interested parties as soon as it is suspected that customers' health or property safety may be put at risk by Schneider products, solutions, or projects. The Offer Safety Alert Committee (OSAC) is a permanent corporate committee that oversees and regulates the management of OSA. Its mission is to ensure all OSA are managed with the due diligence and urgency to minimize safety risks to customers. Its independent, multi-discipline nature allows the OSAC to make decisions in our customers' best interest.	Product Safety
No material loss at the Group level.	
Around 60 to 70% of our products (by turnover) contain IEC 62474 substances (which covers 37 worldwide regulations and about 160 substance families). With the current information collected from our supply chain, we manage to cover nearly all substances and regulations. Information disclosed for our Green Premium products covers these substances. More details on Green Premium in section 2.4.3 "Green offers" page 156.	Product Life cycle Management
This metric is not relevant at global level as it is only applicable in US and Canada. Revenues derived from ENERGY STAR UPS are included in our Impact Revenues measure (see below).	
Schneider Electric measures "Impact revenues" (previously "Green revenues"), ie revenues coming from offers that bring energy, climate, or resource efficiency to our customers, while not generating any significant harmful impact to the environment. In 2021, 71% of Group revenues qualify as Impact revenues. The Group aims to grow its Impact revenues to 80% by 2025 as part of SSI 2021-2025.	
Details regarding our sustainable procurement practices are provided in section 2.2.11 "Sustainable relations with suppliers" page 117, in particular our Vigilance plan, Conflict Minerals and cobalt programs. When the country of origin is known to be in the conflict zone, 100% of the smelters and refiners were verified conformant. Therefore, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries. The Group is exposed to fluctuations in energy and raw material prices, in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics. The Group has implemented certain procedures to limit exposure to rising non-ferrous and precious raw material prices. The Purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.	Materials Sourcing
As stated in its Trust Charter and Anti-Corruption Code of Conduct, Schneider Electric is committed to comply with all applicable laws and regulations, such as the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and the French Sapin II law. Schneider Electric applies a zero-tolerance policy towards corruption and other unethical business practices and considers that "doing things right" is a key value-creation driver for all its stakeholders. We count on our employees and third parties to promote business integrity. A thorough description of our policies and practices is provided in sections 'Prohibit any Form of Corruption" and "Require Third-Party Integrity" of the Trust Charter.	Business Ethics
No material losses.	
No material losses.	
A breakdown of revenues by activity is provided in business model page 20 and page 404.	Activity metrics
128,384 (spot 2021 year-end headcount, excluding supplementary workforce). More workforce statistics in section 2.7.2 "Social Indicators" page 232.	

2.7.4 Task-force for Climate Related Financial Disclosure (TCFD) correspondance table

Climate Change has been clearly identified as crucial to both Schneider Electric's internal and external stakeholders during the various materiality assessments that took place in 2014, 2017 and 2020. It is also one of the pillars of the Group's Code of Conduct (Trust Charter). Overall, transformations linked to climate change are a source of opportunities for Schneider Electric, the main risk being to fail leading by example and thereby lose traction with customers, investors, new talents and collaborators in the company. Concrete climate-related programs to either grab opportunities, or mitigate risks are deployed every 3 to 5 years in our Schneider Sustainability Impact (SSI) and complement the Group's Climate Pledge – our short-term (2025), mid-term (2030) and long-term (2040, 2050) objectives, aligned with a 1.5°C trajectory. We present below our main climate-related disclosures in line with TCFD recommendations.

<table>
<tr><th>Recommended Disclosure</th><th>CDP Climate Change & URD 2021 references</th><th>Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)</th></tr>
<tr><td colspan="3">1. Governance: Disclose the organization's governance around climate-related risks and opportunities.</td></tr>
<tr><td>1. a) Describe the board's oversight of climate-related risks and opportunities.</td><td>CDP – C1.1b
URD – chapter 2 (2.1.4; 2.3.1); chapter 3 (3.1.4)</td><td rowspan="2">The process for designing a new Schneider Sustainability Impact program (SSI) includes a sustainability risks and opportunities assessment (including climate), which leads to the design of concrete transformation initiatives to align the company on the challenges identified. The risks and opportunities are then monitored and managed on a continuous basis. Several governance bodies are involved in this process:
The Board of Directors has oversight of climate-related issues notably through its Human Resources & CSR Committee. This Committee has 6 Director members who report to the Board of Directors, and reviews Schneider's CSR strategy, SSI performance and the Group's positioning vs. its peers.
The Executive Committee has a dedicated Group Sustainability Committee, which gathers 6 Executive Committee members (1 level below the Chairman & CEO) and is chaired by the Chief Strategy & Sustainability (Chairman of the Committee). This Committee meets two to three times a year and decides on the sustainability strategy and validates the SSI and carbon pledge.
The SSI Steering Committee was formed in 2020 to propose precise and measurable transformation programs for the 2021 – 2025 SSI, which were then submitted to the Group Sustainability Committee for approval.
The Sustainability Department coordinates the overall sustainability strategy of the Group and rollout of action plans.
A Carbon Committee is in charge of continuously assessing climate-related risks and opportunities, steering the Group carbon pledge and proposing a strategy and management plan to the Group Sustainability Committee.
Additionally, environmental transformations are driven by a network of leading experts in various environmental fields such as eco-design, energy efficiency, circular economy, or CO_2. Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design and marketing.

Read more in section 2.3.1 "Climate governance" page 128.</td></tr>
<tr><td>1. b) Describe management's role in assessing and managing climate-related risks and opportunities.</td><td>CDP – C1.2, C1.2a
URD – chapter 2 (2.1.6, 2.3.1)</td></tr>
<tr><td colspan="3">2. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities in the organization's businesses, strategy and financial planning where such information is material.</td></tr>
<tr><td>2. a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</td><td>CDP – C2.1a, C2.2a, C2.3, C2.3a, C2.4, C2.4a
URD – chapter 2 (2.1.6, 2.3.1)</td><td rowspan="2">The growing demand for greener, low-carbon products and services creates a strong business opportunity for Schneider Electric. The Group is uniquely positioned to grab these opportunities because it acts on both sides of the equation:
The solutions Schneider Electric brings to the market are directly linked to activities to mitigate, adapt, and improve humanity's resilience to climate change;
At the same time, Schneider Electric acts to reduce its end-to-end CO_2 footprint, aiming for a net-zero CO_2 supply chain by 2050, with precise steps for 2025, 2030 and 2040.
In 2021, 71% of the Group revenues qualify as Impact revenues, following Schneider Electric's definition, meaning revenues from offers that bring energy, climate, or resource efficiency to customers, while not generating any significant harmful impacts to the environment. The Group aims to grow its Impact revenues to 80% by 2025. Additionally, maintaining the best offers on the market for greener, more efficient products and services that support the transition to a low-carbon economy needs adapted investments in Research and Development in the short term. Schneider Electric invest about 5% of its annual revenues in R&D each year. It is estimated that more than 90% of its innovation projects contribute to solutions contributing to climate change mitigation.</td></tr>
<tr><td>2. b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.</td><td>CDP – C2.3a, C2.4a, C3.1, C3.2, C3.2a, C3.3, C3.4, C3.4a
URD – Chapter 2 (2.3)</td></tr>
</table>

Recommended Disclosure	CDP Climate Change & URD 2021 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
2. a) and 2. b) (continued)		Schneider Electric has identified the following main climate-related risks: • Failure to meet 1.5°-aligned GHG reduction emissions targets: missing its decarbonization commitments could trigger greater financial costs than anticipated for Schneider due for instance to locked-in emissions of assets with long operating lifetime or long-term leases, or reputational impacts and loss of trust from customers investors and employees. • Inadequate evolution of the supply chain footprint: volatility of energy and commodity prices as well as regulation strengthening will generate increasing and volatile operating and investment costs along Schneider's value chain, impacting both Schneider's expenditures and those of its suppliers. This can translate into an increase of the cost of goods sold and reduced margins. • Transition risks: given the relatively low level of the Group's Scope 1 and 2 carbon emissions, future carbon pricing regulations would have rather indirect impacts, resulting in increased supply chain costs, especially regarding the purchase of raw materials and manufactured components containing metals and plastics. • Workplace disruptions: extreme weather events, floods, droughts, and other climate impacts will increasingly put pressure onto supply chains. Shortages of all kinds can translate directly into revenue loss (missed orders), increased costs (urgent shipping), and increased working capital requirements (stock management). Extreme events can also cause damage to property and assets. To further tie climate-related issues to financial planning, Schneider Electric successfully launched the first-ever sustainability-linked convertible bonds, linked to 3 SSI targets including the objective to save and avoid 800 million tons CO_2 on customers' end by 2025, since 2018. Read more in section 2.3.1 "Climate governance" page 128 and 2.3.2 "Roadmap towards a 1.5°C climate trajectory" page 130..
2. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CDP – C3.2, C3.2a URD – chapter 2 (2.3)	Schneider Electric has a dedicated Strategy Prospective & External Affairs SVP attached to the Chief Strategy & Sustainability Officer, in charge of climate and environment scenario analysis. Several scenarios to 2050 were developed in 2019, which included critical reviews of the geopolitical landscape, commodity and resources availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways and technology developments, among others, with consequences quantified, looking at ten regions and a number of sectors individually, framing the business landscape in which Schneider operates. In 2021, Schneider Electric published a set of scenarios exploring the feasibility of a 1.5°C trajectory in a report called "Back to 2050", demonstrating that a net-zero carbon future, aligned with IPCC's 1.5°C scenarios, is still possible, and the Group is uniquely positioned to embark its ecosystem onto an inclusive, zero-carbon transition. Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, BNEF, the IRENA, among others. Governance is well in place, under the leadership of the Chief Strategy & Sustainability Officer, and both short- and long-term analysis are shared internally and used to inform strategic priorities across business and operations. As part of the analysis, the Group identified that a growing demand for greener, low-carbon products and services creates a strong business opportunity for Schneider Electric. Key takeaways from the analysis is the dominant role of: • Electrification: the world is becoming more electric, with demand growing potentially up to 3x by 2050; • Digitization: with the increase in connectivity, complemented by real-time information and competitive computing capabilities, digital technologies play a major role in reaching decarbonization targets while augmenting economic productivity, notably around efficiency in energy and resource use and circularity, as well as increased resiliency and security. All these findings, and their potential financial impact on its business have helped the Group to fine-tune key development areas that will allow its active contribution to the low-carbon transition, enabling notably the development of its sustainability portfolio of offers.

2.7 Methodology and audit of indicators

Recommended Disclosure	CDP Climate Change & URD 2021 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
3. Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.		
3. a) Describe the organization's processes for identifying and assessing climate-related risks.	CDP – C2.1, C2.1a, C2.1b, C2.2, C2.2a URD – chapter 2 (2.1, 2.3)	Environment and climate-related risks are included in Schneider's unique risk taxonomy (more details in section 2.3.1.3 Risk management, page 129). Risks are identified and assessed at Group level through interviews with experts and leaders, run by the Internal Audit Department and the Group Risk Management Department each year. In 2021, around 40 of the Group's top managers were interviewed in addition to board members. In addition, a materiality analysis is conducted by the Sustainability department every 3 years to identify and prioritize material ESG issues through engagement with various stakeholders. The different governance bodies involved in the definition and monitoring of Schneider's Sustainability roadmap and programs (SSI), and in particular the Carbon committee, are in charge of defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at Group level are then cascaded into business divisions down to the sites for implementation and are monitored through our digital platform EcoStruxure™ Resource Advisor. Performance against those programs is tracked and published quarterly in the Schneider Sustainability Impact (SSI), and annually in the Schneider Sustainability Essentials (SSE) and URD. Each program of the SSI has a dedicated pilot in charge of driving the transformation and is sponsored at the Senior Vice President and Executive Committee level to ensure management control and oversight. Climate adaptation risks are also studied and mitigated at site level for our industrial sites. Our Property Damage and Business Interruption program, inspired from ISO 22301 standard, maps substantive risks of financial impact on the business, including asset destruction (buildings, equipment, inventories) and profit loss due to business interruption. An example of a risk analyzed at site level is flooding risks. Risk analysis of industrial sites includes an analysis of interdependencies, study of alternative supply, and estimation of time to recover in case of damage, etc. Typically, all critical industrial sites are externally audited onsite at least every two years. In addition, an Integrated Management System (IMS) covers the Group's main plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and OSHAS 18000/ISO 45001 ––– management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally. With suppliers, sustainability risks (including natural and climate-related hazards), are embedded into Supplier Risk Assessment. This process enables to define risk mitigation action plans with suppliers, as well as prioritize double sourcing strategies. Leveraging external data providers, the Group monitors events across 10,000 nodes (such as ports and critical supplier locations) to shorten reaction time when events occur and minimize business impact. At present, the impact of climate-related matters is not material to the Group's financial statements.
3. b) Describe the organization's processes for managing climate-related risks.	CDP – C2.1, C2.2 URD – chapter 1 (1.7), chapter 2 (2.1, 2.3)	
3. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	CDP – C2.1, C2.2 URD – chapter 1 (1.7), chapter 2 (2.1, 2.3)	

<table>
<tr><th>Recommended Disclosure</th><th>CDP Climate Change & URD 2021 references</th><th>Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)</th></tr>
<tr><td colspan="3">4. Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</td></tr>
<tr><td>4. a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</td><td>CDP – C4.2, C4.2a, C4.2b, C9.1
URD – chapter 2 (2.1, 2.3, 2.6, 2.7, 2.8)</td><td rowspan="3">Each year, Schneider Electric measures and discloses transparently its end-to-end carbon footprint (Scope 1, 2 and 3) and obtains a “limited assurance” from an independent third party verifier on all figures. The carbon footprint of the Group helps to pinpoint and understand the magnitude of climate-related risks and opportunities, and is also used to monitor progress. Scope 3 emissions represent more than 99% of the Group’s carbon footprint, of which 87% are due to the use phase and the products’ end of life, and around 11% come from the purchase of raw materials, equipment, and services. Emissions induced, saved, and avoided by Schneider’s products and services during their use phase and end-of-life are also quantified. Key metrics over the last four years (from publication year) on GHG emissions are published page 230 of this document.

Emissions calculations are done with GHG Protocol methodology. The carbon footprint methodology is compliant with ISO 14069 principles. The results are calculated in tons of CO_2 equivalent, taking into account all greenhouse gases included in the Kyoto Protocol.

The Group has launched several concrete programs aiming at either directly or indirectly reducing GHG emissions, under the Climate and Resources pillars of its 2025 strategy. These programs are presented under Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs in pages 63 to 65 of this document. These programs cover the performance of the Group’s operations (such as energy efficiency, renewable electricity procurement, fleet electrification), suppliers (such as The Zero Carbon Project, green materials or sustainable packaging) and customers (Green Premium offers, SF_6-free alternative offers, CO_2 savings and avoidance quantification on customer’s end thanks to EcoStruxure™).

The overall performance of the SSI represents 20% in the short-term incentives for 64,000+ employees worldwide (collective share). The Schneider Sustainability External and Relative Index (SSERI), which measures Schneider’s performance in 4 major ESG external ratings (CDP Climate Change, Vigeo Eiris, DJSI and EcoVadis), also impacts 25% of the long-term incentives (LTI) for 2,300+ top leaders.

In addition, Schneider is committed to embed a carbon pricing of EUR 30-130 /metric ton (depending on time horizons) in strategic supply chain and R&D decisions, to assess the performance and resiliency of operations as well as to assess whether the investment and reduction efforts are in line with the cost of CO_2 externality.

Schneider Electric is a signatory of the Business Ambition for 1.5°C initiative aimed at setting Greenhouse Gas (GHG) emissions reduction targets in line with the global effort to limit warming to 1.5°C.

Group short to medium-term targets:
• Before 2025, demonstrate that Schneider Electric is carbon positive together with its customers and partners, thanks to CO_2 savings delivered by EcoStruxure™;
• On the Group’s operations (scope 1 and 2): be carbon neutral by 2025 (allowing CO_2 offsets) and net-zero CO_2 emissions by 2030;
• On indirect emissions (scope 3) in its supply chain and with customers: reduce emissions by -35% by 2030 (versus 2017), by actively engaging suppliers to accelerate their climate strategy, by sourcing greener materials and by proposing more efficient solutions to its customers.

The Group’s 2030 targets (net-zero CO_2 emissions on scope 1 and 2, and -35% on scope 3) have been validated 1.5°C-aligned by the Science-Based Target initiative in 2019.

Group long-term targets
• Become carbon neutral on the Group’s full end-to-end footprint by 2040 (scope 1, 2, and 3), 10 years ahead of 1.5 °C trajectory. This means that all Schneider Electric’s products will be carbon neutral in 2040;
• Engage with suppliers to move towards a net-zero CO_2 supply chain by 2050.</td></tr>
<tr><td>4. b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</td><td>CDP – C6.1, C6.2, C6.3, C6.5
URD – chapter 2 (2.3, 2.7, 2.8)</td></tr>
<tr><td>4. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</td><td>CDP – C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b
URD – chapter 2 (2.1, 2.3, 2.6, 2.7)</td></tr>
</table>

2.7.5 Independent third party's report on consolidated non-financial statement presented in the management report

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereinafter "entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended 31st December, 2021 (hereinafter the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (Code de commerce) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the Board of Directors to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators;
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's procedures, the main elements of which are presented in the Statement (or which are available on request at the entity's head office).

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on :

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation;
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[1].

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Means and resources

Our verification work mobilized the skills of eight people and took place between October 2021 and March 2022 on a total duration of intervention of about twenty-three weeks.
We conducted several interviews with the people responsible for the preparation of the Statement.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.
In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (anti-corruption policy, cybersecurity, products safety, raw materials scarcity), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: Uniflair (Italy), Execution Stezzano (Italy), SEII Stezzano Galileo M&L V (Italy), Transfo Services Chateaubourg (France), Master TECH (France), Schneider Electric France, Schneider Electric Mexico;
  - concerning the indicators of the Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE), tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents, except for indicators SSI 6, SSI 12, SSE 12, SSE 23. Depending on the indicators, the selected sample ranges between 15 % and 100 % of the consolidated data;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1 , we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 14% and 49% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (18% of worked hours, 21% of headcount, 28% of energy consumption, 32% of total waste generated, 49% of hazardous waste generated, 14% of water consumption);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, 11 March 2022

French original signed by:

Independent third party
EY & Associés

Eric Mugnier
Partner, Sustainable Development

Appendix 1: The most important information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Social Information	
Five Schneider Sustainability Impact (SSI) indicators and eleven Schneider Sustainability Essentials (SSE) indicators related to health and safety, equity, diversity and inclusion, creating equal opportunities and living up to Schneider Electric principles of trust. Other indicators: • Headcount (including by gender), hires and departures, • Number of training hours, • Medical incident rate, lost-time accident and lost-time days rate, occupational illnesses frequency rate.	Results of policies related to health and safety at work, equity diversity and inclusion, well-being at work, talent acquisition and retention.
Environmental Information	
The five Schneider Sustainability Impact (SSI) indicators and eleven Schneider Sustainability Essentials (SSE) indicators related to climate, resources efficiency and environment. Other indicators: • Weight of generated and recovered waste, per waste category, • Water and energy consumption, per energy source, • Sulfur hexafluoride (SF_6) consumption and related leaks, • Full greenhouse gases emissions, as per GHG Protocol guidance (scope 1, scope 2 market-based, scope 2 location-based, all scope 3 categories), • Volatile Organic Compounds (VOC) emissions.	The results of the policies related to: • Environmental management, • Greenhouse gases emissions, • Natural resources and raw materials management, • Pollution prevention, • Biodiversity management.
Societal Information	
Two Schneider Sustainability Impact (SSI) indicators and three Schneider Sustainability Essentials (SSE) indicators related to ethics and development, harnessing the power of all generations and empowerment of local communities.	The results of policies related to cybersecurity and data protection, product safety, harnessing the power of all generations and empowerment of local communities.

2.8 Indicators

In this section:

2.8.1 Environmental and climate indicators

2.8.1.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[1]	2021 progress[2]	2025 Target
Climate	1. Grow Schneider Impact revenues[3]	70%	71%	80%
	2. Help our customers save and avoid millions of tonnes of CO_2 emissions	263M	347M	800M
	3. Reduce CO_2 emissions from top 1,000 suppliers' operations	0%	1%	50%
Resources	4. Increase green material content in our products	7%	11%	50%
	5. Primary and secondary packaging free from single-use plastic and using recycled cardboard	13%	21%	100%

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[2]	2021 progress[3]	2025 Target
Climate	1. Decarbonize our operations with Zero-CO_2 sites	30	51	150
	2. Substitute relevant offers with SF_6-Free medium voltage technologies	0%	38%	100%
	3. Source electricity from renewables	80%	82%	90%
	4. Improve CO_2 efficiency in transportation	0%	-1%	15%
Resources	5. Improve energy efficiency in our sites	0%	6.6%	15%
	6. Grow our product revenues covered by Green Premium™	77%	78%	80%
	7. Switch our corporate vehicle fleet to electric vehicles	1%	7.7%	33%
	8. Deploy local biodiversity conservation and restoration programs in our sites	0%	0%	100%
	9. Give a second life to waste in 'Waste-to-Resource' sites	120	126	200
	10. Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	157,588	203,881	420,000
	11. Deploy a water conservation strategy and action plan for sites in water-stressed areas	0%	9%	100%

(1) Generally, the 2020 performance serves as a baseline for SSI and SSE programs, except SSI #1, SSI #10, SSE #5, SSE #14, and SSE #20, which are measured against a 2019 baseline to mitigate COVID-19 impacts.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23, in 2021), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in each section of this report.

(3) For the reporting requirements under the European Taxonomy Regulation, please refer to page 68 and page 216.

The indicators below concern all entities where Schneider Electric has operational control, and integrated in the Group for more than 2 years.

Within the Group perimeter, given the complexity to obtain robust and meaningful data, in particular for small leased offices, estimated coverage indicators are provided for each reporting table.

All Group industrial and logistics sites, in addition to certain major tertiary sites are covered. As per the Group' s Environmental Policy, all industrial and logistics sites with more than 50 people and tertiary sites with more than 500 people must be ISO 14001 certified within 2 years after their acquisition or creation.

A difference can, therefore, be noted with respect to the scope of financial consolidation. Comments on the indicators are included in the corresponding chapters.

2.8.1.2 Perimeter and Environmental Management Systems (ISO 14001)

Indicators	Units	**2021**	2020	2019	2018
ISO 14001 certified Sites(1)	#	**244**	232	241	253
Industrial and logistics sites	#	**211**	212	220	230
Tertiary sites	#	**33**	20	21	23
% of sites certified ISO 14001(2)	%	**87%**	90%	89%	86%

(1) ISO 14001 certification is systematic for all large industrial, logistics and tertiary sites within two years of acquisition. A reduction in the number of ISO 14001 certified sites usually results from sites closing during the year.
(2) the percentage of sites certified ISO 14001 is calculated based on waste generation from certified sites vs total sites, as the majority of sites - in number - are small leased offices where certification is not relevant.

2.8.1.3 Group site consumption, emissions and waste

Materials

GRI	Indicators	Units	**2021**	2020	2019	2018
301-2	SSI #4 – Green material content in our products(1)	%	**11% ▲**	7%	UP	UP
301-2	SSI #5 – Primary and secondary packaging free from single-use plastic using recycled cardboard(2)	%	**21% ▲**	13%	UP	UP
	SSE #6 – Product revenues covered by Green Premium™	%	**78% ▲**	77%	55%	46%
	SSE #10 – Metric tons of avoided primary resource consumption through 'take-back at end-of-use'	metric tons	**46,293 ▲**	60,149	53,867	43,572
	SSE #15 – Reduce scrap from safety units recalled	kg	**4,024 ▲**	4,202	UP	UP

▲ 2021 audited indicators. UP = Unpublished
(1) SSI #4 coverage is about 30% of purchased materials volume for our products
(2) SSI #5 coverage is about 87% of total packaging purchases

Waste

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% waste generation)	%	**87%**	90%	89%	86%
306-3	Total waste generated	metric tons	**136,816**	125,292	152,171	154,940
	Total waste generated/Turnover	metric tons/ million €	**4.73**	4.98	5.60	6.02
306-3	Non-hazardous waste generated	metric tons	**128,267 ▲**	117,607	143,149	145,391
	of which reused or recycled	metric tons	**115,550 ▲**	113,211	136,316	137,500
	of which incinerated with energy recovery	metric tons	**6,964 ▲**			
306-5	of which landfilled or incinerated without energy recovery	metric tons	**5,753 ▲**	4,396	6,833	7,891
	Non-hazardous waste reduction(1)	metric tons	**13,667 ▲**	7,729	3,265	UP
306-2	Share of non-hazardous waste recovered or reduced(2)	%	**95.9% ▲**	96.5%	95.3%	UP
306-3	Hazardous waste generated	metric tons	**8,549 ▲**	7,685	9,022	9,549
306-2	Hazardous waste channeled according to Schneider Electric expectations(3)	metric tons	**8,549 ▲**	7,667	8,727	9,239
	Hazardous waste generated/Turnover	metric tons/ million €	**0.30**	0.30	0.33	0.37
	Hazardous waste intensity reduction against 2017(4)	%	**-30%**	-27%	-21%	-12%
306-3	# and aggregate quantity of reportable spills	kg	**0**	0	UP	UP
306-3	Quantity of spills recovered	kg	**NA**	NA	UP	UP
	Number of significant fines (> EUR 10,000) related to environmental or ecological issues	#	**0**	0	UP	UP

▲ 2021 audited indicators. UP = Unpublished. NA = Not Applicable

(1) Waste reduction measures specific, targeted projects which reduce/avoid waste. Examples of waste reduction projects include creating a closed-loop system for pallets between the site and the supplier, or reducing packaging waste from incoming shipments. Normal operational decreases of waste due to reduced activity do not count as waste reduction.

(2) Non-hazardous waste recovered or reduced is calculated as the ratio between waste reused/recycled, incinerated with energy recovery and reduced, divided by the total non-hazardous waste generated and waste reduced. The Group's waste recovery% without waste reduction is: 95.5%, 96.3%, and 95.2% for 2021, 2020, and 2019, respectively.

(3) 'Schneider Electric expectations' for hazardous waste means: 1) Waste meets/exceeds all local legal requirements for handling/treatment, and either 2a) waste is neutralized of its hazardous nature, or b) waste is handled/treated using the feasibly best available technique which provides the most environmentally beneficial impact.

(4) 2017 hazardous waste intensity was 0.42 metric tons per million euros of revenues.

Biodiversity

GRI	Indicators	Units	2021	2020	2019	2018
304-1	Number of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA)(1)	#	**260**	UP	UP	UP
	of which industrial sites or distribution centres	#	**107**	UP	UP	UP
	of which office buildings	#	**153**	UP	UP	UP

▲ 2021 audited indicators. UP = Unpublished.

(1) Within 1-kilometre radius, 21% of our sites are in proximity of a protected area as defined by the IUCN and 3% of our sites are in proximity of a key biodiversity area (defined by IBAT as either "Alliance for Zero Extinction (AZE)" or "Important Bird and Biodiversity Areas (IBAs)).

Atmospheric pollutions

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% VOC emissions)	%	**90%**	90%	90%	90%
305-7	VOC emissions (estimates)	kg	**501,455 ▲**	440,442	653,502	664,352
305-7	VOC/Turnover (estimates)	kg/million €	**17.3**	17.5	24.1	25.8

▲ 2021 audited indicators.

Water

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% water withdrawal)	%	**86%**	88%	88%	86%
	Total water withdrawals	m^3	**2,072,263 ▲**	1,928,032	2,554,428	2,700,674
303-3-a-i	of which surface water	m^3	**19,156 ▲**	17,461	17,074	17,993
303-3-a-ii	of which groundwater	m^3	**513,631 ▲**	452,602	501,163	490,563
303-3-a-v	of which third party sources	m^3	**1,507,606 ▲**	1,446,391	2,021,168	2,163,276
	of which other sources(1)	m^3	**31,870 ▲**	11,578	15,023	28,842
303-3	Water withdrawn for cooling and restituted w/o impact(2)	m^3	**879,602 ▲**	780,201	880,276	1,376,335
303-3	Water withdrawal/Turnover(3)	m^3/million €	**71.7**	76.5	94.1	105.0
	Water withdrawal intentisy reduction vs 2017(3)	%	**-33.6%**	-29.1%	-12.9%	-2.8%
303-3-b	Total water withdrawals from areas with water stress(4)	m^3	**930,603**	UP	UP	UP
303-1	SSE #11 – Sites in water-stressed areas with a water conservation strategy and related action plan(4)	%	**8.5% ▲**	UP	UP	UP

▲ 2021 audited indicators. UP = Unpublished.

(1) Other water sources include sources such as grey water and rainwater

(2) Water withdrawn for cooling and restituted without impact (i.e. returned back to the source with only a very small temperature change) are measured separate from total water withdrawals and excluded from performance calculations

(3) excluding water withdrawn for cooling restituted without impact. The 2017 baseline value is 108.0 m^3/million €

(4) Schneider Electric's ISO 14001 sites are designated as water stress sites based on the World Resources Institute's Aqueduct Water Risk Atlas. Using Baseline Water Stress criteria, a site is designated as water stressed if it is located in an area classified as 'high' or 'extremely high' stress.

Energy

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% energy consumption)	%	**99%**	100%	100%	100%
	ISO 50001 Certified Sites	#	**140**	150	153	168
302-1, 302-4	Estimated total energy consumption	MWh	**1,325,491**	1,204,381	1,442,841	1,540,831
302-1, 302-4	of which measured energy consumption	MWh	**1,080,366 ▲**	1,021,539	1,192,508	1,258,081
	of which estimated energy consumption for sites out of reporting perimeter(1)	MWh	**245,125**	182,842	250,333	282,750
302-1, 302-4	Estimated total energy consumption/turnover	MWh/million €	**45.9**	47.9	53.1	59.9
	Estimated total energy productivity	€/MWh	**21,803**	20,924	21,335	19,070
	Estimated total improvement in energy productivity vs 2005(2)	%	**75.7%**	68.6%	71.9%	53.7%
	Estimated total energy consumption from renewable sources	MWh	**670,287**	UP	UP	UP
	Estimated total percentage of renewable energy	%	**50.6%**	UP	UP	UP
	Estimated total energy consumption from non-renewable sources	MWh	**655,204**	UP	UP	UP
	Estimated total percentage of non renewable energy	%	**49.4%**	UP	UP	UP
	Measured energy consumption by source					
	grid electricity	MWh	**132,771 ▲**	148,969	406,200	584,721
	purchased renewable electricity(3)	MWh	**612,752 ▲**	585,495	402,363	257,356
	self generated renewable electricity	MWh	**15,861 ▲**	12,464	9,161	5,388
	district heating	MWh	**33,830 ▲**	27,602	75,253	84,263
	fuel oil	MWh	**6,967 ▲**	6,941	8,595	9,672
	gas	MWh	**276,954 ▲**	251,377	298,319	320,153
	coal	MWh	**0 ▲**	0	0	0
	renewable fuel and heat	MWh	**1,231 ▲**	1,155	1,778	1,916
	Measured renewable electricity generated on site and sold back to the grid	MWh	**2,558 ▲**	2,734	2,149	1,370

2.8 Indicators

GRI	Indicators	Units	2021	2020	2019	2018
	SSE #3 – Measured electricity sourced from renewables	%	**82% ▲**	80%	50%	30%
	Estimated energy consumption by source(1)					
	grid electricity	MWh	**148,720**	UP	UP	UP
	purchased renewable electricity(3)	MWh	**40,443**	UP	UP	UP
	self generated renewable electricity	MWh	**0**	UP	UP	UP
	district heating	MWh	**5,491**	UP	UP	UP
	fuel oil	MWh	**797**	UP	UP	UP
	gas	MWh	**49,674**	UP	UP	UP
	coal	MWh	**0**	UP	UP	UP
	renewable fuel and heat	MWh	**0**	UP	UP	UP

▲ 2021 audited indicators. UP = Unpublished.

(1) For sites below size thresholds for mandatory environmental reporting, energy consumption by source is estimated by multiplying site surface (m²) with energy intensity ratios (kWh/m²) measured in larger sites. For sites located in countries with country-level renewable electricity contracts, 100% of the estimated electricity consumption of the site is counted as renewable, as such supply contracts cover all sites within a country.

(2) 2005 estimated energy productivity is 12,408 € per MWh

(3) Renewable electricity reported here includes renewable electricity purchased through Power Purchasing Agreements (PPA) or green tariffs, and electricity covered by Energy Attributes Certificates (EAC). The 2021 EAC account for 43.5% of total purchased renewable electricity measured.

Greenhouse gas (GHG)

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% GHG emissions)	%	**99%**	100%	100%	100%
305-1, 305-2	Estimated Total scopes 1 and 2 GHG emissions (market-based)(1)	TCO_2e	**294,051 ▲**	287,865	437,293	570,431
305-5	Absolute reduction vs base year (2017)(2)	%	**-57.9%**	-58.8%	-37.4%	-18.4%
305-4	Total scopes 1 and 2 per euro turnover	TCO_2e/ million €	**10.2**	11.4	16.1	22.2
305-1	Direct (scope 1) GHG emissions(1)	TCO_2e	**140,936 ▲**	142,658	180,751	189,870
	of which fuel oil	TCO_2e	**4,520 ▲**	4,451	5,748	6,626
	of which gas	TCO_2e	**56,776 ▲**	52,197	61,733	65,631
	of which coal	TCO_2e	**0 ▲**	0	0	0
	of which vehicle fleet	TCO_2e	**62,683 ▲**	73,229	91,169	94,287
	of which SF_6 emissions(3)	TCO_2e	**6,104 ▲**	7,557	13,601	13,010
	SF_6 leakage rate	%	**0.10%**	0.14%	0.24%	0.26%
	Target SF_6 leakage rate	%	**0.19%**	0.25%	0.25%	0.25%
	of which estimated scope 1 GHG emissions of sites out of reporting perimeter(4)	TCO_2e	**10,853 ▲**	5,224	8,499	10,316
305-2	Energy indirect (Scope 2) GHG emissions(1)	TCO_2e	**153,115 ▲**	145,207	256,542	380,561
	of which grid electricity (market-based)	TCO_2e	**66,692 ▲**	70,145	134,122	258,975
	of which renewable electricity (market-based)(5)	TCO_2e	**701 ▲**	694	795	219
	of which district heating	TCO_2e	**14,714 ▲**	11,550	35,020	39,541
	of which estimated scope 2 GHG emissions of sites out of reporting perimeter (market-based)(4)	TCO_2e	**71,008 ▲**	62,818	86,605	81,825
305-3	Other relevant indirect (scope 3) GHG emissions	TCO_2e	**68,901,866 ▲**	65,921,222	74,256,245	70,765,244
305-5	Absolute variation vs base year (2017)(2)	%	**2.2%**	-2.2%	10.2%	5.0%
305-4	Total scope 3 per euro turnover	TCO_2e/ million €	**2,384**	2,620	2,733	2,750

GRI	Indicators	Units	2021	2020	2019	2018
305-3	Other relevant indirect (scope 3 upstream) GHG emissions	TCO_2e	**8,237,192 ▲**	6,966,062	8,610,739	8,903,363
	1. Purchased goods and services	TCO_2e	**7,278,733 ▲**	6,137,388	7,388,926	7,605,700
	2. Capital Goods	TCO_2e	**62,876 ▲**	63,863	64,398	64,000
	3. Fuel- and energy-related activities (not included n Scope 1 or Scope 2)	TCO_2e	**53,167 ▲**	55,151	67,993	72,775
	4. Transportation of good paid by the Group	TCO_2e	**616,519 ▲**	497,761	753,253	816,888
	5. Waste generated in operations	TCO_2e	**42,760 ▲**	31,872	39,710	44,000
	6. Business travel	TCO_2e	**30,778 ▲**	33,304	139,054	140,000
	7. Employee commuting	TCO_2e	**152,359 ▲**	146,723	157,405	160,000
305-3	Other relevant indirect (scope 3 downstream) GHG emissions	TCO_2e	**60,664,674 ▲**	58,955,160	65,645,506	61,861,881
	9. Transportation of goods not paid by the Group	TCO_2e	**485,877 ▲**	371,159	449,507	462,695
	11. Use of sold products(6)	TCO_2e	**55,224,389 ▲**	53,998,500	60,447,799	57,158,727
	12. End-of-life treatment of sold products	TCO_2e	**4,954,408 ▲**	4,585,501	4,748,200	4,240,459
	SSE #1 – Number of Zero-CO_2 sites	#	**51 ▲**	30	UP	UP
	Saved GHG emissions thanks to sold products and services(7)	TCO_2e	**49,708,425 ▲**	46,964,497	50,994,695	57,501,195
	Avoided GHG emissions thanks to sold products and services(7)	TCO_2e	**33,930,803 ▲**	28,605,883	39,406,306	39,849,166
	SSI #2 – Cumulative CO_2 saved and avoided thanks to sold products and services since 2018(7)	TCO_2e	**346,960,969 ▲**	263,321,741	187,751,362	97,350,361

▲ 2021 audited indicators. UP = Unpublished.
Note than Schneider Electric carbon footprint has been updated in 2021 to reflect changes in Global Warming Potential (GWP) values for SF_6 gaz published by the IPCC in its 6th Assessment Report. Previous GWP value of 23,500 (AR5) has been updated to 25,200 (AR6) for 2021 and historical emissions and impacts scope 1 and scope 3 CO_2 equivalent emissions.

(1) The CO_2 emissions linked to energy consumption are considered estimates, because the indirect emissions are calculated on the conversion factors per country. Scope 1 and 2 CO_2 emissions from energy consumption are quantified using energy reporting data, in MWh of energy per energy source.
Scope 2 emissions are quantified with the market-based methodology and the location-based methodology, following GHG Protocol scope 2 guidance. Location-based scope 2 electricity emissions on energy reporting perimeter are equal to 327,653 tCO_2e (audited value), and 413,683 tCO_2e on total estimated perimeter. Total scope 1 and 2 (location-based) CO_2 emissions (energy, vehicles, and SF_6 emissions in tCO_2e) on full perimeter are equal to 554,619 tCO_2e (audited value).
Electricity emissions calculated with market-based and location-based methodologies should not be added. Market-based electricity emissions are calculated using residual electricity emissions factors (source AIB, 2017) for European countries, and average country emission factors for other countries (IEA, 2017);

(2) In 2017, direct (scope 1) emissions, energy indirect (scope 2) emissions and other relevant indirect (scope 3) emissions amounted to 187,477, 511,602 (699,079 total scope 1+2) and 67,413,029 TCO_2e respectively;

(3) 13 sites in 2021, 14 sites in 2020 and 2019; 16 sites in 2018;

(4) CO_2 emissions for sites not included in the energy reporting perimeter are estimated based on site surface and average CO_2 intensity of sites per region from our energy reporting.

(5) Greenhouse gas emissions from renewable electricity are due to CH4 and N2O emissions of renewable electricity from biomass. In addition, biogenic CO_2 emissions are due to the consumption of renewable electricity from biomass, and are not reported in scope 2 emissions following GHG protocol guidance. These emissions are of 17,215 tCO_2b in 2021.

(6) Emissions of products sold by Schneider Electric during the year of reporting, and cumulated over their lifetime. These emissions are due to electricity consumption of products, either due to internal consumption or due to heat dissipation (Joule effect);

(7) CO_2 savings are calculated for sales of the reporting year and cumulated over the offers' lifetime. Emissions are calculated as the difference between emissions with Schneider Electric's offer and emissions in the reference situation. The methodology distinguishes "saved" and "avoided" emissions: saved CO_2 emissions correspond to brownfield sales that enable reduction of global CO_2 emissions compared to previous years, and avoided CO_2 emissions correspond to greenfield sales that enable a limitation of the increase of global emission. Each year, new methodologies are developed, and CO_2 saved and avoided from those offers is quantified for sales that occurred since 2018, and counted fully in the performance of the reporting year. In 2021, out of the 83.6 $MTCO_2e$ saved and avoided, 7.8 MT (9%) came from 2018-2020 backdated performance.

2.8.2 Social indicators

2.8.2.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline(1)	2021 progress(2)	2025 Target
Trust	**6.** Strategic suppliers who provide decent work to their employees	--	In progress	100%
	7. Level of confidence of our employees to report unethical conduct	81%	+0pts	+10pts
Equal	**8.** Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/25/24	41/27/26	50/40/30
Generations	**10.** Double hiring opportunities for interns, apprentices and fresh graduates	4,939	x1.25	x2.00

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline(1)	2021 progress(2)	2025 Target
Trust	**12.** Deploy a 'Social Excellence' program through multiple tiers of suppliers(3)	--	In progress	--
	13. Train our employees on Cybersecurity and Ethics every year	90%	96%	100%
	14. Decrease the Medical Incident rate	0.79	0.65	0.38
	15. Reduce scrap from safety units recalled	4,202	4,024	2,101
	16. Be in the top 25% in external ratings for Cybersecurity performance	Top 25%	Top 25%	Top 25%
	17. Assess our suppliers under our 'Vigilance Program'	374	1,203	4,000
Equal	**18.** Reduce pay gap for both females and males	F: -1.73% M: 1.00%	-1.61% 1.11%	<1%
	19. Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	53%	61%	60%
	20. Pay our employees at least a living wage(4)	99%	100%	100%
	21. Multiply the number of employee-driven development interactions on the Open Talent Market	5,019	x2.1	x4
Generations	**22.** Support the digital upskilling of our employees	41%	74%	90%
	23. Provide access to meaningful career development programs for employees during later stages of their career	--	In progress	90%
	24. Increase our employee engagement level	69%	71%	75%

(1) Generally, the 2020 performance serves as a baseline for SSI and SSE programs, except SSI #1, SSI #10, SSE #5, SSE #14, and SSE #20, which are measured against a 2019 baseline to mitigate COVID-19 impacts.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23, in 2021), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in each section of this report.

(3) SSE #12 'Social Excellence' program currently under development and will be deployed in 2023.

(4) As of 31st December 2021, 99.99% of eligible employees, i.e. all Schneider employees treated as permanent workforce, were paid the living wage. The few remaining gaps were closed early 2022 so that all in scope Schneider Electric employees are now paid the living wage. The final KPI result for 2021 was rounded to 100%.

Indicators below have a Group scope.

HR data cover about 93% of the workforce from consolidated companies (excluding 6,300 AVEVA and OSIsoft employees and 5,100 employees from companies not integrated to the Group's information system tools). According to our extra-financial reporting principles, 8,000 employees from new acquisitions (including RIB Software and L&T) are also excluded from 2021 figures. Total Group average workforce (including supplementary employees) for all entities is 166,025 employees.

The calculation methodology of the absenteeism rate varying from one country to another, in this domain Schneider Electric communicates at Group level the number of lost days and the number of hours worked (Safety data). The precisions on the variations of scope are contributed at the end of the tables below and indicated by footnotes. The comments on the indicators are given in the corresponding chapters and indicated in the tables below.

2.8.2.2 General disclosure

Spot workforce at year-end

GRI	Indicators	Units	2021	2020	2019	2018
	Spot workforce at year-end including supplementary employees*(1)	year-end HC	**147,468**	147,349	150,828	151,019
	Spot workforce at year-end excluding supplementary employees*	year-end HC	**128,384 ▲**	128,770	135,307	137,534
	Open-ended contract	%	**87.2%**	87.3%	87.3%	87.2%
	Fixed-term contract	%	**12.8%**	12.7%	12.7%	12.8%
	Spot supplementary employees* at year-end	year-end HC	**19,084**	18,548	15,456	13,480
102-8	Share of temporary personnel (fixed-term contracts and supplementary personnel*)	%	**24.0%**	23.7%	21.6%	20.6%

▲ 2021 audited indicators.

* Supplementary employees are employees under short-term contracts to supplement short-term activities and work peaks.

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);

Workforce composition(1)

GRI	Indicators	Units	2021	2020	2019	2018
102-8	Organization of working time					
	Full-time	%	**98%**	97%	98%	98%
	Part-time	%	**2%**	3%	2%	2%
401-1	Hires(2)	HC	**27,189 ▲**	19,536	25,131	23,228
401-1	Departures(2)	HC	**22,877 ▲**	20,840	23,381	24,036
	Layoffs	HC	**7,114 ▲**	5,626	8,190	7,680
	Resignations	HC	**11,944 ▲**	8,729	10,600	11,595
	Other (retirement, end of contract, etc.)	HC	**3,819 ▲**	6,485	4,591	4,761
401-1	Total employee turnover	%	**18.1%**	16.1%	17.6%	17.0%
	Voluntary turnover	%	**9.5% ▲**	6.9%	8.0%	8.4%
102-8	Breakdown of workforce by region					
	Asia-Pacific	%	**31%**	32%	35%	32%
	Western Europe	%	**27%**	27%	26%	27%
	North America	%	**26%**	24%	20%	22%
	Rest of the world	%	**16%**	17%	19%	20%
102-8	Breakdown of workforce by country (the most significant countries)					
	United States	%	**14%**	13%	13%	13%
	France	%	**11%**	12%	11%	11%
	China	%	**11%**	11%	10%	10%
	Mexico	%	**10%**	10%	7%	7%
	India	%	**8%**	10%	10%	10%
	Germany	%	**4%**	3%	3%	3%
	Russian Federation	%	**3%**	3%	6%	6%
	Spain	%	**3%**	3%	3%	3%
	Indonesia	%	**3%**	3%	3%	3%
	United Kingdom	%	**3%**	3%	3%	3%
	Australia	%	**2%**	2%	2%	2%

GRI	Indicators	Units	2021	2020	2019	2018
	Brazil	%	**1%**	2%	2%	2%
102-8	Annual change in workforce by country (the most significant countries)					
	United States	%	**5%**	-5%	-4%	-3%
	France	%	**-2%**	-2%	-2%	-7%
	China	%	**8%**	-2%	-2%	0%
	Mexico	%	**7%**	36%	1%	-4%
	India	%	**8%**	-3%	0%	-3%
	Germany	%	**9%**	-9%	-1%	-3%
	Russian Federation	%	**0%**	-51%	-5%	-10%
	Spain	%	**6%**	-5%	2%	1%
	Indonesia	%	**-3%**	-9%	-7%	0%
	United Kingdom	%	**-9%**	-6%	-2%	-1%
	Australia	%	**-2%**	-7%	-5%	-10%
	Brazil	%	**-8%**	-12%	-6%	-7%
102-8	Women in our workforce					
	Overall workforce	%	**34%** ▲	33%	33%	32%
	Board of Directors	%	**42%**	42%	42%	38%
	Executive Committee	%	**44%**	38%	25%	25%
	All management (junior, middle, leadership)	%	**33%**	23%	23%	UP
	Leadership teams	%	**26%** ▲	24%	23%	22%
	Front line management	%	**27%** ▲	25%	24%	UP
	Middle management	%	**23%**	23%	22%	UP
	Junior management	%	**37%**	34%	33%	UP
	Management positions in revenue-generating functions	%	**16%**	UP	UP	UP
	Sales	%	**21%**	19%	19%	UP
	STEM	%	**19%**	21%	20%	UP
	White collar	%	**51%**	50%	51%	51%
	Men	%	**66%**	67%	67%	68%
	Women	%	**34%**	33%	33%	32%
	Blue collar	%	**49%**	50%	49%	49%
	Men	%	**66%**	67%	68%	68%
	Women	%	**34%**	33%	32%	32%
102-8	Breakdown of workforce by age[3]					
	< 30 years	%	**23%**	23%	22%	23%
	30-50 years	%	**59%**	59%	59%	59%
	> 50 years	%	**18%**	18%	18%	18%
102-8	Breakdown of workforce by seniority					
	< 5 years	%	**40%**	46%	46%	44%
	5/14 years	%	**34%**	33%	33%	36%
	15/24 years	%	**16%**	13%	13%	12%
	25/34 years	%	**7%**	6%	6%	6%
	> 34 years	%	**3%**	2%	2%	2%
102-8	Breakdown of workforce by function					
	Marketing	%	**4%**	4%	4%	3%
	Sales	%	**13%**	13%	13%	12%
	Services and projects	%	**19%**	19%	19%	19%
	Support	%	**24%**	29%	30%	28%
	Technical	%	**10%**	7%	6%	6%
	Industrial	%	**31%**	28%	28%	32%

▲ 2021 audited indicators. UP = Unpublished.
(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128,384 employees, i.e. around 87% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;
(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

Hires(1)(2)

GRI	Indicators	Units	2021	2020	2019	2018
401-1	Breakdown by type of contract					
	Permanent contract	%	**64%**	62%	70%	63%
	Fixed-term contract	%	**36%**	38%	30%	37%
401-1	Breakdown by category					
	White collar	%	**34%**	19%	37%	39%
	Blue collar	%	**66%**	81%	63%	61%
401-1	Breakdown by gender					
	Men	%	**59%** ▲	59%	60%	62%
	Women	%	**41%** ▲	41%	40%	38%
401-1	Breakdown by age(3)					
	< 30 years	%	**64%**	UP	UP	UP
	30-50 years	%	**34%**	UP	UP	UP
	> 50 years	%	**2%**	UP	UP	UP
401-1	Breakdown by region					
	Asia-Pacific	%	**34%**	26%	44%	35%
	Western Europe	%	**13%**	9%	12%	16%
	North America	%	**42%**	55%	29%	33%
	Rest of the world	%	**12%**	10%	15%	16%

▲ 2021 audited indicators. UP = Unpublished.
(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;
(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

Layoffs (1)(2)

GRI	Indicators	Units	2021	2020	2019	2018
401-1	Breakdown by type of contract					
	Open-ended contract	%	**70%**	72%	79%	80%
	Fixed-term contract	%	**30%**	28%	21%	20%
401-1	Breakdown by category					
	White collar	%	**22%**	20%	33%	35%
	Blue collar	%	**78%**	80%	67%	65%
401-1	Breakdown by Region					
	Asia-Pacific	%	**33%**	28%	30%	23%
	Western Europe	%	**9%**	8%	8%	10%
	North America	%	**47%**	50%	44%	42%
	Rest of the world	%	**10%**	14%	18%	24%

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation.

Resignations(1)(2)

GRI	Indicators	Units	2021	2020	2019	2018
401-1	Breakdown by seniority					
	< 1 year	%	**41%**	41%	40%	39%
	1/4 years	%	**36%**	39%	34%	37%
	5/14 years	%	**19%**	16%	17%	20%
	15/24 years	%	**4%**	3%	5%	3%
	25/34 years	%	**1%**	1%	2%	1%
	> 34 years	%	**0%**	0%	2%	0%

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation.

Departures(1)(2)

GRI	Indicators	Units	2021	2020	2019	2018
401-1	Breakdown by gender					
	Men	%	**62%**	63%	62%	61%
	Women	%	**38%**	37%	38%	39%
401-1	Breakdown by age(3)					
	< 30 years	%	**50%**	UP	UP	UP
	30-50 years	%	**38%**	UP	UP	UP
	> 50 years	%	**12%**	UP	UP	UP
401-1	Breakdown by region					
	Asia-Pacific	%	**31%**	30%	34%	33%
	Western Europe	%	**15%**	17%	15%	16%
	North America	%	**41%**	39%	35%	34%
	Rest of the world	%	**13%**	14%	16%	18%

UP = Unpublished.
(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;
(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

Average supplementary employees*

GRI	Indicators	Units	2021	2020	2019	2018
102-8	Breakdown by category					
	White collar	%	**8%**	10%	11%	7%
	Blue collar	%	**92%**	90%	89%	93%
102-8	Breakdown by region					
	Asia-Pacific	%	**67%**	64%	64%	62%
	Western Europe	%	**16%**	15%	16%	18%
	North America	%	**6%**	7%	7%	8%
	Rest of the world	%	**11%**	14%	13%	11%

* Supplementary employees are employees under short-term contracts to supplement short-term activities and work peaks.

2.8.2.3 Dialog and social relations

GRI	Indicators	Units	2021	2020	2019	2018
	Coverage	%	**92%**	85%	92%	90%
102-41	Employees represented by					
	Unions	%	**80%**	66%	64%	67%
	Works Council	%	**63%**	70%	68%	68%
403-1	Health and Safety Committee	%	**81%**	89%	86%	86%
102-41	Number of collective agreements	#	**150**	78	81	138
102-41	Employees covered by collective bargaining agreements	%	**72%**	69%	70%	75%

2.8.2.4 Health and safety of employees and subcontractors

GRI	Indicator	Units	2021	2020	2019	2018
	Number of ISO 45001 sites	#	**180**	184	UP	UP
	Percentage of operational facilities that are ISO 45001 certified	%	**77%**	80%	UP	UP
403-2	Number of medical incidents(1)	#	**186 ▲**	154	233	277
	of which Schneider Electric employees	#	**152 ▲**	133	193	225
	of which temporary workers	#	**34 ▲**	21	40	52
403-2	Number of lost-time accident(1)	#	**96 ▲**	85	116	136
	of which Schneider Electric employees	#	**76 ▲**	74	94	105
	of which temporary workers	#	**20 ▲**	11	22	31
403-2	Number of fatal accidents	#	**2**	1	1	1
	of which Schneider Electric employees	#	**2**	1	1	1
	of which temporary workers	#	**0**	0	0	0
403-2	SSE #14 Medical Incident Rate(2)	per million hours worked	**0.65 ▲**	0.58	0.79	0.94
	of which Schneider Electric employees	per million hours worked	**0.63 ▲**	0.58	0.77	0.90
	of which temporary workers	per million hours worked	**0.73 ▲**	0.55	0.91	1.10
403-2	Lost-Time Injury Rate (LTIR)(2)	per million hours worked	**0.33 ▲**	0.32	0.39	0.46
	of which Schneider Electric employees	per million hours worked	**0.32 ▲**	0.32	0.38	0.42
	of which temporary workers	per million hours worked	**0.43 ▲**	0.29	0.50	0.66
403-2	Lost-Time Day Rate (LTDR)(2)	per million hours worked	**15.58 ▲**	13.74	16.69	13.69
	of which Schneider Electric employees	per million hours worked	**16.47 ▲**	14.92	17.69	14.39
	of which temporary workers	per million hours worked	**11.00 ▲**	6.61	10.96	9.54
403-2	Number of lost days	#	**4,477 ▲**	3,662	4,909	4,025
	of which Schneider Electric employees	#	**3,963 ▲**	3,412	4,427	3,579
	of which temporary workers	#	**514 ▲**	250	482	446
403-2	Number of hours worked	#	**287,369,013 ▲**	266,582,055	294,202,028	294,001,927
	of which Schneider Electric employees	#	**240,649,594 ▲**	228,742,624	250,235,482	248,633,265
	of which temporary workers	#	**46,719,419 ▲**	37,839,431	43,966,546	45,368,662
403-2	Occupational Illness Frequency Rate (OIFR)(2)	per million hours worked	**0.017 ▲**	0.019	0.014	0.020
	of which Schneider Electric employees	per million hours worked	**0.021 ▲**	0.022	0.016	0.024
	of which temporary workers	per million hours worked	**0.000 ▲**	0.000	0.000	0.000

▲ 2021 audited indicators. UP = Unpublished.

(1) Includes business travel, excludes home/workplace travel.

(2) LTIR = Number of incidents with lost days x 1,000,000/number of hours worked. International standard indicator comparable to the accident frequency rate.
LTDR = Number of lost days x 1,000,000/number of hours worked. International standard indicator comparable to the accident severity rate (the latter, however, is calculated per thousand hours worked). MIR = Number of accidents requiring medical treatment x 1,000,000/number of hours worked.
Occupational Illness Frequency Rate (OIFR) is based on 1 million hours worked (The number of Occupational illness X 1,000,000 Hours/Total Hours Worked).
Note that the Medical Incident Rate (MIR) consists of both medical incidents + Occupational Illnesses and is based on 1 million hours worked.

2.8.2.5 Talent development and training

GRI	Indicator	Units	2021	2020	2019	2018
	Coverage	%	**91%**	90%	92%	87%
404-1	Number of training hours	#	**2,881,627 ▲**	2,869,111	3,117,348	3,283,492
404-1	Average hours of training per person by category and gender	#	**24.5**	24.5	25.0	27.5
	White collar	#	**25.1**	24.9	27.1	30.5
	Blue collar	#	**24.0**	24.0	22.9	24.1
	Men	#	**24.9**	25.1	25.6	28.3
	Women	#	**23.7**	23.2	23.7	25.6
404-1	Breakdown of hours by category(1)					
	White collar	%	**53%**	52%	54%	58%
	Blue collar	%	**47%**	48%	46%	42%
404-2	Employees taking one day training (7 hours or more)	%	**83%**	81%	81%	86%
	Breakdown by country					
	United States	%	**75%**	76%	78%	82%
	France	%	**77%**	69%	71%	76%
	China	%	**81%**	84%	86%	89%
	Mexico	%	**97%**	74%	87%	93%
	India	%	**86%**	90%	84%	97%
	Germany	%	**70%**	79%	80%	86%
	Russian Federation	%	**97%**	98%	93%	95%
	Spain	%	**85%**	84%	83%	88%
	Indonesia	%	**96%**	93%	76%	80%
	United Kingdom	%	**72%**	65%	69%	80%
	Australia	%	**79%**	80%	78%	81%
	Brazil	%	**91%**	95%	92%	90%
	Percentage of the eligible workforce who received training on anti-corruption practices	%	**97%**	94%	UP	UP
	SSE #13 – Employees trained every year on Cybersecurity and Ethics	%	**96% ▲**	90%	UP	UP
	Breakdown of hours by training type(1)	%				
	Health, safety and environment	%	**17%**	20%	22%	20%
	Technical	%	**5%**	6%	5%	5%
	Languages	%	**0%**	0%	5%	1%
	IT	%	**6%**	8%	8%	10%
	Products, Solutions and Services	%	**12%**	12%	13%	24%
	Management and Leadership	%	**6%**	4%	6%	5%
	Personal Development	%	**7%**	11%	8%	16%
	Functional	%	**25%**	24%	27%	14%
	Mandatory/Compliance	%	**9%**	4%	6%	3%
	Supply Chain	%	**12%**	9%	UP	UP
	Wellbeing	%	**1%**	2%	UP	UP
	Agile	%	**1%**	UP	UP	UP
	Total Learning & Development spend(2)	million €	**56.8**	44.2	52.3	UP

GRI	Indicator	Units	2021	2020	2019	2018
	Learning & Development cost per employee	€/employee	**425.8**	356.1	386.6	UP
	Breakdown of costs by category[1]					
	White collar	%	**64%**	52%	68%	72%
	Blue collar	%	**36%**	48%	32%	28%
	Breakdown of costs by training type[1]					
	Products, Solutions and Services	%	**12%**	10%	28%	21%
	Personal Development	%	**6%**	10%	5%	19%
	Health, safety and environment	%	**31%**	39%	9%	15%
	Management and Leadership	%	**13%**	12%	18%	14%
	Functional	%	**15%**	9%	12%	11%
	Technical	%	**9%**	10%	4%	6%
	IT	%	**6%**	3%	11%	3%
	Languages	%	**2%**	1%	13%	3%
	Mandatory/Compliance	%	**0%**	1%	0%	0%
	Supply Chain	%	**4%**	5%	UP	UP
	Wellbeing	%	**1%**	0%	UP	UP
	Agile	%	**1%**	UP	UP	UP
404-3	Employees having had a performance review[3]	%	**98%**	98%	98%	96%
	Breakdown by category					
	White collar	%	**76%**	75%	76%	76%
	Blue collar	%	**26%**	25%	24%	24%
	Breakdown by gender					
	Men	%	**71%**	72%	72%	73%
	Women	%	**29%**	28%	28%	27%

▲ 2021 audited indicators. UP = Unpublished.

(1) Based on spot workforce at year-end.

(2) Includes Learning and development teams, travel and expenses as well as vendors costs - Sources: Schneider Electric TalentLink Employee data and Procurement tracking system - Excludes training sold to customers

(3) The data relates to the eligible workforce for Performance interview at 12/31/2021 (TalentLink).

2.8.3 Societal indicators

Indicators are published on the basis of declarative information submitted by Foundation delegates. It covers 80% of Schneider Electric employees and highlights the importance of company and employee participation in the Foundation's approach to involvement towards local communities. With EUR 19.5 million in 2021, the amount of budget for the Foundation's actions includes the Foundation's intervention budget, the amount of the donations from entities, employees and partners, and the amount of donations in kind.

2.8.3.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[(1)]	**2021 progress[(2)]**	2025 Target
Equal	**9.** Provide access to green electricity to 50 million people	**30M**	**+4.2M**	**50M**
Generations	**11.** Train people in energy management	**281,737**	**328,359**	**1M**

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline[(1)]	**2021 progress[(2)]**	2025 Target
Local	**25.** Increase the number of volunteering days since 2017	**18,469**	**27,981**	**50,000**

(1) Generally, the 2020 performance serves as a baseline for SSI and SSE programs, except SSI #1, SSI #10, SSE #5, SSE #14, and SSE #20, which are measured against a 2019 baseline to mitigate COVID-19 impacts.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23, in 2021), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 224). Please refer to page 206 for the methodological presentation of each indicator. The 2021 performance is also discussed in more details in each section of this report.

2.8.3.2 Breakdown of the Foundation's financial commitments

Indicator	Units	**2021**	2020	2019
Foundation's intervention budget	€	**4,000,000**	4,000,000	4,000,000
Breakdown by program				
Training and entrepreneurship	%	**75%**	63%	51%
Energy poverty	%	**3%**	7%	28%
Raising awareness about sustainable development	%	**17%**	10%	17%
Employees' volunteering/skills-based sponsorship	%	**1%**	1%	4%
Emergency	%	**4%**	19%	UP
Breakdown by region				
Africa & Middle East	%	**8%**	25%	31%
America	%	**10%**	4%	6%
Asia & Pacific	%	**48%**	45%	11%
Europe	%	**18%**	20%	44%
Cross countries	%	**16%**	6%	8%

2.8.3.3 Breakdown of contributions from employees and Schneider Electric entities to the Foundation's actions

Indicator	Units	2021	2020	2019
Total financial contribution	€	**7,045,158**	9,287,805	7,715,663
From employees	€	**1,121,092**	1,454,801	827,682
From the Schneider Electric entity	€	**5,893,925**	7,413,102	6,659,701
From partners	€	**30,141**	419,902	228,280

2.8.3.4 Breakdown of total contributions (Employees, Schneider Electric entities and Schneider Electric Foundation) to the Foundation's actions

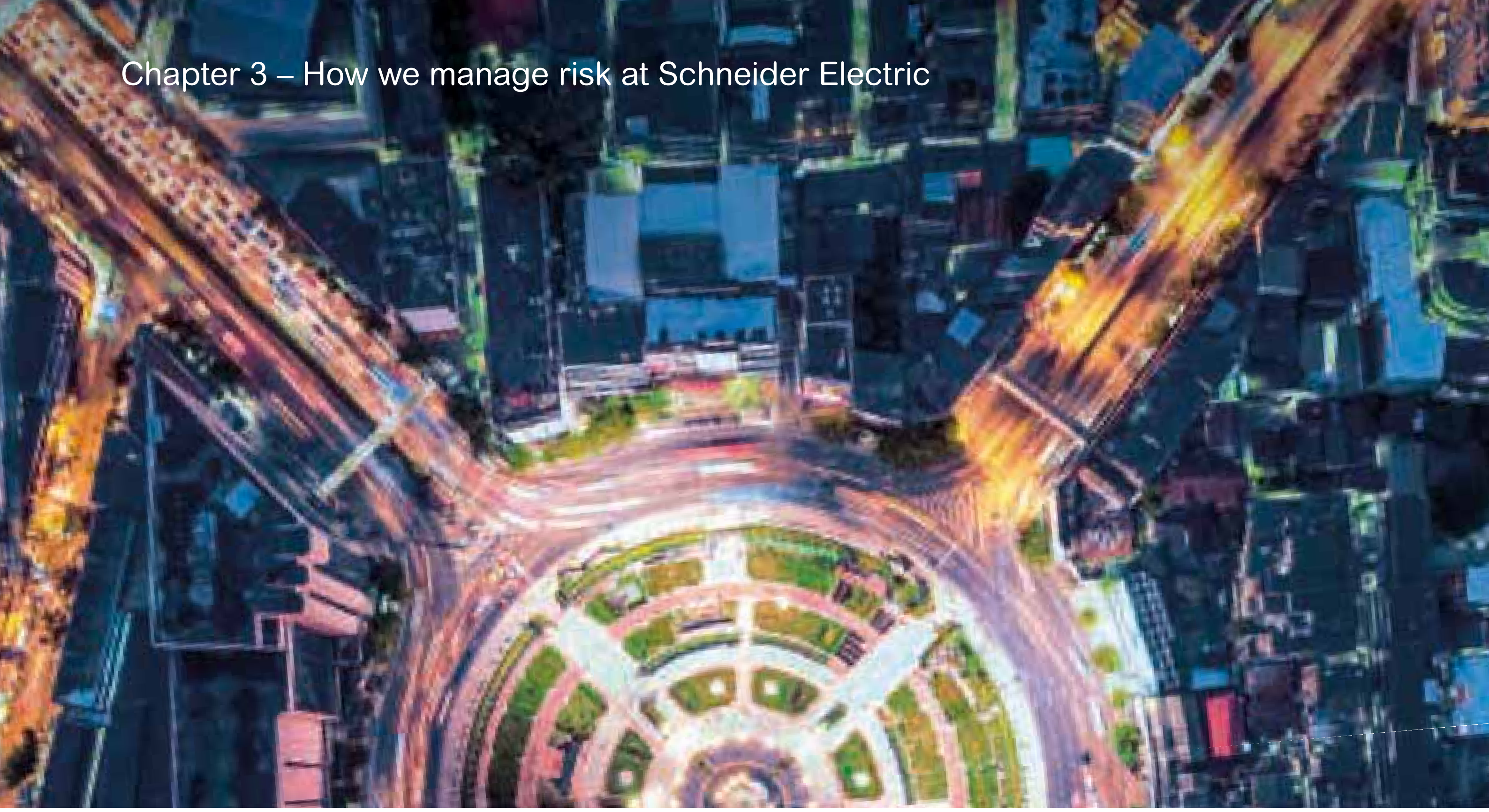
Indicator	Units	2021	2020	2019
Breakdown by region				
Africa & Middle East	%	**3%**	8%	11%
America	%	**34%**	31%	38%
Asia & Pacific	%	**29%**	27%	21%
Europe	%	**31%**	30%	30%
Cross countries	%	**3%**	4%	UP
Donations in products or services for a partner/project of the Foundation	€	**8,444,800**	6,927,700	8,062,248
Number of employees involved in the Foundation's actions	#	**35,000**	35,000	35,000

UP = Unpublished.

2.8.3.5 Total budget for the Foundation's actions

Indicator	Units	2021	2020	2019
Foundation budget, financial contributions and donations in kind	€	**19,489,958**	20,215,505	19,777,911

To access all Schneider Electric ESG data, please download the disclosure dashboard on se.com:
https://go.schneider-electric.com/WW_202105_In-the-interest-of-transparency-and-to-simplify-access-to-ESG-data_EA-LP.html?source=Content&sDetail=In-the-interest-of-transparency-and-to-simplify-access-to-ESG-data_WW&&



We believe a strong resilience is a key element for sustainable growth, one of our core values. It includes the way we identify, assess and manage risks.

3 How we manage risk at Schneider Electric

3.1 Definition and objectives of internal control and risk management

3.1.1 Definition and objectives

The Group's internal control and risk management systems focus on:

- protecting the Group's value, assets, and reputation;
- identifying and measuring the major risks to which the Group is exposed;
- anticipating and foreseeing changes in these risks; and
- implementing risk prevention and transfer measures.

The Group's risk management systems are designed to ensure:

- Risks are properly and timely identified, assessed, and prioritized;
- Risks and vulnerabilities are properly monitored;
- Risks are efficiently mitigated.

The Group's internal control procedures are designed to ensure:

- compliance with laws and regulations;
- application of instructions and guidelines issued by Group Senior Management;
- the proper functioning of the Company's internal processes;
- the reliability of financial reporting; and
- more generally, internal control helps the Group manage its businesses, run efficient operations, and use its resources efficiently.

3.1.2 Scope of this report

The system is designed to cover the Group, defined as the Schneider Electric SE parent company and the subsidiaries over which it exercises exclusive control.

Acquired companies are integrated progressively into the internal control and risk management systems.

3.2 Organization and Management

3.2.1 Group values

Resilience as a top value

Schneider Electric has placed significant importance on resilience within the values and principles which guide and inspire its actions and, in particular, its business practice. Indeed, resilience is one of the fundamental elements of sustainable growth and belongs directly to the Group's Sustainability value. All Group entities, along the three lines of defense described hereafter, are encouraged to:

- Develop a culture promoting resilience for the Group;
- Raise resilience awareness and best practices, within their scope of work;
- Implement initiatives aimed at increasing the Group resilience, by decreasing the risk exposure and/or increasing its level of preparedness.

Hybrid risk management model

Schneider Electric uses a hybrid risk management model. It means that there are Central functions and experts in charge of setting risk management mechanisms, establishing policies, and other activities, but that the ownership of the risks belongs to the Business Units and Operating Divisions who are responsible for deploying the central framework to manage their risks. The section hereafter (3.2.2) goes over our three lines of defense and gives more detail about our hybrid risk management model.

3.2.2 General internal control and risk management principles: our three lines of defense

The three lines model

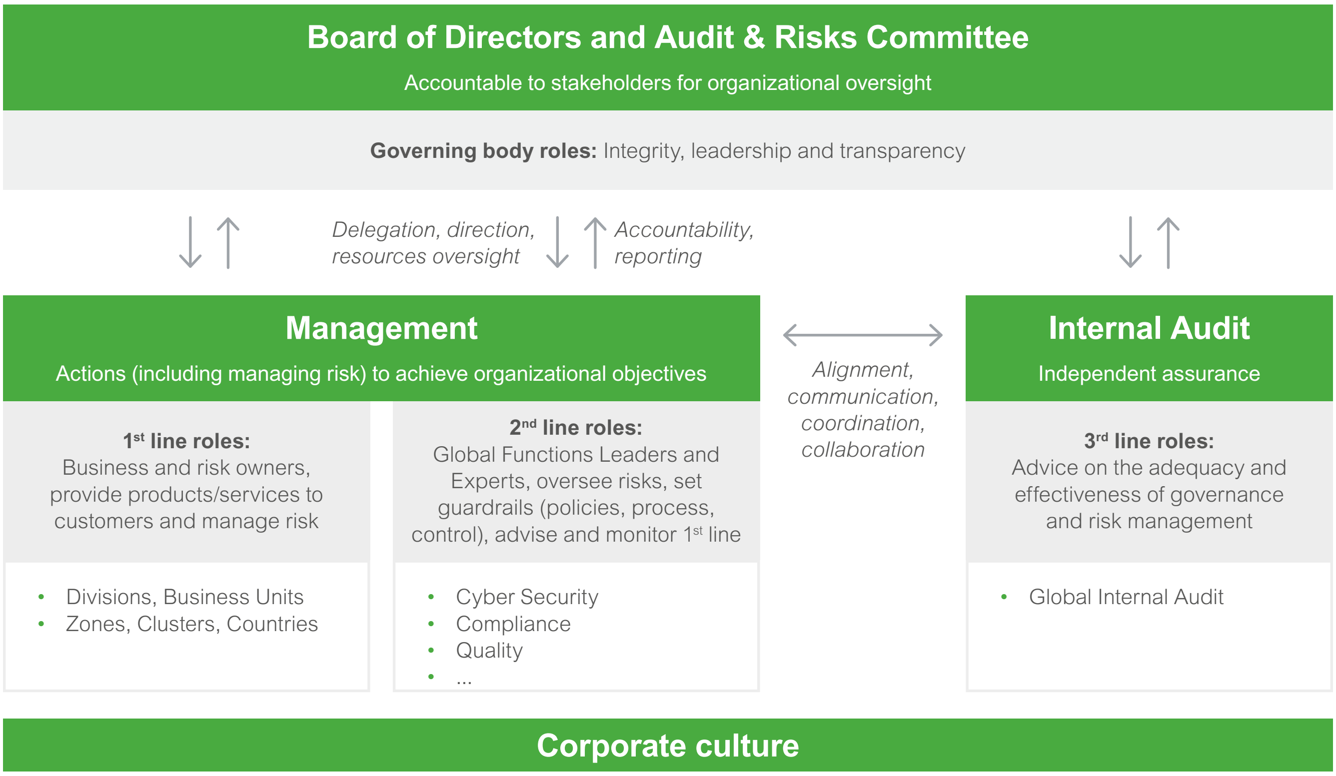


Figure 1: The three lines model

1st line of defense: Business and risk owners

Among other responsibilities, Operating Divisions and Business Units have a duty to preserve good faith and trust. As business and risk owners, they must:

- Embed risk management into first line processes;
- Execute risk strategy in line with risk appetite and standards;
- Complete risk assessments and provide supporting data;
- Identify and control risks relating to their own environment, in compliance with the rules and procedures implemented and communicated by the Group functional department;
- Design and implement remediation actions.

More specifically, Operating Division and Business Unit management supplement and adapt the Enterprise Risk Management framework drafted by the Group management, by drawing up detailed policies and internal control procedures which comply with the relevant laws, regulations, and customer practices in the country they operate, to exercise control more effectively over risk specific to their local market and culture.

2nd line of defense: Risk Overseers

Risk Overseers and expert Functions

The various Group functional departments and Risk Overseers assist the Enterprise Risk Management body with the identification and ranking of risks. Each department defines and rolls out risk management systems in its activity sector and ensures the consistency of actions undertaken in the Business Units and Operating Divisions. It assists all Group entities by facilitating the sharing of risk management and internal control best practice.

Depending on the risk category, Risk Overseers must:

- Identify and manage adoption of regulatory and legal standards;
- Initiate first risk identification as a base for risk-specific programs design;
- Own risk-specific policies;
- Define risk-specific processes and controls.

Enterprise Risk Management body

In the current context of an acceleration towards a more complex and fragmented world, the Group has engaged in a restructuration of its Enterprise Risk Management body, with the help of experts. It has started in 2021, with most of the deployment scheduled in 2022. The objective is to strengthen the overall risk management at Schneider Electric, with a more robust Enterprise Risk Management to implement and deploy advanced mechanisms, support the first and second lines of defense, and consolidate and report to the Executives and the Board of Directors. It will ensure that the maturity level and effectiveness of the governance and organization, management systems, processes and controls, and communication and training will all increase. Engaging in this journey until 2024, the Group expect to reach optimized maturity level in the way we develop and maintain a Group risk appetite framework.

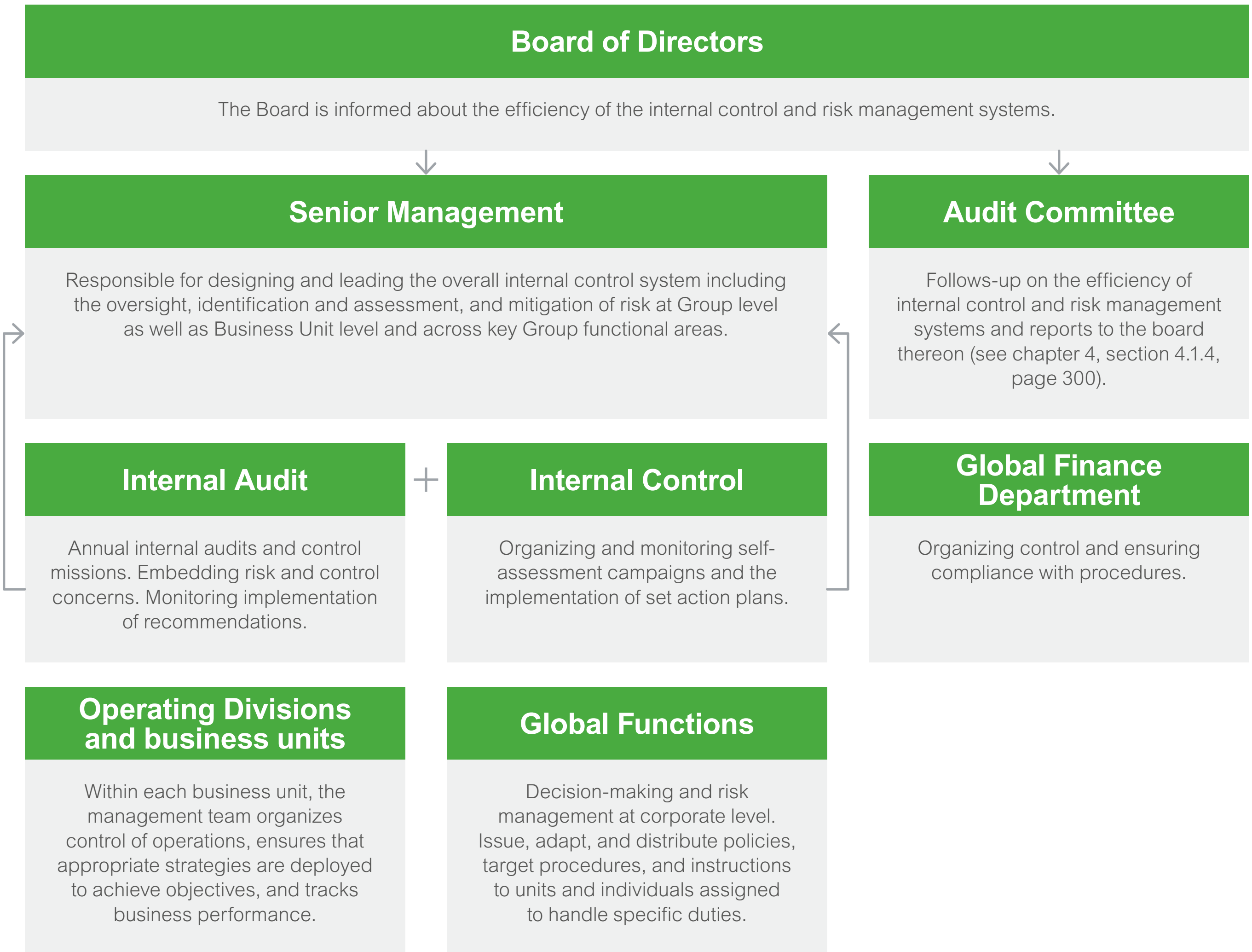
3rd line of defense: Internal audit

In accordance with professional standards governing this activity, the internal audit independently assesses the effectiveness of internal control and risk management procedures given that, irrespective of how well they are implemented and how strictly they are deployed, these procedures can only provide reasonable assurance – and not an absolute guarantee – against all risks.

A more robust description on the Group internal audit is presented in section 3.2.3, hereafter.

3.2.3 Governing bodies

The Group's corporate governance bodies supervise the development of internal control and risk management systems. The Audit & Risks Committee has particular responsibility for following up on the efficiency of internal control and risk management systems and reports to the Board of Directors.



Senior Management

Senior Management is responsible for designing and leading the overall internal control system, with support from all key participants, in particular the Group Internal Audit and Internal Control departments.

It also monitors the Group's performance during business reviews with the Operating Divisions and Global Functions. These reviews cover business trends, action plans, current results, and forecasts for the quarters ahead.

Similar reviews are carried out at different levels of the Group prior to Senior Management's review.

Internal Audit

The Internal Audit department reports to Senior Management. It had an average headcount of 18 auditors and 23 regional internal controllers in 2021. The internal auditors are responsible for ensuring that, at the level of each Business Unit:

- the identification and control of risks is performed;
- significant financial, management, and operating information is accurate and reliable;
- compliance with laws and regulations and with the Group's policies, standards, and procedures is ensured;
- compliance with the instructions of the Chairman & CEO is ensured;
- acquisition of resources is carried out at a competitive cost, and their protection is ensured;
- expenses are properly engaged and monitored;
- correct integration and control of acquisitions are ensured.

Annual internal audit and internal control plans are drawn up based on a combination of a risk-based and audit universe coverage-based approach. The risk-based dimension is embedding risk and control concerns identified by Senior Management, taking into account the results of past audits, the results of Key Internal Control self-assessments returned by the Business Units, and other indicators such as the evolution of a set of financial metrics, the Corruption Perception Index, or the Employees Disengagement Index. When necessary, the audit plan is adjusted during the year to include special requests from Senior Management.

After each internal audit, a report is issued setting out the auditors' findings and recommendations for the Business Unit or Function audited. The management of audited entities or audited domains is requested to define for each recommendation an action plan aiming at implementing corrective actions. Measures are taken to monitor implementation of the recommendations and specific follow up audits are conducted if necessary.

Audit reports and the implementation of their recommendations are distributed to Senior Management. An executive summary is sent to the Chairperson of the Audit Committee as well as to the top management. A synthesis of the main takeaways and conclusions from a selected number of audit missions is presented to the Audit Committee for each committee session (five times per year).

These reports are subject to regular exchange with the Group's auditors.

The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and meets her on a regular basis throughout the year.

Internal Control department

The Internal Control department, which reports to the Reporting and Consolidation unit, is responsible for, in particular:

- defining and updating the list of Key Internal Controls in close co-operation with the Global Functions and other subject matter experts in line with the recommendations of the French Financial Market Authorities (AMF) reference framework;
- maintaining and leading a network of around 14 local internal controllers who are responsible for supporting local management on internal control topics and acting as process owners for certain key areas such as the chart of authority and segregation of duties; and
- organizing and monitoring the roll-out of self-assessment campaigns and implementation of set action plans following self-assessments.

The team continues to improve the internal control process and adapt its procedures following the results of self-assessments and changes in the business environment or organization.

Global Finance department

The Global Finance department is actively involved in organizing control and ensuring compliance with financial procedures.

Within the department, the Reporting and Consolidation unit plays a key role in the internal control system by:

- drafting and updating instructions designed to ensure that statutory and management accounting practices are consistent throughout the Group and compliant with applicable regulations;
- organizing period-end closing procedures;
- analyzing performance and tracking the achievement of targets assigned to the Operating Divisions and Business Units.

The Reporting and Consolidation unit is responsible for:

- the proper application of Group accounting principles and policies;
- the integrity of the consolidation system database;
- the quality of accounting and financial processes and data;
- training for finance staff by developing and leading specific seminars on the function; and
- drafting, updating, and distributing the necessary documents for producing quality information.

The Reporting and Consolidation unit drafts and updates:

- a glossary of terms used by the Reporting and Consolidation unit, including a definition of each term;
- the chart of accounts for reporting;
- a Group statutory and management accounting standards manual, which includes details of debit/credit pairings;
- a Group reporting procedures manual and a system user's guide;
- a manual describing the procedures to be followed to integrate newly acquired businesses in the Group reporting process;
- an intercompany reconciliation procedures manual; and
- account closing schedules and instructions.

The Reporting and Consolidation unit monitors the reliability of data from subsidiaries and conducts monthly reviews of the various Business Units' primary operations and performance.

Within the Global Finance department, the Tax team oversees tax affairs to provide comprehensive management of these risks.

The Financing and Treasury department is responsible for:

- centralized management of cash and long-term Group financing;
- centralized management of currency risk and non-ferrous metals risk;
- monitoring of Group trade accounts receivable risk and the definition of the credit policy to be implemented;
- the distribution of rules for financial risk management and the security of payments:
  - define guidelines and contribute to the definition of Key Internal Control indicators relating to treasury and credit management,
  - review the related risks of complex projects as a subject matter expert,
  - select Group tools for credit, trade, and cash management; and
- the annual financial review meetings with the Group companies to assess the financial structures, financial risk management, as well as capital allocation.

Procedures for managing financial risk are described in "Key risks" on page 254.

Global Functions and Operating Divisions

In addition to specific processes or bodies such as the Group Acquisitions Committee for making and implementing strategic decisions and centralization of certain functions within the Global Finance department (see above), Schneider Electric centralizes certain matters through dedicated Global Functions, thus combining decision making and risk management at the corporate level.

A Technology Community, namely the Chief Technology Officers (CTO) community, grouping all Divisional and Business Unit Chief Technology Officers as well as key Corporate Technology Functions involved in Offer Creation & Research, meets on a regular basis to ensure cross-divisional co-ordination in setting the strategic direction for innovation and driving end-to-end architectures, and defining next generation platforms and systems. Additionally, this community partners closely with the senior business leaders. This has been done to ensure a simple structure so that technology can be close to business and to maintain consistency across all divisions of Schneider Electric.

The Human Resources department is responsible for deploying and ensuring the application of procedures and compliance with HR regulations concerning employee development, promoting diversity, and well-being. The department is also responsible for establishing guidelines on rewards and compensation, hiring, on and off boarding, and learning, amongst other human resources-related duties.

The Procurement department within the Supply Chain Function is responsible for establishing guidelines concerning the procurement organization and procedures, relationships between buyers and vendors, and procedures governing product quality, level of service, and compliance with environmental and safety standards.

Global Functions and Operating Divisions also issue, adapt, and distribute policies, target procedures, and instructions to Business Units and individuals assigned to handle their specific duties. Global Functions have correspondents who work with the Internal Control department to establish and update the Key Internal Controls deployed across the Group.

3.3 Risk management mechanisms

3.3.1 One unique risk taxonomy is established to have a common risk language

One of the core assets of the Group risk management practice is a unique risk taxonomy, used by the different domains within the organization (Sales Regions, Business Units, Global Functions). It is key to ensure all the Group entities speak the same risk language and collaborate efficiently on decreasing the risk exposure. This document is updated once a year based on the relevance and characteristics of identified risks in a business context. The taxonomy contains several levels, described in the illustration below.

Each risk is mapped to the pieces of the flywheel (see section 3.3.3, page 251) to ensure there are no gaps in the Group monitoring and mitigation of the risk universe.

Figure 2: Risk taxonomy structure

3.3.2 Different mechanisms to identify, assess, and mitigate risks

The Group recognizes that each risk nature is unique, and therefore requires a unique approach in the way it is identified, assessed, monitored, and mitigated. The figure below brings a few definitions and examples for each risk nature and shows the parameters that allow to differentiate them: Expected reward for risk and controllability.

Figure 3: Three risk nature and their unique approaches

For the trend-driven risks, the objective is to reduce the business impact cost-effectively and prepare to turn a disrupted environment into opportunities. We identify, assess, and monitor the risks through frequent organization leaders and external stakeholders interviews. This is complemented with specific strategy cadences.

For the event triggered risks, the objective is to reduce the risk exposure and increase the level of preparedness. Here are a few examples of the assets used to achieve this goal: crisis management and business continuity planning, strong policies and procedures adoption, and continuous risk and incidents monitoring.

For management practice risks, the objective is to avoid or eliminate occurrences cost-effectively with a risk culture and compliance model embedded in Operating Divisions, strong policies and procedures adoption, and an effective set of internal controls.

3.3.3 Each Risk Overseer is in charge of moving the risk flywheel for his/her respective domain

Risk taxonomy

The Group established a unique risk taxonomy to have a common language with all stakeholders. All risk categories included are mapped to a Risk Overseer who is responsible for all assets and processes around the risk flywheel (see figure below). The risk taxonomy is reviewed once per year, with inputs from the three lines of defense.

Trust Charter

The Trust Charter is the Group code of conduct. Each section is mapped to the risk taxonomy and has the goal, among others, to bring a level of awareness to employees that will contribute to decreasing the Group risk exposure. See more details about the Trust Charter in Chapter 2, section 2.2.1.

Policies

A policy is an official statement and process description produced and supported by the leadership team and states where the organization stands on important topics or issues. They create the backbone of an organization and are important for all stakeholders to enable and reinforce trust. Each Risk Overseer is responsible to ensure needed policies are written and published. Then, that they are implemented, communicated, and their implementation is being monitored. See more details about policies in Chapter 2, section 2.1.4.4.

Mandatory PMI[(1)] tasks

The Enterprise Risk Management framework applies not only to its core and legacy activities, but also to recently acquired companies as part of the post-acquisition integration process. Trust Standards are defined to ensure the integration process is addressing risks and compliance matters, meeting legal obligations, creating a more standardized back-end, and providing clarity regarding integration requirements across the portfolio of companies.

Key Internal Controls

The Group uses a set of internal controls that is reviewed and updated annually, with the feedback of the Risk Overseers (among others). One of the goals of internal controls is to assess the effectiveness of the mitigation put in place to address a risk. For the controls that are risk specific, the outcome of the yearly self-assessment campaign is twofold: provide a high-level view of the situation to the top management and Risk Overseers, and provide action plans to the risk owners to improve their mitigation, if relevant.

Key risk metrics

Risk metrics are defined to measure the Group risk exposure for each risk category. They are defined by the Risk Overseers and reviewed on a regular basis. Defining risk thresholds helps to foster a risk centric culture and take business decisions based on risk appetite.

Yearly risk reviews

The Group's entities are performing frequent risk reviews. There are three types:

- Zone or country risk reviews, where the leadership team and risk owners review the top risks affecting their territory and legal entities, as well as the mitigation in place.
- Function or risk category reviews, where the leadership team and Risk Overseers review the risks affecting their domain of expertise, as well as the mitigation they put in place.
- Consolidated risk reviews, performed by the Audit & Risks Committee aiming, in particular, to review and assess the internal control framework and risk management system effectiveness.

Risk maturity assessments

In a spirit of continuous improvement, Risk Overseers perform risk maturity self-assessments on a regular basis. It helps drive constant improvements to the ways in which the risk is managed within the Group. Among other things, it ensures the Group takes the right steps towards an optimized risk maturity level including:

- Governance and organization with dynamic resource allocation;
- Management systems are aligned and optimized across all three lines of defense;
- Processes and controls rely on digital and advanced analytics to optimized effectiveness and efficiency;
- Communication and training are adapted to specific needs, with a measured impact.

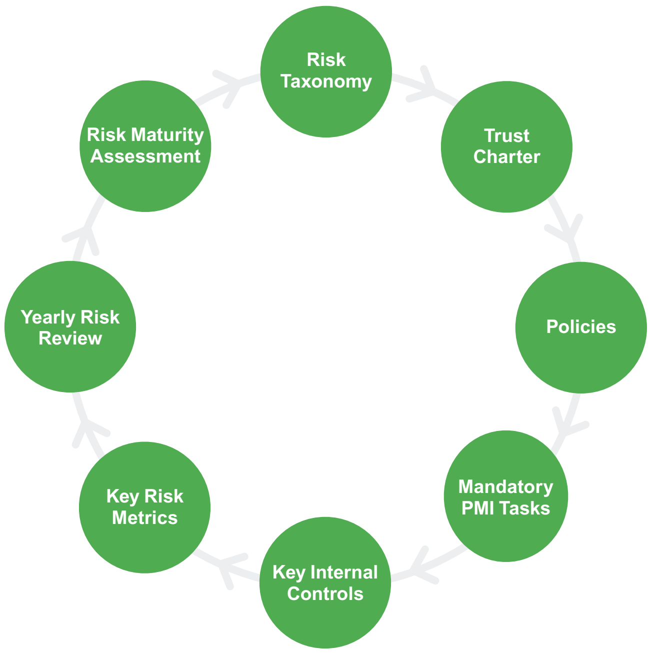


Figure 4: Risk flywheel

(1) PMI = Post-Merger Integration

3.3.4 Risk identification and management

General risks at the Group level

The Internal Audit and Group Risk Management departments conduct interviews to update the list of general risks at Group level each year. In 2021, around 40 of the Group's top managers were interviewed in addition to external financial analysts and Board members. Since 2016, individualized risk matrices by Operating Division or by Business Unit have been created.

The risks identified through these interviews are ranked by a risk score (comprising impact and likelihood of occurrence) and level of mitigation.

Risk factors related to the Group's business, as well as procedures for managing and reducing those risks, are described in "Key risks", section 3.4 on page 254. These procedures are an integral part of the internal control system.

The risk matrix and the analysis of changes from one year to the next contribute to the development of an internal audit plan for the following year. Around two-thirds of the risk categories identified in the Group's risk matrix are audited by the Internal Audit department over a period of five to six years to assess action plans for managing and reducing these risks.

Local risks related to the Company's business at the Business Unit level

Local risks related to the Company's business are managed first and foremost by the Business Units in liaison with the Operating Divisions, based on Group guidelines (particularly via the Key Internal Controls). Each subsidiary is responsible for implementing procedures that provide an adequate level of internal control.

The Operating Divisions implement cross-functional action plans for key risks related to the Company's business identified as being recurrent in the Business Units or as having a material impact at the Group level, as appropriate. The internal control system is adjusted to account for these risks.

Risks related to the Solutions business

The Solutions Risk Management department defines and implements principles and tools designed to manage the contractual (such as limitation of liabilities), technical (such as technical discrepancy versus customer specifications), and financial risks (such as factors that may impact margin at solution execution phase).

The network of Solution Risk Managers assess the risks and mitigations related to major projects in conjunction with the subject matter experts and Tender Managers during the preparation of offers. Solution Risk Managers then provides a comprehensive, 360-degree view on project risk and mitigations to support the opportunity approval process.

Risk management by the Legal department

The Legal department oversees the legal affairs and manages the risks relating to legal matters.

The Financial Risk Insurance team contributes to the internal control system by defining and deploying a Group-wide insurance strategy, as defined in "Insurance", section 3.5 on page 265. The insurance strategy includes the identification and quantification of the main insurable risks, the determination of levels of retention, and the cost benefit analysis of the transfer options. The Risk and Insurance department also defines, proposes, and implements action plans to prevent these risks and protect assets.

Risk management by the Global Security department

The Group's Global Security department defines corporate governance regarding loss prevention in the area of willful acts against property and people.

The Global Security Group Committee was created in 2017, uniting the Zone Security Leaders. Some of these leaders report directly to the Global Security department and some to local management with functional reporting to Global Security. In close co-operation with the Compliance department and the Risk and Insurance department, Global Security is involved in assessing the nature of risk to our people, as well as defining adequate prevention and protection measures.

Global Security provides support to local teams for any security issues (site audit, expatriates or local employee security, security on assignments, etc.). The team also:

- publishes internally, a table of “Country Risks” for use in security procedures that are mandatory for people traveling, expatriates, and local employees;
- provides daily co-ordination with the Group’s worldwide partner in the field of medical and security assistance (International SOS & Controls Risks – start of contract in January 2011);
- organize, as needed, psychological support in some crisis context (Eutelmed – start of contract in April 2015).

It brings its methodology to develop emergency plans (evacuation plans, crisis management plans, etc.) and co-ordinates the corporate crisis team (SEECC – Schneider Electric Emergency Coordination Center, created in 2009) each time that it is activated. Global Security also participates in crisis management, in managing the corporate crisis cell, and in supporting local entities (to limit the consequences of the occurrence of certain risks such as civil war, weather events, pandemics, attacks on people, terrorism, etc.). In addition, it regularly organizes Security Audits (R&D centers, head offices, sensitive plants, etc.).

Global Security sits on the Group Operations Compliance Committee (previously named Fraud Committee) alongside Compliance, Internal Audit, and the Legal department. Global Security supports internal investigators as well as contributing to the Group’s methodology and procedures to conduct investigations properly and in accordance with the law.

Management of cyber and product security and associated risks across Schneider Electric

The Cybersecurity and Product Security Functions inside the Governance organization define the Company’s cyber and product security strategies and approaches. The departments are accountable for protecting Schneider Electric’s business operations; securing the digital assets and offers for Schneider Electric and subsidiaries; managing the Cyber Risk Register; driving cybersecurity awareness across the Company; owning the creation, maintenance, and enforcement mechanisms of cyber and product security policies; ensuring the execution of cyber and product security initiatives across Schneider Digital Functions and entities; and managing the Cybersecurity Incident Prevention, Detection, and Response process.

3.4 Key risks

Principal risks

The Group risk inventory is organized in three categories and includes 17 key risks identified.

The key risks selected and presented below are the risks considered by the Group as specific to its business and identified as having the potential to affect its activity, its image, its financial situation, its results, or the achievement of its objectives.

However, the Group may be exposed to other non-specific risks, or risks of which it may not be aware, or risks of which it may be underestimating the potential consequences, or other risks that may not have been considered by the Group as being likely to have a material adverse impact on the Group, its business, financial condition, reputation or outlook.

In each category, risks are assessed in terms of potential impact for the Group according to 3 levels (red, yellow, green), the first one being the most likely to affect the Group. The assessment is the result of the process performed as part of the overall risk management mechanism described in “Risk identification and management”, section 3.3.4 on page 252. The impact considered for the assessment is the potential net impact which corresponds to the potential gross impact (financial/human/legal/reputation), after having taken in consideration the current mitigation measures, as well as the probability of occurrence of this risk. The assessment by Schneider Electric of this level of materiality may be changed at any time, in particular should new facts, whether external or specific to the Group, come to light.

	Categories and Risks	Potential net impact	Page
1	**Event triggered risks**		
1.1	Risk of cybersecurity on the Schneider Electric infrastructure and its digital ecosystem	🔴	255
1.2	Export controls	🔴	255
1.3	Strengthening of chemical and resource-related regulations in the Electric and Electronic Equipment space	🟢	256
1.4	Corruption linked to B2B and project business	🟢	256
1.5	Human rights, environmental, and safety issues through the value chain	🟢	257
1.6	Schneider Electric connected products used as a gateway to attack Group’s customers and partners	🔴	258
1.7	Product quality	🟠	259
1.8	Competition laws	🟠	259
1.9	Counterparty risk	🟢	260
1.10	Currency exchange risk	🟢	260
2	**Trend driven risks**		
2.1	World deglobalization and fragmentation	🔴	261
2.2	New players such as digital giants, software players, and energy majors entering the energy efficiency and renewable energy space	🟠	261
2.3	Supply chain resilience	🟠	262
2.4	Digital evolution and software offers	🟠	262
2.5	Attracting and developing talent with a focus on critical skills	🟠	262
3	**Management practice risks**		
3.1	IT systems management	🟠	263
3.2	Pricing strategy	🟢	264

Key to symbols

🔴 High impact 🟠 Medium impact 🟢 Low impact

1. Event triggered risks

1.1 Risk of cybersecurity on the Schneider Electric infrastructure and its digital ecosystem

Risk description

Schneider Electric, like other organizations with a similar global footprint and presence, is exposed to the risk of cyberattacks and data privacy breaches.

As an industrial and technology company, the Group has IT and Operational Technology activities spread over more than 25 sites, with dozens of R&D sites, and more than 200 production and logistic units. On those sites, Operational Technology systems are converging more and more with IT systems, especially through the use of Internet of Things (IoT) expanding the overall attack surface.

Additionally, the move from a product-centered business model to a service-oriented business model with software (e.g., digital offers like "Advisors" software suites or managed digital services) and augmented data naturally increases cybersecurity risks, such as data breaches and intellectual property theft.

Risk monitoring and management

The NIST framework (Identify, Protect, Detect, Respond, and Recover) is used with a Cyber Risk Register and High-Value Assets program:

- Cyber threats are mitigated by implementing cyber practices and capabilities, policy-driven controls, and enforcing mechanisms. For example, the Group implemented a Data Protection program, Source Code Management framework, and System & Solution security program.
- Global Cyber incident management and response process is in place. Events and incidents are monitored through a Security Operations Center, driven jointly with the Group's partners.
- 99% of employees were trained on cybersecurity in 2021. Specific employee categories received mandatory trainings for risks linked to their activity.
- Multiple cyber risk assessments were completed in 2021 by the Group's cybersecurity consulting partners. Furthermore, the Group is conducting regular crisis simulation exercises on different scenarios.
- Schneider Electric's posture is continuously revisited and adapted through "reality checks", including emergency and improvement plans across the Company and cyber scoring platforms.
- Independent "reality checks" were performed: three cross-cutting internal audits and external assessments.

1.2 Export controls

Risk description

International, foreign, and national export control laws and regulations govern the transfer of goods, services, and technologies within a country or between countries and/or their nationals. Elements that may trigger restrictions and licensing requirements may include, but are not limited to, countries, parties, product, and end-uses.

Schneider Electric being a Multi-National Corporation (MNC) with international operations spanning across more than 100 different countries worldwide, must constantly ensure full compliance to such laws and regulations by implementing a robust corporate export control compliance program. Any implications may result in a significant impact on the Group's businesses, results, reputation, and financial position.

Albeit that Schneider Electric's product portfolio only has a limited product range that may have dual-use goods features as well as non-dual-use goods (e.g., breakers) that may be used in sensitive applications; restriction or licensing requirements may apply to these products, especially if associated with politically sensitive countries and destinations.

Risk monitoring and management

Schneider Electric has comprehensive policies and processes to ensure compliance with applicable export control laws and regulations ("Schneider Electric Export Control Program") and to mitigate the above described risks. The Global Export Control Center of Excellence, as part of the Schneider Electric Global Legal and Risk Management Function, oversees the monitoring and enforcement of the Schneider Electric Export Control Program.

The Schneider Electric Export Control Program may include, but is not limited to, embargo and restricted country, denied party, dual-use goods, and sensitive end-users screenings; incorporation of Export Control provision in the main sales and procurement contractual template; and conducting of regular awareness and online and classroom training sessions for all relevant Schneider Electric employees.

The Schneider Electric Export Control Program will continue its enhancement and updates to ensure compliance with applicable export control laws and regulations.

1. Event triggered risks

1.3 Strengthening of chemical and resource-related regulations in the Electric and Electronic Equipment space

Risk description

Schneider Electric's plants and products are subject to strict environmental laws and regulations.

Many countries have increased legal requirements for the use of chemicals and resources, both in manufacturing processes and in the bill of materials of products.

Key Product Environmental regulations were strengthened in 2019, especially those specific to Electric and Electronic Equipment (EEE): RoHS (restriction of hazardous substances in electrical and electronic equipment) and WEEE (waste electrical and electronic equipment). RoHS bans ten chemical substances used in many product categories sold by Schneider Electric: this may require substitutions and may represent a considerable risk of non-compliance. WEEE concerns the Group Extended Producer Responsibility and obliges an active role in the framework of products end life, particularly in terms of financing the collection channels. In 2021, Toxic Substances Control Act (TSCA) introduced restrictions on additional substances.

Regulations could phase out specific chemical substances or resources too quickly, with no suitable alternative being found in a scalable manner.

In relation with Mergers and Acquisitions (M&A) Schneider Electric needs to critically assess environmental risks of all acquired companies' product portfolios to ensure strict environmental compliance of all their products, in every market where they are traded.

In addition, as described in Note 21 (see "Notes to the consolidated financial statements", section 5 of chapter 5, page 381), provisions of EUR 350 million are set aside to cover environmental risks. These provisions are primarily funded to cover clean-up costs related to sites (not potential penalties). The estimation of the expected future outflows is based on reports from independent experts.

French "Duty of Care" and country-specific initiatives (e.g., China) have reaffirmed the expectations towards engaging suppliers in environmental de-risking efforts.

Local regulations could force a percentage of recycled content in some product categories, where neither the relevant recycled resources may be available, nor the product certified or accepted – with recycled content – by IEC, NEMA, or any other electrical standards.

Risk monitoring and management

The Group's Integrated Management System (IMS), which covers safety, energy, quality, and environment, continues to be deployed across all industrial sites and major commercial offices. Environmental and Safety compliance audits, conducted by third-party consultants or internal specialists, take place periodically across countries.

Offer Creation Process (OCP) is strict, and each step and deliverable embed EcoDesign ambitions and principles: selection of resources, identification of critical substances, life cycle assessment, and then production of REACH and RoHS reports.

The Group's community of EcoDesign business partners train the R&D teams in all new and upcoming environmental regulations and assist them with precise guidance.

Schneider Electric has been part of taskforces on the circular economy, playing leadership roles in multi-stakeholder dialogues in Europe, China, and the USA, to discuss opportunities and hurdles: regulations, environmental impacts, protection of customers' interests, and job creation. Schneider Electric is active in France's Circular Economy Roadmap and engaged in China with MIIT on circular economy. The Group engages in discussions on circular economy relating to its sector with FIEEC, Gimélec, IGNES, ORGALIM, and other various circles.

1.4 Corruption linked to B2B and project business

Risk description

The exposure of the Group to corruption risk has been increasing for several years, due to the expansion of the Group's activities in new economies, especially in Asia and Africa, through organic growth, and mergers and acquisitions.

The business model of the Group relies on a large ecosystem of partners, including more than 52,000 suppliers throughout the world representing a procurement volume in excess of EUR 12 billion, and also, resellers and distributors. This ecosystem may represent a risk for the Group, being accountable for activities performed on its behalf, and in regards to potential conflicts of interest or unethical solicitations.

In addition, the Group is participating in complex projects involving a large range of partners in sectors at risk, such as oil and gas, and with end-users from the public sector in countries at risk.

Over the past years, the increase of law enforcement by public authorities, higher press coverage of fines imposed on companies, and new regulations requiring a strong compliance program have significantly changed the potential impact of corruption risks.

Risk monitoring and management

To mitigate this risk, Schneider Electric has built a dedicated Group Compliance Team, composed of corporate compliance counsels and regional compliance officers. Since August 2020, a new Ethics & Compliance department has been created, overseeing – among others – the Fraud Examination Team.

A global whistleblowing system, available to employees and external stakeholders, is also managed to combat this risk. In 2021, 585 employee and 70 external stakeholder alerts have been received and managed through follow-up inquiries.

In addition, the Group Ethics Charter, the Principles of Responsibility, was updated in September 2021 and renamed the Trust Charter, acting as the new Group Code of Conduct, reinforcing guidance regarding anti-corruption commitments. Beyond the recent updates of the Business Agents Policy (August 2019) and of the Anti-Corruption Policy (November 2019), the new Conflict of Interest Policy was deployed in 2021 and two further policies were finalized at the end of 2021, for deployment early 2022: the updated Gift & Hospitality Policy and the new Philanthropy Policy.

Furthermore, a Group-wide Ethics & Compliance risk assessment was carried-out in the second half of 2021, which led to regional and Group level risk maps on corruption matters. Action plans related to global and regional corruption risks were deployed in 2021, and internal controls and internal audit missions were reinforced on compliance risks with several audits performed.

98% of employees exposed to corruption risks have been trained thanks to the yearly mandatory Anti-corruption e-learning. The content of this e-learning is updated each year.

A new project to screen the Group's third parties on anti-corruption matters has been initiated in 2021, with a gradual geographic deployment in waves planned until end 2022; the first wave of screening has been carried-out in Q4 2021.

A system built-in segregation of duties control is in place in the Group's main ERPs.

All compliance-related aspects are part of the due diligence undertaken by the Group for mergers and acquisitions, in line with the specific M&A Compliance framework put in place in February 2020.

1.5 Human rights, environmental, and safety issues through the value chain

Risk description

The exposure of the Group to human rights risks has been increasing for several years, due to the expansion of the Group's activities in countries with lesser regulatory framework regarding human rights.

Specifically, Schneider Electric's procurement volume represents more than EUR 12 billion with more than 52,000 suppliers. As part of the Duty of Vigilance program in the supply chain, Schneider Electric has performed a risk analysis through its network of suppliers and identified potential risks in the following areas:

- Human rights
- Environment
- Ethical business conduct
- Cybersecurity and data privacy

The occurrence of these risks with third parties may result in the following impacts on Schneider Electric:

Reputation

Schneider Electric's image may be negatively impacted by third parties who:

- Do not respect human rights or safety rules for their workers;
- Are responsible for pollution and damage to the environment;
- Are conducting business in a non-compliant or illegal manner.

Disruption of supply chain

It may occur due to:

- Short-term termination of relations with a supplier;
- Events resulting from a lack of safety or insufficient protective measures (e.g., fire prevention) that may affect the supply of components;
- Damage to data exchanged with suppliers or digital systems (e.g., virus, malware).

Legal

Over the past two years, laws regarding human rights protection, such as modern slavery matters in Australia, or the European Union's new framework on restrictive measures against serious human rights violations and abuses, have increased. Higher coverage of fines imposed on companies, and new regulations requiring a strong compliance program have significantly changed the impact of human rights violations risks.

Schneider Electric expects that the exposure will continue to grow, in reference to the current drafting of a Duty of Vigilance directive at European level, as well as the European Action Plan on Human Rights and Democracy 2020-2024, which sets out ambitions and priorities for the next five years in this field. In addition, the current discussions on human rights due diligence framework at United Nations level, supported by the Global Compact that Schneider Electric is part of, will certainly increase the pressure on the private sector to tackle human rights challenges in the supply chain.

2021 Specific events

The competent court regarding Duty of Vigilance cases was determined on October 21, 2021 by the joint commission in France (commission composed of seven deputies and seven senators). The judicial court will have jurisdiction over such cases, which is composed of dedicated professional lawyers.

Regarding the cases related to non-compliance with the Duty of Vigilance, there has been no update on the substance of the cases, the question of jurisdiction competency being pending.

In 2021, a group of associations and NGOs filed a complaint in France against four companies in the textile sector (excluding Schneider Electric) regarding their potential involvement, via suppliers/subcontractors, in human rights violations in China.

1. Event triggered risks

1.5 Human rights, environmental, and safety issues through the value chain (continued)

Risk monitoring and management

Human rights are part of the Ethics & Compliance program which is managed by the Ethics & Compliance Committee, and Legal and Corporate Citizenship departments. More specifically, human rights are managed by the Corporate Citizenship department with the support of the Ethics & Compliance Committee in regards to risk identification through risk assessment as well as risk detection, with the whistleblowing system available for employees and for external stakeholders.

Regarding training, e-learning on the Trust Charter is mandatory for all employees and, in 2021, focused on human rights amongst other ethics and compliance topics. 93% of employees completed the training by the end of 2021.

Suppliers are selected according to the "Schneider Electric Supplier Quality Management" system, which includes sustainable development criteria weighing 15% of the total evaluation of a supplier. These criteria include human rights topics.

In 2019, Schneider Electric organized the Global Suppliers Day. During this day, the Trust Charter was introduced to suppliers.

As part of the Group's five-year objective for 2021 – 2025, strategic suppliers are requested to submit themselves to an ISO 26000 evaluation. Consistent with a continuous improvement effort, these suppliers have achieved on average a +6.3 points increase between 2018 and 2020 and a +1.2 points increase in 2021 to reach an average score of 58.6.

Schneider Electric has built a supplier vigilance plan in which risky suppliers are identified using criteria that take into account the geographical location of the supplier, the technologies, and the processes used. An audit plan is then built to perform either on-site supplier audits or remote self-assessments. When non-conformances are identified, corrective actions are deployed. The suppliers are then re-audited to verify that the actions have remediated the non-conformances. In 2021, in the scope of 2021 – 2025 SSE objective #17 "4,000 suppliers assessed under our 'Vigilance Program'", the Group conducted 180 on-site audits and 629 remote self-assessments. At the end of 2021, 94% of non-conformances from 2020 have been closed. The supplier vigilance plan also includes an internal training program for Schneider Electric Procurement teams and workshops with suppliers.

The Group has also defined, in 2021, a specific program with the objective to ensure that 100% of Schneider Electric's strategic suppliers provide decent work to their employees, in the scope of SSI indicator #6. The program will be launch in 2022.

Schneider Electric is also currently developing a program to ensure "social excellence" for the Group's suppliers.

1.6 Schneider Electric connected products used as a gateway to attack Group's customers and partners

Risk description

The Energy Management and Industrial Automation sectors, like many others, are becoming more digital with pervasive IoT usage and augmented data being major accelerators for mobility, the cloud, pervasive sensing, big data, and analytics.

The digitalization of products, including native connectivity, is increasing the exposure to cybersecurity risk, where connected products and digital offers (e.g., remotely managed services like "Advisor") at Schneider Electric or customers sites could be used as a gateway for malicious cyberattacks.

Schneider Electric Exchange is an ecosystem collaboration platform with over 50,000 users, approximately 300 leverageable applications, more than 150 service providers, and around 100 communities. These types of digital offers and platforms, if compromised, could negatively impact a customer's business and consequently affect the service quality, profitability, and reputation of Schneider Electric.

Risk monitoring and management

The Product & Systems Security Office (PSO) is reinforced with a strong mandate of developing products and securing the ecosystem in conformity with cybersecurity standards (such as the ISO 27000 suite and IEC 62443). As an illustration, the IoT Cloud Platform (EcoStruxure™ Technology Platform) has implemented controls that are mappable against the ISO 27001 standard.

Schneider Electric follows a Secure Development Lifecycle process to build cybersecurity into its products, even before the design stage. In 2019, security and privacy design were enhanced with a new Secure Development Lifecycle and certified to IEC 62443-4-1. Since 2020, all digital offers (mainly "Advisor" software suites) were assessed in the framework of digital security and privacy conformance.

Schneider Electric enforces digital security and privacy conformance for products, systems, software, platforms, applications, and digital offers through security reviews and, when applicable, the Digital Certification process.

Schneider Electric addresses cybersecurity vulnerabilities affecting products, software, and systems to support the security and safety of our customers. Schneider Electric works collaboratively with researchers, Cyber Emergency Response Teams (CERTs), and asset owners to ensure that accurate information is provided in a timely fashion to adequately protect customer installations. In case of a cyber incident, a process of response, connecting, and debriefing is organized with partners and customers.

1.7 Product quality

Risk description

Schneider Electric has more than 260,000 references produced in 191 factories, spread across 46 countries around the world.

Operating in essential industries, product quality and safety is a critical topic for the Group as product malfunctions or failures could result in Schneider Electric incurring liabilities for tangible, intangible damages, or personal injuries. The failure of a product, system, or solution may involve costs related to the product recall, result in new development expenditure, and consume technical and economic resources.

Schneider Electric's products are also subject to multiple quality and safety controls and regulations and are governed by both national and supranational standards. New or more stringent standards or regulations could result in capital investment or costs of specific measures for compliance.

The above-mentioned costs could have a significant impact on the profitability and cash equivalent of the Group. The business reputation of Schneider Electric could also be negatively impacted. Indeed, the Group has been impacted by several recalls recently, more or less ranging from EUR 10 million to EUR 40 million, depending on the case.

Risk monitoring and management

In 2019, the Group launched a specific program called Phoenix to continue to strengthen manufacturing tools and processes. This is extended to logistic processes and suppliers, and leverages processes digitization at suppliers' sites and in our own entities.

To ensure improvement in the area of design, the Group launched in mid-2020, a dedicated program, ReeD (Reliability End To End by Design), to secure fundamentals and ensure full integration of new customer expectations (from Quality to Reliability).

To continue to protect our customers, the Group first defined five critical products ranges, and now 15 where some internal "Nets" are implemented. The objective is to identify internal weaknesses and ensure our customers avoid facing those.

The Group grows its new design offer through constant learning, insights from the current offer, and leverage methodologies such as "Agile" to embed quality in each and every design step.

Thanks to advanced analytics, the Group is starting to proactively listen for weak signals from internal captures or from customer experiences.

1.8 Competition laws

Risk description

Schneider Electric's products are sold in markets worldwide and are subject to national and supranational competition laws and antitrust regulations.

Some Group entities worldwide including, but not limited to, entities in Pakistan, Belgium, France, and Spain have been directly or indirectly cited in antitrust proceedings or investigated.

In Pakistan and Belgium, the Group inherited, and subsequently discontinued, local operations from AREVA. These operations were investigated and sanctioned by the World Bank and the Belgium Competition Authority respectively.

In France, investigations were performed in September 2018 by the French police and antitrust authorities at Schneider Electric's head office and other premises concerning electrical distribution activities in France. Schneider Electric is co-operating with the French authorities in their investigations. As with any investigation, it is possible that these investigations could lead to formal proceedings against the Group in the future. While such proceedings and the possible outcomes cannot be determined at this time, it is possible it could be material in nature.

In Spain, the local subsidiary was indicted for anti-competitive behavior related to a previously owned subsidiary. The investigation was concluded in February 2020 without any significant consequence for the Group.

Risk monitoring and management

The whistleblowing system of Trust Line for employees and external stakeholders such as suppliers is managed to identify any inappropriate practice or behavior with competitors or business partners that may be reported.

Furthermore, internal controls and internal audit missions have been reinforced on compliance risks, including in respect of competition and antitrust risks.

A revised compliance due diligence program for mergers and acquisitions was issued to strengthen upfront identification of compliance issues with potential acquisition targets.

The Group deployed the Trust Charter in September 2021, with reinforced guidance regarding competition and antitrust rules, and issued various other policies and directives related to competition and anti-corruption.

1. Event triggered risks

1.9 Counterparty risk

Risk description

The Group has a particularly wide international presence (more than 115 countries), with revenue almost equally spread across the four regions (Asia Pacific, Western Europe, North America, Rest of the World), and 43% of the revenue generated in new economies.

The Group is therefore facing multiple counterparty risks, as any economic downturn could lead to local liquidity issues with consequences in terms of cash collection and delay of payments from the customers, affecting adversely the Group's cash conversion rate.

The Group is also exposed to counterparty risks coming from financial operation with financial institutions. It includes activities such as deposits and asset management and transactions implying flows in future value dates.

As of December 31, 2021, 10.8% of trade receivables were overdue, of which 2.5% by more than three months (refer to Note 16 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 373).

Risk monitoring and management

Financial transactions are entered into with carefully selected counterparties and adapted terms and conditions are included in contracts with customers.

Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency. Group policy consists of diversifying counterparty risks and periodic controls are performed to check compliance with the related rules.

In addition, the Group takes out substantial credit insurance and uses other types of guarantees (letters of credit and bank guarantees) to limit the risk of losses on trade accounts receivable.

As of December 31, 2021, the amount of the provision for receivables impairment is EUR 498 million (as described in Note 16 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 373).

1.10 Currency exchange risk

Risk description

The Group's international operations and the particularly wide international presence expose it to the risk of fluctuation of exchange rates.

Fluctuations in exchange rates between the reporting currencies of the Group entities and the currencies of transactions can have an impact on the Group's results and distort year-on-year performance comparisons. The same applies to the fluctuations between euro and the reporting currencies, in a more significant proportion.

The main exposure of the Group in terms of currency exchange risks is related to the US dollar, Chinese yuan, and currencies linked to the US dollar.

In 2021, revenue in foreign currencies amounted EUR 23.01 billion, including around EUR 7.4 billion in US dollars and EUR 4.4 billion in Chinese yuan.

The Group estimates that in the current structure of its operations, a 10% appreciation of the euro compared to the US dollar would have a translation effect of around minus EUR 96 million on adjusted EBITA.

The result of exchange gains and losses of 2021 amounts to EUR -8 million (as described in Note 7 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 366).

Risk monitoring and management

The Group manages its exposure to transactional currency risk to reduce the sensitivity of earnings to changes in exchange rates. Receivables and payables of the Group's subsidiaries denominated in currency other than their functional currency are hedged primarily by means of rebalancing assets and liabilities per currency (natural hedge).

More than 20 currencies are involved, with the US dollar, the Singapore dollar, the Chinese yuan, Russian ruble, Japanese yen, Mexican peso and Canadian dollar representing the most significant sources of those risks.

Depending on market conditions, risks in the main currencies may be hedged based on cash-flow forecasting using contracts that expire in 12 months or less.

The financial instruments used to hedge exposure to fluctuations in exchange rates are described in Note 23 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 383.

2. Trend driven risks

2.1 World deglobalization and fragmentation

Risk description

Stable trade is beneficial for economic growth. Trends of increased mercantilism is leading towards regionalization of trade around the United States, China, Russia, Europe, and Indian poles. Regionalized, rather than globally balanced government regulations and policies on, but not limited to, digitization, circularity, carbon, supply chain management, and others could handicap offer development efficiency through redundant efforts. These offer development duplication efforts can potentially impact Schneider Electric's profitability. In addition to the trade regionalization trend, technology decoupling, specifically between the USA and Chinese poles, have been observed through increased regulations.

Furthermore, this acceleration of regional versus global trade and technology policies is increasing the pressure on the supply chains of global companies in the forms of both tariff and non-tariff barriers. As such, trade wars could disrupt Schneider Electric's operations and global supply chain. The above-mentioned combination of both nationally orientated tariff and non-tariff burden could increase the cost to market and potentially adversely impact the Group profitability.

Risk monitoring and management

To mitigate the risk on supply chain efficiencies and tariff impacts, Schneider Electric has implemented a multi-hub organization. The Group has R&D and supply chain activities, suppliers, and commercial networks in the main international hubs, which are North America, EMEA, and Asia. In this multi-local context, Schneider Electric can rebalance its activities across geographies.

This setup has proved pertinent as the Group has demonstrated a solid resilience in 2020 and 2021.

Schneider Electric uses prospective scenarios planning, focusing on geopolitics and trade. While the pace of external changes continues at a historically unprecedented scale regionally, global teams are working across stakeholders from Business Units, Regional Operations, and Transversal Functions (i.e., Finance, Supply Chain, Legal, Marketing, R&D, HR).

2.2 New players such as digital giants, software players, and energy majors entering the energy efficiency and renewable energy space

Risk description

Schneider Electric operates in the energy market which attracts new players and creates a new competitive landscape. Indeed, the energy industry is undergoing major transformations and disruptions driven by the following main trends:

- A net-zero world: pressure on climate change and sustainability call for a change in business practices;
- An all-electrical world: oil majors urged to reduce their impacts on carbon emissions;
- An all-digital world: increasing influence of digital giants and software players.

In this context, Schneider Electric's competition landscape is evolving, and the Group can now see some digital giants, software players, or large companies such as energy majors positioning themselves – directly or indirectly – as providers of energy efficiency, which may compete with the digital services Value Propositions currently developed by the Group.

Risk monitoring and management

The Group is driving competition performance analysis and follow-up of organizational changes and M&A news, and reviewing its competitors peer group and all key players in its environment.

To anticipate these changes in the competitive landscape, the Group is communicating more widely its values and positioning on climate change and sustainability.

Schneider Electric also reinforces its offer portfolio with acquisitions or investments in software companies, such as RIB Software in 2020, and OSIsoft with AVEVA in 2021.

Schneider Electric provides a full portfolio of solutions for customers (hardware and software) – as EcoStruxure™ solutions – and energy and automation digital solutions for efficiency and sustainability.

It is also developing the Group's network of partners and reinforcing its Strategic Technology Alliances.

2. Trend driven risks

2.3 Supply chain resilience

Risk description

The Group is exposed to supply chain dependency and business continuity risk.

Since the onset of the COVID-19 pandemic, constrained labor availability, global shortages of raw materials, and unreliable transportation have challenged suppliers and put pressure on global and regional supply chains across industries. Due to market dynamics, these constraints are unlikely to abate in the first half of 2022, particularly in electronic components such as semiconductors.

Risk monitoring and management

The Group's supply chain strategy team is responding to the global supply chain crisis to ensure supply chain flexibility and resilience is continually improved.

The Group is working closely with its suppliers and research and development teams to qualify alternate components to support increased demand and improve continuity of supply. More than 80% of selected capex is engaged in the Power of Two in Manufacturing project, leveraging multiple factories and suppliers to bolster greater resiliency. 84% of top risks are secured with strategic stock, and 51% of top risks secured under a specific multi-sourcing project.

Leveraging its network of more than 190 factories and 90 distribution centers globally, and network of seven control towers (in each region), the Group is able to monitor global transport reliability, labor availability, and overall market dynamics in real time, adjusting lead times as necessary, while enacting mitigating actions to ensure lead times are as short as possible.

Teams are empowered to proactively communicate with customers to continue to support them and their operations.

2.4 Digital evolution and software offers

Risk description

Major transformation in several areas is impacting the markets in which Schneider Electric operates, including the digitization of the Energy industry.

In the age of IoT, customers expect ever smarter products with open interfaces enabling them to be tightly integrated into more and more complex software-based solutions and benefit from new services leveraging artificial intelligence and advanced algorithms.

The Group is investing in its digital transformation journey and as such is increasing the share of its digital offers. In 2021 software and digital services had a strong growth. As such, Schneider Electric is focusing on offering more digital services, generating more recurring revenues, and increasing customer retention.

Also, in 2021, the Group has acquired ETAP, which is a fundamental brick of the digitization of electrical distribution network. This acquisition will accelerate Schneider Electric's journey to build a network digital twin software portfolio and reach a leadership position in digital and sustainable solutions.

The transformation risk will be linked to the monetization and scale of this new digital portfolio in order to generate a steady revenue stream from this mass customers and products connectivity.

Risk monitoring and management

The Group has launched several initiatives including but not limited to:

- creation of a new organization dedicated to the growth of digital services with a clear ambition to leverage a robust strategy, a structured offer portfolio, and a segment market approach;
- monetizing critical connected assets with advanced Advisor offer through installed base, using Artificial Intelligence and algorithms;
- definition of a consistent connectivity path for partners and direct go-to-market;
- acceleration of the attachment of digital services from CapEx to OpEx business.

2.5 Attracting and developing talent with a focus on critical skills

Risk description

The growth of the Group's businesses in markets around the world, the digital transformation, and the rapidly evolving context of the "next normal" requires an increased focus on talent. Shaping the workforce of the future depends on the Group's ability to attract, hire, onboard, develop, and retain the best talent. Critical skills, especially in the areas of technologies, software, services, sustainability, supply chain, and electronics must be prioritized. In addition to critical skills, workforce diversity, equity, and inclusion – especially gender, generation, and nationality/ethnicity – also needs to be a priority to ensure equal opportunities for everyone, everywhere.

Competition for attracting and recruiting talent in a tight labor market is intense, in particular for critical digital and technical skill sets in key markets. Accelerating skill development (upskilling and reskilling) of employees and the development of leaders who can build human connections in a digital world is also necessary to reduce the risk of skill gaps and bring greater organizational agility.

Risk monitoring and management

The Group has a number of initiatives and programs in place to mitigate these risks, anchored in the Group's People Strategy, at the heart of which is the Employee Value Proposition, the Core Values and Leadership Expectations 2.0. Schneider's approach focuses on the end-to-end talent pipeline from hiring to rewarding to developing for all employees as well as critical talent segments from a workforce size, quality, diversity, and velocity perspective. This systematic approach allows for data-driven monitoring of key gaps and risks. Supporting initiatives and programs include:

- Annual performance and development goal setting and reviews, as well as talent reviews – culminating in year-end reviews of pipeline, succession, diversity, and skills by each entity with the Chairman & CEO and Chief Human Resources Officer. Overall health of the talent attraction and development strategy, leadership pipeline, as well as succession of key people and positions is reviewed monthly with the Executive Committee;
- A five-year ambition to grow the early-career pipeline by 2x including internships, trainees, apprenticeships, and fresh graduates. For example, the Schneider Global Student Experience and the Schneider Go Green annual competition each year attracts thousands of university talents;
- Investing in a new talent acquisition platform to manage prospective talents and the hiring processes, providing a seamless digital experience and enabling the Group to compete in the market for top talent. To date this has resulted in a 1,000% increase in talents joining the talent network;
- An 50/40/30 ambition towards gender: 50% of women in hiring, 40% in frontline management, and 30% in leadership (Vice-President and above);
- Policies for family leave, pay equity, and flexible "new ways of working", supplemented with a strong program of activities to accelerate the diversity, equity, and inclusion agenda and focus on employee well-being, especially mental health;
- A multi-hub operating model enabling customer proximity, innovation, speed, collaboration, and diversity of talent opportunities;
- Career development focus for all employees, leveraging Open Talent Market for internal mobility and anchored in an annual performance and development review;
- Programs for specific segments of talent including early talent, experts, high-potential talent, and talent in the later stages of their professional career;
- Upskilling for today and tomorrow with a strong focus on digital skills, technical skills, commercial excellence, and functional expertise, led by Global learning academies of experts;
- A collective focus for leaders to disrupt, accelerate, coach, and collaborate in order to transform culture and build great teams;
- Continuous listening strategy to seek feedback from employees throughout their employment lifecycle.

3. Management practice risks

3.1 IT systems management

Risk description

The Group operates either directly or through service providers, a wide range of highly complex information systems, including servers, networks, data repositories, applications, and databases with three targeted landing zones, on premise, co-location hubs, and in the cloud, that are essential for the efficiency of its sales and manufacturing processes, as well as platforms to enable digital offers such as EcoStruxure™. The Group is deploying various applications aimed at enhancing commercial experience, employee experience, and supply chain efficiency as well as enabling digital commercial offers.

Significant failure in fulfilment by a service provider or a major network outage, hardware and/or system failure could adversely affect the quality of service offered by Schneider Electric.

In addition, the provision of safe and secure foundational Information Systems is critical to the ongoing expansion of digital offers and customer interactions. As the Group moves towards more digital offers, services, and software, the variety of legacy systems makes it harder and more complex to evolve and scale.

Despite the Group's policy of establishing governance structures and contingency plans, there can be no assurance that information systems projects will not be subject to technical problems and/or execution delays. While it is difficult to accurately quantify the impact of any such problems, data loss, or delays, they could have an adverse effect on inventory levels, service quality, and, consequently, on the Group's financial results.

3. Management practice risks

3.1 IT systems management (continued)

Risk monitoring and management

The Group regularly examines alternative solutions to protect against those risks, performs regular compliance checks on service provider service level agreements, performs system monitoring, and has developed contingency plans and incident response capabilities to mitigate the effects of any information system failure.

The Group undergoes constant evolution and planning pertaining to its information systems, which encompasses but is not limited to:

- ERP transformation and the evolution of the Group's financial systems to prepare for digital offers;
- Elimination of legacy IT applications and associated hardware to simplify the landscape and mitigate risks linked to obsolescence;
- Build and operate regional co-location hubs for high availability in an effort to ensure the sustainability of the IT landscape with ongoing focus on business continuity and disaster recovery planning for hardware and software.

All new applications are subject to certification testing, attempting to remove system vulnerabilities. These systems are housed either in data centers (either managed by the Group internally or by service providers), in co-locations hubs, or are cloud-based applications.

In 2021, the Group continued to reduce legacy IT applications through a dedicated "Technical Debt Reduction" program.

3.2 Pricing strategy

Risk description

Not only has raw material and foreign exchange rate fluctuation impacted our cost base significantly, but it has also resulted in a sharp increase in freight rates and a shortage of components worldwide. Such fluctuations, if not offset by tactical pricing decisions in compliance with national and international laws, can negatively impact the Group's profitability. The Group was able to overcome these cost impacts by reacting adequately over the cycle. In addition, our strategic pricing program contributed a substantial amount.

Risk monitoring and management

To anticipate negative impact on profitability, the Group has reinforced its comprehensive global pricing program with robust compliance, commercial policy, pricing, and quotation tools.

2021 Specific events – COVID-19

In the continuity of 2020, the COVID-19 pandemic has accentuated and accelerated this regionalization trend. The multiple waves of the pandemic have impacted the different global regions in complex ways. In 2021, the Group has seen a few indirect consequences on the supply chain; for example, with the many shortages and shipping delays. This complex new environment is requiring strong resilience.

2022 Specific events – Russia – Ukraine

As a consequence of the hostilities, which commenced at the end of February, 2022 between Russia and Ukraine, and the unstable geopolitical situation, the Group has seen several direct and indirect impacts on its employees, stakeholders and business. Continuous risk identification, assessment and mitigation is being performed. It focuses, first, on the humanitarian aspects including the support provided by the Group to the Group employees and their families. Further, it encompasses, in no particular order: the financial and operational impacts resulting from sanctions and counter-sanctions, the cybersecurity increased threats on both the Group assets and its customers' safety and products, and the potential unavailability or loss of critical suppliers. In 2021, Ukraine represented a revenue of 70M€ and Russia a revenue of about 640M€. It is a total of around 2% of the Group's global revenues, with no significant impact on the Group's balance sheet. As of February 2022, and to answer to this fast evolving environment, the Group activated its crisis cells and preparedness plans in order to be in a position to respond effectively to a wide range of scenarios.

3.5 Insurance

Schneider Electric transfers high severity, low frequency risks to leading insurance companies. The Risk and Insurance department reviews the current pricing and coverage conditions of the external insurance market in implementing the most efficient insurance program.

These policies are arranged on a global basis for all Group subsidiaries over which Schneider Electric has operational control. These policies are in all countries where the Group operates and are compliant with local regulations. All insurance companies used by Schneider Electric must meet certain credit and security requirements.

All insurance policies have aggregate limits determined based upon loss scenarios and available capacities on the market. However, there is the risk that an extreme claim could exceed the amount of insurance purchased.

The insurance policies that are purchased cover varying exposures including, but not limited to:

- General liability risks arising from events where the Group is liable for damages to a third party as a result of the activities of its people or its products;
- Property damage and business interruption resulting from an insured risk such as fire, flood, or earthquake at a Group site or, to a lesser extent, a customer or supplier location;
- Risks associated with the transportation of assets by land, sea, or air;
- Damage to equipment being installed at customer locations or construction sites;
- Risks arising from data breaches and attacks on IT systems;
- Local compulsory policies for employee safety and automobiles;
- Liabilities of Executive Directors and Officers;
- Environmental risks;
- Emergency assistance and repatriation for employees travelling.

Insurable risk mitigations

The Group identifies and measures the impact of the main insurable risks with a view to reducing or eliminating their impact.

- In order to minimize the risks of damage and protect our production capacity, protection standards (including for the sites managed by third parties) are defined, and main industrial sites are audited by an independent loss prevention company with a process to action any recommendations from these audits.
- Business continuity plans are implemented, reviewed, and tested, in particular for the Group's main sites and critical suppliers. These plans are developed to identify internal alternative manufacturing and storage solutions to reduce the disruption to the business.
- Crisis management tools are implemented in conjunction with the Group's Global Security department. These are tested on a systematic basis. Regular exercises are performed to identify areas for improvement.
- Hazard and vulnerability studies are carried out to protect our people and our equipment.
- For transportation risks, the lessons learned from losses are communicated across the Group to improve the risk management of shipments and the Insurance department liaise closely with Logistic and Planning teams to minimize incident impact.
- Employee safety and a safe work environment are priority topics at all site management meetings. Safety training for new employees combined with regular reviews ensure continuous learning and improvement in the recognition and elimination of hazards.

Self-insurance

As part of the overall insurance strategy the Group self-insures certain risks through two captive insurance and reinsurance companies located in Europe and North America.

Examples of the policies reinsured by the Group, include property damage and business interruption, general liability, and transportation.

The total amount retained for these risks is capped at EUR 20 million (except for USA and Canada).

The cost of the self-insured risks is not considered material at the Group level.

The Group assumes a deductible at a site/entity level – though this is not regarded as self-insurance.

Cost of insurance programs

The cost (including tax) of the Group's main global insurance programs, excluding premiums paid to captives, totaled around EUR 24 million in 2021.

A robust system of corporate governance is essential for long-term success. The governance structure implemented by the Board of Directors has supported the successful execution of Schneider Electric's strategy in 2021, resulting in the delivery of record results.

4 Corporate Governance Report

Vice-Chairman & Lead Independent Director's introduction

Fred Kindle
Vice-Chairman & Lead Independent Director

Dear Shareholders,

2021 was a record year and has set the foundation for ongoing sustainable growth with all-time high revenues, adjusted EBITA margin and net income. These strong results, achieved amidst ongoing sanitary and supply constraints, were testament to the success and robustness of the strategy implemented under the leadership of Jean-Pascal Tricoire, Chairman & CEO. This then led the Board to propose a dividend of €2.90, the 12th year of consecutive dividend progression.

2021 was also the year where we were recognized by Corporate Knights as the world's most sustainable corporation. In the year, the Board, in its commitment to continually raising the bar on sustainability, launched our new and ambitious Schneider Sustainability Impact 2021-25 program. We are off to a strong start achieving a score of 3.92 against a year-one target of 3.75.

During the year, the Board continued to improve and reinforce its composition, and invites you to support the appointment of Ms. Nive Bhagat as a new Independent Director at the Shareholders' Meeting. On February 16, 2022, Ms. Nive Bhagat was appointed by the Board as an Observer upon the recommendation from the Governance & Remunerations Committee who conducted the search process for new candidates. Ms. Nive Bhagat is currently Global Chief Executive Officer for Global Cloud Infrastructure Services of Capgemini and a member of their Group Executive Committee. She will bring to the Board her experience and an additive skillset derived from her wide-ranging finance and business background in the digital space. She will further strengthen the Schneider Board through her excellent knowledge of the Asian market. I invite you also to renew the terms of office of Independent Directors Linda Knoll and Anders Runevad, both of them bringing many complementary skills to the Board.

Throughout 2021, I had the opportunity to discuss our compensation policy and practices, engaging with many of Schneider Electric's shareholders, as well as investor representative bodies. I will continue this dialogue into 2022.

For 2021, the Board decided again to use the discretion clause provided in the existing Compensation Policy on annual variable compensation. Targets set at the beginning of 2021, which did not appear to be applicable anymore, were upgraded due to the much higher market growth than initially anticipated. This decision has been made to make targets more challenging and ensure a better alignment with the shareholder's experience.

For 2022, the Board of Directors wishes to maintain the overall stability of the Compensation Policy, which has markedly driven the right behaviors. It appears balanced, provides market competitive pay, ensures a strong link between pay and performance, solidifies alignment with both employees and shareholders, and incentivizes long-term focus. However, after taking into account shareholders' feedback, the Board also proposes to implement the following changes to the 2022 Compensation Policy: (i) strengthening the LTIP vesting scale relating to the relative TSR criterion, with no vesting below median; (ii) committing to disclose *ex-post* the LTIP targets inherent to adjusted earnings per share, which will allow shareholders to better assess their stringency as well as the link between pay and performance; and (iii) expressing the LTIP cap related to the Corporate Officer as a percentage of his remuneration instead of a number of shares as previously provided. The Board hopes that these improvements will garner strong support among shareholders on the two resolutions that are submitted in relation to (i) the Say on Pay on the Chairman & CEO Compensation Policy, and (ii) the Long-Term Incentive Plan.

In addition, you will be asked to approve the merger of our Company with its listed subsidiary IGE+XAO. This approval is requested in order to proceed with the plan to integrate IGE+XAO into the Schneider Electric Group following on the simplified public tender offer that was launched on the shares of IGE+XAO in November 2021.

Further to this letter, I invite you to read the governance and compensation report as well as the notice of meeting. They provide more details on the governance structure of the Company as well as all draft resolutions you are asked to approve at the 2022 Shareholders' Meeting. After these two last Shareholders' Meetings held digitally, I count on your attendance at this Shareholders' Meeting this year which will be held physically unless new pandemic-related restrictions arise by then. We look forward to a successful AGM and sincerely hope that many of you will take part in the Company's decisions by voting on the resolutions submitted to your approval and by expressing your views during the Q&A session.

Thank you for your support and your trust,

Fred Kindle
Vice-Chairman & Lead Independent Director

This corporate governance report has been approved by the Board of Directors at its meeting of February 16, 2022.

Corporate Governance Code

The Company applies all the AFEP-MEDEF Corporate Governance Code that are available online at medef.com.

Governance structure

Read more in section 4.1.4 →

Audit & Risks Committee

5 members | 6 meetings

100% attendance | 80% independence

Digital Committee

5 members | 5 meetings

100% attendance | 75% independence*

Governance & Remunerations Committee

6 members | 7 meetings

94% attendance | 67% independence

Board of Directors

15 Directors including:
9 independent Directors
2 Employee Directors
1 Employee Shareholder Director

7 meetings in 2021 | 97% attendance rate in 2021 | 75% independence*

5 executive sessions in 2021

Investment Committee

6 members | 3 meetings

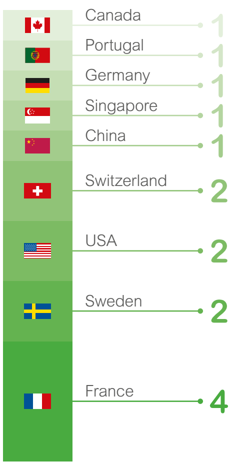
89% attendance | 80% independence*

Human Resources & CSR Committee

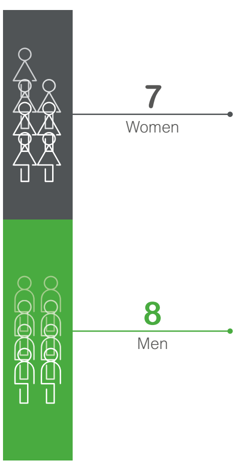
6 members | 4 meetings

100% attendance | 75% independence*

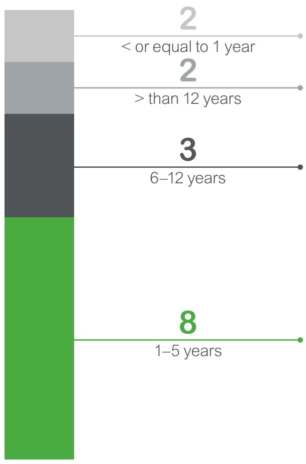
Directors' nationality



Board diversity



Board tenure

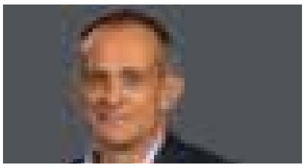


* Employee Directors and Employee Shareholders Director excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

4.1.1 Composition of the Board of Directors

4.1.1.1 Board members

As of December 31, 2021, the Board of Directors consisted of 15 Directors. Mrs. Nive Bhagat was appointed as an Observer by the Board of Directors on February 16, 2022 with the intent to submit her candidacy at the Annual Shareholders' Meeting to be held on May 5, 2022.



Jean-Pascal Tricoire
Chairman and Chief Executive Officer

Fred Kindle
Vice-Chairman
& Lead Independent Director

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Léo Apotheker
Director

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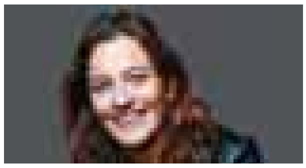

Cécile Cabanis
Independent Director

Rita Felix
Employee Director

Willy R. Kissling
Director

Linda Knoll
Independent Director

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Jill Lee
Independent Director

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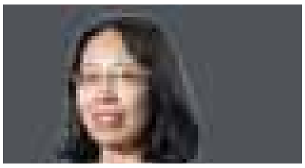
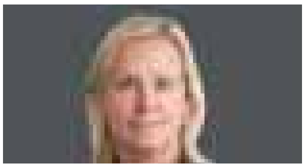


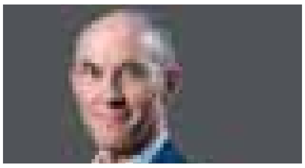
Xiaoyun Ma
Employee Shareholders Director



Anna Ohlsson-Leijon
Independent Director

Fleur Pellerin
Independent Director

Anders Runevad
Independent Director



Gregory Spierkel
Independent Director

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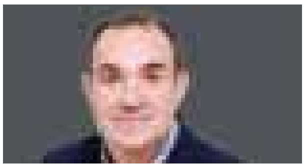
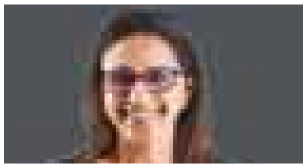
Lip-Bu Tan
Independent Director



Bruno Turchet
Employee Director



Nive Bhagat
Observer

Board committees

Governance & Remunerations Committee	Audit & Risks Committee	Investment Committee	Digital Committee	Human Resources & CSR Committee
7 meetings*	6 meetings*	3 meetings	5 meetings*	4 meetings*
6 members	5 members	6 members	5 members	6 members
Fred Kindle Léo Apotheker Willy R. Kissling Linda Knoll Anders Runevad Gregory Spierkel	Jill Lee Cécile Cabanis Willy R. Kissling Anna Ohlsson-Leijon Fleur Pellerin	Léo Apotheker Fred Kindle Anders Runevad Gregory Spierkel Lip-Bu Tan Bruno Turchet	Gregory Spierkel Léo Apotheker Xiaoyun Ma Fleur Pellerin Lip-Bu Tan	Linda Knoll Rita Felix Willy R. Kissling Xiaoyun Ma Fleur Pellerin Anders Runevad

* Including joint meetings with other committees.

Overview of the composition of the Board of Directors as of the date of this Universal Registration Document

Personal information					Position within the board				Attendance rate in 2021		Participation in Board committees				
Age	Gender	Natio-nality	Number of directorships in listed companies*	Number of Schneider Electric shares held	Indepen-dence	First appoint-ment**	Term end	Seniority on the Board**	Board	Commit-tee	Audit & Risks Committee	Governance & Remunerations Committee	Human Resources & CSR Committee	Investment Committee	Digital Committee
Jean-Pascal Tricoire, Chairman & Chief Executive Officer															
58	M	France	2	793,239		2013	AGM 2025	8	100%	–					
Fred Kindle, Vice-Chairman & Lead Independent Director															
62	M	Switzerland	3	40,000	●	2016	AGM 2024	5	100%	83.5%		C		●	
Léo Apotheker, Non-independent Director															
68	M	France / Germany	3	3,093		2008	AGM 2023	13	100%	100%		●		C	●
Cécile Cabanis, Independent Director															
50	F	France	4	1,000	●	2016	AGM 2024	5	100%	100%	●				
Rita Felix, Employee Director															
39	F	Portugal	1	0		2020	AGM 2024	1	100%	100%			●		
Willy Kissling, Non-independent Director															
77	M	Switzerland	1	1,600		2001	AGM 2022	20	100%	100%	●	●	●		
Linda Knoll, Independent Director															
61	F	United States	3	1,000	●	2014	AGM 2022	7	86%	91.5%		●	C		
Jill Lee, Independent Director															
58	F	Singapore	2	1,000	●	2020	AGM 2024	1	100%	100%	C				
Xiaoyun Ma, Director representing the employee shareholders															
58	F	China	1	29,531		2017	AGM 2025	4	100%	100%			●		●
Anna Ohlsson-Leijon, Independent Director															
53	F	Sweden	2	1,000	●	2021	AGM 2025	<1	100%	100%	●				
Fleur Pellerin, Independent Director															
48	F	France	3	1,000	●	2018	AGM 2022	3	71.5%	100%	●		●		●
Anders Runevad, Independent Director															
62	M	Sweden	3	1,000	●	2018	AGM 2022	3	100%	82.5%		●	●	●	
Gregory Spierkel, Independent Director															
65	M	Canada	3	1,000	●	2015	AGM 2023	6	100%	100%		●		●	C
Lip-Bu Tan, Independent Director															
62	M	United States	4	1,000	●	2019	AGM 2023	2	100%	100%				●	●
Bruno Turchet, Employee Director															
48	M	France	1	732		2021	AGM 2025	<1	100%	100%				●	
Nive Bhagat, Observer															
50	F	United Kingdom	1	0	●	–	–	–	–	–	–	–	–	–	–

* Including Schneider Electric SE directorship.

** As a Director or member of the Supervisory Board (if any, the period of presence at the Board as an Observer is not taken into account).

● Governance & Remunerations Committee ● Audit & Risks Committee ● Investment Committee ● Digital Committee ● Human Resources & CSR Committee C Committee Chair

Changes in the composition of the Board of Directors in 2021 and until the date of this Universal Registration Document

	Name	Gender	Nationality	Date of appointment	Term end
Directors whose term of office was renewed at the 2021 AGM*	Jean-Pascal Tricoire	M		April 2013	AGM 2025
Directors who left the Board of Directors in 2021	Patrick Montier	M		September 2017	AGM 2021
Directors who joined the Board of Directors in 2021	Anna Ohlsson-Leijon Bruno Turchet	F M		April 2021 April 2021	AGM 2025 AGM 2025
Observer who joined the Board of Directors in 2022	Nive Bhagat	F		February 2022	AGM 2022

* Annual General Shareholders' Meeting.

4.1.1.2 Biographies of the Board members

List of directorships and other functions of the members of the Board of Directors as of the date of this Universal Registration Document

Jean-Pascal Tricoire

Chairman and Chief Executive Officer of Schneider Electric SE

Age: 58 years
Nationality: French
Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
793,239(1) Schneider Electric SE shares

Attendance rate at: Board meetings

100%

Experience and qualifications

Jean-Pascal Tricoire has been successively Chairman of the Management Board and Chairman & CEO of Schneider Electric since 2006. Prior to that, he spent his early career with Alcatel, Schlumberger, and Saint-Gobain and joined the Schneider Electric Group (Merlin Gerin) in 1986. From 1988 to 2001, he occupied operational functions within Schneider Electric abroad, in Italy, China, South Africa and the US. He held corporate positions from 1999 to 2001 including Director in charge of Strategic Global Accounts and the strategic plan. From January 2002 to the end of 2003, he joined the Executive Committee as Executive Vice-President of Schneider Electric's International Division. In October 2003, he was appointed Deputy CEO before becoming Chairman of the Management Board of Schneider Electric SA on May 3, 2006. On April 25, 2013, following the change in mode of governance of the Company, he was appointed Chairman & CEO. Jean-Pascal Tricoire is a graduate of ESEO Angers and obtained an MBA from EM Lyon.

Term of office

First appointed: 2013/Term ends: 2025

Current external directorships

Other directorships at listed companies:

Director of **Qualcomm, Inc.** (USA).

Other directorships:

Co-Chairman of the France-China Business Committee; Director of the Board of the United Nations Global Compact (USA); Member of the Board of Trustees of Northeastern University (USA).

Other internal directorships:

Chairman of the Board of Directors of Schneider Electric Industries SAS; Director of Delixi Electric Ltd; Director of Schneider Electric USA, Inc.; Chairman of the Board of Directors of Schneider Electric Asia Pacific Ltd; Chairman of the Board of Directors of Schneider Electric Holdings Inc.

Skills

Honorary Chairman: Mr. Didier Pineau-Valencienne

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
(1) Held directly or through the FCPE.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

Governance & Remunerations Committee — Audit & Risks Committee — Investment Committee — Digital Committee — Human Resources & CSR Committee — C Committee Chair

Fred Kindle*

Vice-Chairman & Lead Independent Director of Schneider Electric SE

Age: 62 years
Nationality: Swiss
Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
40,000 Schneider Electric SE shares

Board committees

C

Attendance rate at:

Board meetings	Committee meetings
100%	83.5%

Experience and qualifications

Fred Kindle, who currently is the Vice-Chairman & Lead Independent Director of Schneider Electric SE, is the former CEO of ABB. He began his career in the Marketing Department of Hilti AG in Liechtenstein from 1984 to 1986. From 1988 to 1992, he worked as a consultant at McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland where he held various management positions. In 1999, he was appointed CEO of Sulzer Industries and in 2001, he became CEO of Sulzer AG. After joining ABB Ltd in 2004, Fred Kindle was appointed CEO of the ABB Group, a position which he held until 2008. He then became a partner at Clayton, Dubilier & Rice LLC, a private equity fund based in London and New York. He is now an independent consultant and Director at several companies. Board member of Schneider Electric SE since 2016, he was appointed Vice-Chairman & Lead Independent Director in April 2020. Fred Kindle graduated from the Swiss Federal Institute of Technology (ETH) in Zurich and holds an MBA from Northwestern University, Evanston, USA.

Term of office

First appointed: 2016/Term ends: 2024

Current external directorships

Other directorships at listed companies:

Chairman of the Board of Directors of **VZ Holding AG** (Switzerland) and Director of **Stadler Rail AG** (Switzerland).

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

Director of **Exova Plc.** (United Kingdom); Partner of **Clayton Dubilier & Rice Llc.** (USA); Chairman of the Board of Directors of **Exova Group Plc.** (United Kingdom); Chairman of the Board of Directors of **BCA Marketplace Plc.** (United Kingdom); Director of **Rexel SA** (France); Member of the Development committee of the Royal Academy of Engineering (London); Vice-Chairman of **Zurich Insurance Group Ltd.** (Switzerland); Chief Executive Officer of **Kinon AG** (Switzerland).

Skills

Léo Apotheker

Company Director

Age: 68 years
Nationality: French/German
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
3,093 Schneider Electric SE shares

Board committees

C

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Léo Apotheker, former CEO of SAP and Hewlett-Packard, began his career in 1978 in Management Control. He then held management and executive responsibilities in several firms specializing in information systems including SAP France & Belgium, where he was Chairman and CEO between 1988 and 1991. Léo Apotheker was founding Chairman and CEO of ECsoft. In 1995, he returned to SAP and, after various appointments within SAP as Regional Director, he was appointed in 2002 as a member of the Executive Committee and President of Customer Solutions & Operations, then in 2007 as Deputy CEO of SAP AG and in 2008 CEO of SAP AG. In 2010, he became CEO and Chairman of Hewlett-Packard, a position he held until the fall of 2011. Board member of Schneider Electric SE since 2008, Léo Apotheker served as Vice-Chairman & Lead Independent Director from 2014 to April 2020. In 2020, he launched a SPAC (Special Purpose Acquisition Company) called Burgundy Technology Acquisition Corporation, listed on the Nasdaq Capital Market, which intends to focus on public and private opportunities in the technology sector, particularly companies in enterprise software or technology-enabled services. Léo Apotheker graduated with a degree in International Relations and Economics from the Hebrew University in Jerusalem.

Term of office

First appointed: 2008/Term ends: 2023

Current external directorships

Other directorships at listed companies:

Director of **NICE-Systems Ltd** (Israel); Chairman and Co-CEO of **Burgundy Technology Acquisition Corporation** (USA).

Other directorships:

Chairman of the Board of Directors of Unit 4 NV (Netherlands); Chairman of Syncron International AB (Sweden); Director of P2 Energy Solutions (USA); Director of Taulia (USA), Director of MercuryGate (USA).

Previous directorships

Previous directorships held in the past five years:

Chairman of the Supervisory Board of Signavio GmbH (Germany); Director and Chairman of the Board of KMD A.S. (Denmark), Member of the Supervisory Board of **Steria** (France).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Skills

- Public Company Management
- Corporate Finance
- International Markets
- Industry Knowledge
- Sustainability
- Law, Governance, Ethics & Compliance
- Digital & Technology
- Accounting, Audit & Risk
- Employee perspective and knowledge of the Group

Cécile Cabanis*

Deputy Chief Executive Officer of Tikehau Capital

Age: 50 years
Nationality: French
Business address: Tikehau Capital, 32 rue de Monceau, 75008 Paris, France
1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Cécile Cabanis is currently Deputy Chief Executive Officer of Tikehau Capital. She began her career in 1995 at L'Oréal in South Africa, where she worked as Logistics Manager and Head of Management Control before working in France as an internal auditor. In 2000, she joined Orange as Assistant Director in the Group's Mergers-Acquisitions Division. Cécile Cabanis move to Danone in 2004 as Corporate Financial Officer, then Head of Development. In 2010, she was appointed Chief Financial Officer of the Fresh Dairy Products Division. From 2015 to February 2021, she has been Danone's Chief Financial Officer Technology & Data, Cycles & Procurement. Since 2018, she has been a member of the Board of Directors of Danone SA and was appointed Vice-Chairwoman in December 2020. In 2021, she joined Tikehau Capital and serves as Deputy Chief Executive Officer of the Group where she oversees the Human Capital, ESG/CSR, Communications and Brand Marketing functions of the Group. She is also the Chairwoman of the Board of Directors of Livelihoods Fund SICAV SIF, a fund created to accelerate its partners' actions in favor of the climate and the most vulnerable people. Cécile Cabanis is an engineer graduated from Agro Paris Grignon.

Term of office

First appointed: 2016/Term ends: 2024

Current external directorships

Other directorships at listed companies:

Deputy Chief Executive Officer of **Tikehau Capital** (France); Vice-Chairwoman of the Board of Directors of **Danone SA** (France); Member of the Supervisory Board of **Unibail-Rodamco-Westfield SE**.

Other directorships:

Vice-Chairwoman, member of the Supervisory Board of Mediawan (France); Member of the Supervisory Board of Société Editrice du Monde (France), Director of France Médias Monde.

Previous directorships

Previous directorships held in the past five years:

Director of Michel et Augustin SAS (France); Chairwoman and member of the Board of Directors of Livelihoods Fund (SICAV, Luxembourg); Chairwoman and Director of **2MXOrganic** (France); Director of Central Danone (Morocco), Fromagerie des Doukkala (Morocco), Danone Djurdura (Algeria), Produits Laitiers Frais Iberia (Spain), Danone SA (Spain), Compagnie Gervais Danone (France), Dan Trade (Russia), Danone Limited (United Kingdom), Danone Industria LLC (Russia), JSC Danone Russia (Russia), Danonewave (Public Benefit Corporation – USA); Member of the Supervisory Board of Danone Sp.z.o.o (Poland); Toeca International Company B.V. (the Netherlands); Chief Executive Officer of Danone CIS Holdings B.V. (Netherlands).

Skills

Rita Felix

Market Segmentation and Competitive Intel Leader

Age: 39 years
Nationality: Portuguese
Business address: Schneider Electric, Av. do Forte 3, Ed. Suécia IV, Piso 3, 2794-038 Carnaxide, Portugal
0(1) Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Rita Felix has been an Employee Director designated by the European Work Council since 2020. She began her career in consulting at Deloitte, where she worked from 2006 to 2008. After that she joined the Marketing Department of COSEC (a credit insurance company partially owned by Euler Hermes). Rita Felix came to Schneider Electric Portugal in 2012 as Business Excellence. In 2017, she was appointed Project Management Officer (PMO) for Global Marketing, International Operations at Schneider Electric Group. From 2020 to 2021 she has been working as a PMO, Inside Sales Director and recently appointed to a new position as Market and Competitive Intelligence leader. Since July 2020, she was designated Director representing the employees of Schneider Electric SE. Rita Felix is graduated from ISCTE – IUL (University Institute of Lisbon) including six months in the Vrije Universiteit (Amsterdam). She also holds a master's degree in Marketing Management (2012). During November 2020, she attended the High Performance Boards at IMD Business School and recently, has successfully completed the Strategy in the Age of Digital Disruption training from Insead.

Term of office

First appointed: 2020/Term ends: 2024

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

None.

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
(1) Held directly or through the FCPE.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

- Governance & Remunerations Committee
- Audit & Risks Committee
- Investment Committee
- Digital Committee
- Human Resources & CSR Committee
- C Committee Chair

Willy R. Kissling

Company Director

Age: 77 years
Nationality: Swiss
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
1,600 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Willy R. Kissling, currently Company Director, is the former CEO of Landis+Gyr Corporation. He began his career at Amiantus Corporation and then joined Rigips, a plasterboard manufacturer, in 1978. He was appointed to the Rigips Executive Committee in 1981 and subsequently became CEO. From 1987 to 1996, Willy R. Kissling served as CEO of Landis+Gyr Corporation, a provider of services, systems and equipment for energy management, building control and payment systems for payphone operators. From 1998 to 2005, he was Chairman of Oerlikon Bührle Holding AG (renamed OC Oerlikon Corp.) and of SIG Holding Ltd, and Vice-Chairman of Holcim Ltd (renamed LafargeHolcim Ltd). Willy R. Kissling has also been a member on various Board of Directors including those of Kühne&Nagel International Ltd and European Advisory Board member of Pratt&Whitney and Booz Allen Hamilton. Willy R. Kissling is a graduate from the Universities of Bern (Dr. Rer.pol) and Harvard (P.M.D).

Term of office

First appointed: 2001/Term ends: 2022

Current external directorships

Other directorships at listed companies:

None.

Previous directorships

Previous directorships held in the past five years:

None.

Skills

Linda Knoll*

Company Director

Age: 61 years
Nationality: American
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
1,000 Schneider Electric SE shares

Board committees

C

Attendance rate at:

Board meetings	Committee meetings
86%	91.5%

Experience and qualifications

Linda Knoll, currently Company Director, is the former Chief Human Resources Officer of Fiat Chrysler Automobiles. After a career in the Land Systems Division of General Dynamics, Linda Knoll joined CNH Industrial in 1994. She held various positions there, culminating in her appointment to multiple senior management positions. In 1999, she became Vice-President and General Manager of the Group's Crop Production Global Product Line. From 2003 to 2005, she was Vice-President for North America Agricultural Industrial Operations. She then served as Executive Vice-President for Worldwide Agricultural Manufacturing until 2007, managing 20 plants in 10 countries, before being appointed Executive Vice-President Agricultural Product Development, President Parts and Service (ad interim) and Executive Vice-President Worldwide Agricultural Manufacturing. Linda Knoll has been Chief Human Resources Officer in CNH Industrial (from 2007 to 2019) and Fiat Chrysler Automobiles (from 2011 to March 2021). Linda Knoll holds a Bachelor of Science Degree in Business Administration from Central Michigan University.

Term of office

First appointed: 2014/Term ends: 2022

Current external directorships

Other directorships at listed companies:

Director of **Iveco Group N.V.** (Netherlands).

Other directorships:

Director of Comau S.p.A.

Previous directorships

Previous directorships held in the past five years:

Chief Human Resources Officer and member of the Group Executive Council of **Fiat Chrysler Automobiles N.V.** (Netherlands); Chief Human Resources Officer and member of the Group Executive Council of **CNH Industrial N.V.** (Netherlands).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Skills

Public Company Management
Corporate Finance
International Markets
Industry Knowledge
Sustainability
Law, Governance, Ethics & Compliance
Digital & Technology
Accounting, Audit & Risk
Employee perspective and knowledge of the Group

4.1 Governance Report

Jill Lee*

Group Chief Financial Officer of Sulzer Ltd

Age: 58 years
Nationality: Singaporean
Business address: Sulzer Ltd, Neuwiesenstrasse 15, Winterthur 8401, Zurich, Switzerland
1,000 Schneider Electric SE shares

Board committees

C

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Jill Lee is currently Chief Financial Officer of Sulzer Ltd. She began her career in finance in 1986 at Siemens, AT&T and Tyco Electronics in Singapore. She pursued her career within Siemens where she held a number of leadership positions from 1997 to 2010 (including Chief Financial Officer) and Senior Vice-President of Siemens in Singapore, CFO and Senior Executive Vice-President of Siemens in China, Group Chief Diversity Officer), then Senior Vice-President, Finance, Strategy and Investments for Neptune Orient Lines in Singapore (2010 to 2011) and later ABB from 2012 to 2018 where she was Senior Vice-President and Chief Financial Officer for ABB China and North Asia Region and then Group Senior Vice-President and Head of Next Level Program Management of ABB. Since April 2018, Jill Lee serves as Group Chief Financial Officer of Sulzer Ltd, a company where she had been previously a member of the Board of Directors for seven years and Chairwoman of the Audit Committee. Jill Lee holds a Bachelor's Degree of Business Administration from National University of Singapore and an MBA from Nanyang Technological University in Singapore.

Term of office

First appointed: 2020/Term ends: 2024

Current external directorships

Other directorships at listed companies:

Non-executive Director of **medmix AG** (Switzerland).

Other directorships:

Advisory Board Member of Nanyang Business School (Singapore); Foundation Board Member of IMD Business School (Switzerland) (both being advisory roles for the university with max. two meetings/year).

Previous directorships

Previous directorships held in the past five years:

Observer of **Schneider Electric SE**; Member of the Supervisory Board of **Signify N.V.** (formerly Philips Lighting); Non-executive Director of **Sulzer Ltd.**

Skills

Xiaoyun Ma

Chief Financial Officer for Schneider Electric's China Operations

Age: 58 years
Nationality: Chinese
Business address: Schneider Electric, 8F, Schneider Electric Building, No. 6, East WangJing Rd. Chaoyang District Beijing 100102, China
29,531(1) Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Xiaoyun Ma, currently Director representing the Employee Shareholders, is the Chief Financial Officer for Schneider Electric's China Operations, in charge of China daily finance operations, organization, simplification and internal digital transformation. Graduated from top Chinese universities and holding a Chinese Public Accountant Certificate, she started her career as a finance professional at an audit firm (PWC). She joined Schneider Electric in 1997 as the Controller of Schneider (Beijing) Medium Voltage Co., Ltd. in Beijing China. Since then, she has worked in many different controller and Chief Financial Officer positions, covering manufacturing, supply chain and front office, in the China and Asia Pacific zone, while getting an MBA from New York City University in 2004.

Term of office

First appointed: 2017/Term ends: 2025

Current directorships

Other directorships at listed companies:

None.

Other directorships within Schneider Electric Group:

Chairwoman of the Board of Directors of Schneider Electric IT (China) Co., Ltd.; Vice-Chairwoman of the Board of Directors of Citic Schneider Smart Building Technology (Beijing) Co., Ltd., Beijing BipBop Efficiency and Automation Application Technology Center (China); Director of Full Excel (Hong Kong) Limited (Hong Kong), Schneider Electric (China) Co., Ltd., Schneider Shanghai Power Distribution Electrical Apparatus Co., Ltd., Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd., Schneider Shanghai Industrial Control Co., Ltd., Schneider Busway (Guangzhou) Ltd., Schneider (Beijing) Medium and Low Voltage Co., Ltd., Schneider Merlin Gerin Low Voltage (Tianjin) Co., Ltd., Schneider Shanghai Apparatus Parts Manufacturing Co., Ltd., Schneider Wingoal (Tianjin) Electric Equipment Co., Ltd., Shanghai ASCO Electric Technology Co., Ltd. (formerly known as Schneider Automation Solutions (Shanghai) Co., Ltd.), Schneider (Shaanxi) Baoguang Electrical Apparatus Co., Ltd., Schneider Switchgear (Suzhou) Co., Ltd., Schneider Smart Technology Co., Ltd.; Supervisor of Zircon Investment (Shanghai) Co., Ltd.; Executive Director of Beijing Leader Harvest Energy Efficiency Investment Co., Ltd. (China).

Other directorships or functions outside Schneider Electric Group:

Vice-Chairwoman of the Board of Directors of Sunten Electric Equipment Co., Ltd. (China).

Previous directorships

Previous directorships held in the past five years:

Chairwoman of the Board of RAM Electronic Technology and Control (Wuxi) Co., Ltd., Beijing Chino Harvest Wind Power Technology Co., Ltd., Schneider Electric Trading (Wuhan) Co., Ltd.; Vice-Chairwoman of the Board of Directors of Schneider Electric (Xiamen) Switchgear Co., Ltd., Schneider Electric (Xiamen) Switchgear Equipment Co., Ltd.; Director of Telvent Control Systems (China) Co., Ltd., Schneider Automation & Control Systems (Shanghai) Co., Ltd., Ennovation Systems Control Co., Ltd., Schneider (Suzhou) Transformer Co., Ltd., Telvent-BBS High & New Tech (Beijing) Co., Ltd., Beijing Leader Harvest Electric Technologies Co., Ltd., Schneider Electric Equipment and Engineering (Xi'an) Co., Ltd., Shanghai Foxboro Co., Ltd., Shanghai Invensys Process Systems Co., Ltd., Schneider Great Wall Engineering (Beijing) Co., Ltd., Tianjin Merlin Gerin Co., Ltd., Schneider (Beijing) Medium Voltage Co., Ltd., Shanghai Schneider Electric Power Automation Co., Ltd., Tianjin Wingoal Electric Equipment Co., Ltd., Schneider South China Smart Technology (Guangdong) Co. Ltd., Clipsal Manufacturing (Huizhou) Co., Ltd.

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
(1) Held directly or through the FCPE.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

Governance & Remunerations Committee
Audit & Risks Committee
Investment Committee
Digital Committee
Human Resources & CSR Committee
C Committee Chair

Anna Ohlsson-Leijon*

Chief Executive Officer Europe and Executive Vice-President of AB Electrolux

Age: 53 years
Nationality: Swedish
Business address: AB Electrolux, St Göransgatan 143, 105 45 Stockholm, Sweden
1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Anna Ohlsson-Leijon is currently Chief Executive Officer Europe and Executive Vice-President of AB Electrolux. Anna Ohlsson-Leijon began her career in 1993 at PricewaterhouseCoopers where she held various positions advising high-tech, industrial and media companies. In 2000, she joined Kimoda, an e-commerce platform, as Chief Financial Officer, before joining in 2001 AB Electrolux (Sweden) as Director of Project Management. Anna Ohlsson-Leijon then held various senior positions in corporate functions including Director Internal Audit & Global Program Manager Sarbanes-Oxley Act from 2003 to 2005, Head of Management Assurance & Special Assignments until 2008, Group Treasurer until 2011, Head of Corporate Control & Services until 2013 and Chief Financial Officer Major Appliance EMEA thereafter. She was then promoted to Chief Financial Officer of AB Electrolux in 2016 before taking her current position of Chief Executive Officer Europe and Executive Vice-President of AB Electrolux in 2018. Anna Ohlsson-Leijon holds a Bachelor of Sciences Degree in Business Administration and Economics from Linköping University (Sweden).

Term of office

First appointed: 2021/Term ends: 2025

Current external directorships

Other directorships at listed companies:

Director of **Atlas Copco AB** (Sweden).

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

Observer of **Schneider Electric SE**; Director of **Alfa Laval AB** (Sweden).

Skills

Fleur Pellerin*

Founder & Chief Executive Officer of Korelya Capital

Age: 48 years
Nationality: French
Business address: Korelya Capital, 87 rue Réaumur, 75002 Paris, France
1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
71.5%	100%

Experience and qualifications

Fleur Pellerin is the Founder and currently the CEO of Korelya Capital. Fleur Pellerin became a magistrate at the Court of Auditors in the early 2000s. In addition, she worked for the United Nations as an external auditor. In 2007, she joined "Club XXIe Siècle", a not-profit association dedicated to diversity and equal opportunities, and served as President between 2010 and 2012. She took over as French Minister for SMEs, Innovation and Digital Economy in 2012 where she launched a program for the development of French start-ups referred to as "French Tech". In April 2014, she was appointed Secretary of State for Foreign Trade, Tourism Development and French people residing abroad, a position that she held till August 2014 when she became Minister for Culture and Communication. Additionally, Fleur Pellerin is a lecturer at the ENA and was a Director of the Public Sénat channel from 2011 to 2012. In 2016, she left politics and founded Korelya Capital, an investment fund with €330 million under management which promotes and supports investments in technology start-ups in France and in Europe. Fleur Pellerin graduated from the *Ecole Supérieure des Sciences Economiques et Commerciale* (ESSEC), the Paris Institut d'Etudes Politiques (IEP-Sciences-Po), and the *Ecole Nationale d'Administration* (ENA).

Term of office

First appointed: 2018/Term ends: 2022

Current external directorships

Other directorships at listed companies:

Director of **I2PO** (France); Member of the Supervisory Board of **KLM Royal Dutch Airlines** (the Netherlands).

Other directorships:

Director and CEO of Korelya Consulting, Korelya Capital, Korelya Fondateurs (France); Director of Korelya Portfolio companies (Devialet, Ledger, Synapse); Director of Stanhope Capital LLP (United Kingdom); Member of the Strategic orientations committee of Talan (France); Member of the Board or Supervisory committee of following Associations: Canneseries, Eurockéennes, and France Digitale (France).

Previous directorships

Previous directorships held in the past five years:

Director of **Reworld Media** (France), of Naver France (France) and of Snips (France).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Skills

- Public Company Management
- Corporate Finance
- International Markets
- Industry Knowledge
- Sustainability
- Law, Governance, Ethics & Compliance
- Digital & Technology
- Accounting, Audit & Risk
- Employee perspective and knowledge of the Group

Anders Runevad*

Company Director

Age: 62 years
Nationality: Swedish
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	82.5%

Experience and qualifications

Anders Runevad, currently Company Director, is the former CEO of Vestas Wind Systems A/S. He started his career at Ericsson in 1984 as a Design Engineer before holding various management positions in Sweden, Singapore, Brazil, UK and USA. In 1998, he was appointed President of Ericsson Singapore. From 2000 to 2004, he served as Vice-President Sales and Marketing of Ericsson Mobile Communications AB. In 2004, he was appointed President of Ericsson Brazil. From 2007 until 2010, he served as Executive Vice-President and member of the Board at Sony Ericsson Mobile Communications AB. He then became President of Western & Central Europe at Telefonaktiebolaget LM Ericsson (public company) in 2010. In 2013, he left Ericsson to join Vestas Wind Systems A/S as Chief Executive Officer and Group President, a position from which he stepped down in 2019. Anders Runevad holds a Master of Science Degree in Electrical Engineering from the University of Lund (Sweden), where he also studied business and economy.

Term of office

First appointed: 2018/Term ends: 2022

Current external directorships

Other directorships at listed companies:

Vice-Chairman of the Board of **Vestas Wind Systems A/S** (Denmark); Chairman of the Board of **Peab AB** (Sweden).

Other directorships:

Director of Copenhagen Infrastructure Partners (CIP) (Denmark); Chairman of the Board PGA National Sweden (Sweden).

Previous directorships

Previous directorships held in the past five years:

Director of **Nilfisk Holding A/S** (Denmark); President & CEO of **Vestas Wind Systems A/S** (Denmark); Member of the General Council of the Confederation of Danish Industry; Member of the Industrial Policy Committee of the Confederation of Danish Industry, Director of **NKT A/S** (Denmark) (2018).

Skills

Gregory Spierkel*

Company Director

Age: 65 years
Nationality: Canadian
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
1,000 Schneider Electric SE shares

Board committees

C

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Gregory Spierkel, now Company Director, is the former CEO of Ingram Micro Inc. He began his career working for Bell Canada in sales and product development, followed by a period with Nortel Inc. in market research. For four years, he served as Managing Director of Mitel Telecom with responsibilities over Europe and Asia. He then spent five years at Mitel Corp. where he served as President of North America and President of Global Sales and Marketing. In August 1997, he joined Ingram Micro as a Senior Vice-President Asia-Pacific. In June 1999, he was appointed as Executive Vice-President and President of Ingram Micro Europe. He was promoted to President of the Ingram Micro Inc. Group in 2004, before assuming the role of CEO of Ingram Micro Inc. from 2005 to 2012. Gregory Spierkel holds a Bachelor's Degree in Commerce from Carleton University (Ottawa) and a Master's Degree in Business Administration from Georgetown University. He also attended the Advanced Manufacturing program at INSEAD.

Term of office

First appointed: 2015/Term ends: 2023

Current external directorships

Other directorships at listed companies:

Director of **MGM Resorts International** (USA); Director of **PACCAR Inc.** (USA).

Other directorships:

Member of McLaren Advisory Group (McLaren Technology Group) (United Kingdom).

Previous directorships

Previous directorships held in the past five years:

None.

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

Governance & Remunerations Committee
Audit & Risks Committee
Investment Committee
Digital Committee
Human Resources & CSR Committee
C Committee Chair

Lip-Bu Tan*

Chairman of Cadence Design Systems, Inc.

Age: 62 years
Nationality: American
Business address: One California Street, Suite 1750, San Francisco, CA 94111, United States
1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Lip-Bu Tan, currently Executive Chairman of Cadence Design Systems, Inc., held management positions at EDS Nuclear and ECHO Energy before being Vice-President of Chappell & Co. He also serves as Chairman of Walden International, a venture capital firm he founded in 1987. After joining the Board of Cadence Design Systems, Inc. in 2004, Lip-Bu Tan was appointed as CEO in 2009, a position that he held until December 2021. At that time, he transitions to his current role of Executive Chairman of Cadence Design Systems, Inc. He holds a Master of Science Degree in Nuclear Engineering from the Massachusetts Institute of Technology, an MBA from the San Francisco University, and a Bachelor of Science Degree from the Nanyang University of Singapore.

Term of office

First appointed: 2019/Term ends: 2023

Current external directorships

Other directorships at listed companies:

Chairman of **Cadence Design Systems, Inc.** (USA), Chairman of the Board of **Credo Technology Group Holding Ltd.** (Cayman Islands); Director of **Softbank Group Corp.** (Japan).

Other directorships:

Director of Advanced Micro-Fabrication Equipment Inc (Shanghai), CNEX Labs, Inc. (USA), Fungible, Inc. (USA), Innovium, Inc. (USA), Komprise (USA), RF Pixels, Inc.(USA), LightBits Labs (Israel), Movandi Corporation (USA), NuVia, Inc. (USA), Oryx Vision (Israel), Prosimo, Inc. (USA), Proteantecs (Israel), Rosetal System Information Ltd. (Israel), Vayyar Imaging (Israel), HiDeep, Inc. (South Korea), Silicon Mitus, Inc. (South Korea), SambaNova Systems, Inc. (USA), The Electronic System Design Alliance (ESD Alliance), Member of the board of trustees and the School of Engineering Dean's Council at Carnegie Mellon University (CMU), Global Advisory board Member of METI Japan, Member of the board of Global Semiconductor Alliance (GSA), Member of The Business Council and Committee 100.

Previous directorships

Previous directorships held in the past five years:

CEO of **Cadence Design Systems** (USA), Director of **Hewlett Packard Enterprise** (USA); Board member of Habana Labs Ltd. (Israel), Tagore Technology, Inc. (USA), WekaIO, LTD (Israel), **Aquantia Corporation** (USA), Semiconductor Manufacturing International Corporation (China), SINA Corporation (China), Quantenna Communications, Inc. (USA) and Ambarella Inc. (USA).

Skills

Bruno Turchet

Vice-President Industrialization for Home & Distribution Europe Division

Age: 48 years
Nationality: French
Business address: Schneider Electric, 31 rue Pierre Mendès France, 38320 Eybens, France
732(1) Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Bruno Turchet, currently Employee Director, began his career in 1999 as Electromechanical Engineer for Assystem Technologies (French consulting and engineering company) and held the role of Key Account Manager for the industry market (2001 – 2005). He joined Schneider Electric in 2005 and has been working in different operations. He started as Project Technical Leader for Low Voltage Equipment in France for two years, before expatriation to Schneider Electric China as Low & Medium Voltage Equipment R&D Manager for three years. Back in France in 2011, he led the Productivity Department of one of the main divisions of the Group and deployed there the sustainability program. From 2016 to 2021, he was New Products Industrialization Director of Final Distribution Line of Business. Since July 2021, Bruno Turchet is Vice-President Industrialization for Home & Distribution Europe Division. In April 2021, he has been appointed Director of the Board representing the employees of Schneider Electric SE. Bruno Turchet holds a Master of Science Degree in Engineering & Quality from the University of Besancon (France). He also attended the High Performance Boards program at IMD Business School of Lausanne (Switzerland) in October 2021.

Term of office

First appointed: 2021/Term ends: 2025

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

None.

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
(1) Held directly or through the FCPE.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Skills

Public Company Management
Corporate Finance
International Markets
Industry Knowledge
Sustainability
Law, Governance, Ethics & Compliance
Digital & Technology
Accounting, Audit & Risk
Employee perspective and knowledge of the Group

Nive Bhagat

Chief Executive Officer Cloud Infrastructure Services of CapGemini

Age: 50 years
Nationality: British
Business address: CapGemini, 40 Holborn Viaduct, London, EC1N, United Kingdom
0 Schneider Electric SE shares

Experience and qualifications

Nivedita Krishnamurthy Bhagat, also known as Nive Bhagat, is currently Global Chief Executive Officer for Global Cloud Infrastructure Services of Capgemini and a member of its Group Executive Committee. Nive began her career in articling with PricewaterhouseCoopers before joining KPMG's Corporate Finance team. She later joined Infosys Technologies where she held several leadership positions including Head of Enterprise Solutions EMEA and head of its Proximity Development Centre in London. In 2010, Nive joined Capgemini and held senior executive positions including Chief Operating Officer of its Application Business in the UK and European Head of the Cloud Infrastructure Services business before taking her current global position of leading Capgemini's global Cloud, Cyber and Infrastructure business. Nive has a Bachelor's degree in Economics and is a Chartered Accountant from the Institute of Chartered Accountants of India.

Term of office

Co-optation as Observer member: February 2022

Candidate for appointment as a Director: May 2022

Current external directorships

Observer of **Schneider Electric SE.**

Other directorships at listed companies:

None.

Other directorships:

Director of Capgemini UK plc. (United Kingdom), CGS Holdings Ltd. (United Kingdom), Capgemini Outsourcing Services GmbH (Germany).

Previous directorships

Previous directorships held in the past five years:

Non-executive director of **Mitie Plc.** (United Kingdom) (2017 – 2022); Member of Audit & Nomination Committees of **Mitie Plc.** (United Kingdom).

Skills

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

- Governance & Remunerations Committee
- Audit & Risks Committee
- Investment Committee
- Digital Committee
- Human Resources & CSR Committee
- C Committee Chair

Skills

- Public Company Management
- Corporate Finance
- International Markets
- Industry Knowledge
- Sustainability
- Law, Governance, Ethics & Compliance
- Digital & Technology
- Accounting, Audit & Risk
- Employee perspective and knowledge of the Group

4.1.1.3 Skills and diversity

Diversity policy within the Board of Directors and within the management of the Company

The Board of Directors pays due attention to its composition and that of its committees. It relies on the works of the Governance & Remunerations Committee which reviews regularly and proposes as often as required, the relevant changes to the composition of the Board of Directors and its committees depending on the Group's strategy.

In that respect, in conformity with its internal regulations, the Board of Directors ensures through its proposals and its decisions that:

- its composition reflects the international nature of the Group's activities and of its shareholders by having a significant number of members of non-French nationality;
- it protects the independence of the Board through the competence, availability, and courage of its members;
- it ensures open and unrestricted speech;
- it pursues its objective of diversifying the Board of Directors in compliance with the legal principle of attaining balanced representation between men and women on the Board;
- it appoints persons with the expertise required for developing and implementing the Group strategy while considering the objectives of diversity based on criteria such as age, professional skills, nationalities, and background;
- employee shareholders and employees shall continue to be represented on the Board in compliance with the provisions set forth in Articles 11.3 and 11.4 of the Articles of Association; and
- it preserves the continuity of the Board by changing some of its members at regular intervals, if necessary, by anticipating the expiry of members' terms of office.

The gender diversity ratio of the Board of Directors, should the appointment of Mrs. Nive Bhagat be confirmed in the 2022 Annual Shareholder's Meeting, will reach 45% (excluding the employee Directors and the representative employee shareholders Director).

Schneider Electric is deeply committed towards diversity in general and gender diversity in particular. Schneider Electric focuses on taking proactive measures to encourage a balanced representation of men and women at the leadership level: the portion of women at the Executive Committee had been increased from 38% in 2020 to 44% in 2021. For the leadership pool comprising of the top leaders (around 1,000 employees), the female representation is 26% (+2% *vs.* 2020).

At its meetings of December 15, 2021 and February 16, 2022, the Board of Directors reviewed senior management's ambitions regarding the balanced representation of men and women at the leadership level and noted that the objectives are set to:

- at least 40% of women at the Executive Committee;
- at least 30% of women among the Leadership (VP and above, around 1,000 employees).

To achieve these objectives and further improve gender diversity, the Group aims at attracting female talents by offering a training leadership program and dedicated mentoring, an equal treatment policy and a tailored family leave policy.

Skills within the Board of Directors

The Board of Directors undertook a review of the skills to include in its skills matrix in order to meet the Company's strategic needs and some peer comparisons. It reviews its composition and expertise to identify skills that could be strengthened in the future or would deserve a stronger disclosure/narrative.

Schneider Electric's Board, assessed against these skills, appears strong and balanced, and globally well positioned. The Board comprises individuals from diverse and complementary professional and cultural backgrounds, true to the Group's history and values. This enables it to perform its duties collectively and constructively.

The experience and expertise brought to the Board by each director at the date of this Universal Registration Document can be summarized as follows.

Benchmarked Skills	Jean-Pascal Tricoire	Fred Kindle	Léo Apotheker	Cécile Cabanis	Rita Felix	Willy Kissling	Linda Knoll	Jill Lee	Xiaoyun Ma	Anna Ohlsson-Leijon	Fleur Pellerin	Anders Runevad	Gregory Spierkel	Lip-Bun Tan	Bruno Turchet	Total
Public Company Management	●	●	●	●		●	●	●		●		●	●	●		11
Corporate Finance	●	●	●	●		●		●	●	●	●	●	●	●		12
Accounting, Audit & Risk				●				●	●	●	●					5
International Markets	●	●	●	●		●	●	●	●	●	●	●	●	●		13
Industry Knowledge	●	●				●		●	●			●		●	●	8
Employee perspective and Knowledge of the Group	●				●				●						●	4
Digital & Technology			●								●		●	●		4
Law, Governance, Ethics & Compliance		●	●							●	●					4
Sustainability	●			●			●					●				4

	Skills	Definition
Core Skills	Public Company Management	Directors with experience in executive leadership positions of public companies. These positions include industry CEOs (6 among the 14 Board members excluding the Chairman & CEO are former CEO of listed Companies: F. Kindle, L. Apotheker, W. Kissling, A. Runevad, G. Spierkel and Lip-Bu Tan) as well as other top executive positions (*e.g.* CFO, COO) and top management roles (regional or divisional leadership).
	Corporate Finance	Directors who have gained experience in banking, investments, restructuring or M&A. Also, those high-level executives with responsibilities for financial management (*e.g.* CEO, CFO).
	Accounting, Audit & Risk	Directors from an auditing, or internal finance role (*e.g.* financial reporting responsibilities). As well as this, expertise in risk management gained from subject matter expertise or responsibility for corporate risk management (note: non-executive positions are not taken into consideration).
	International Markets	Directors who have spent a large portion of their career in, or have been directly responsible for, foreign markets. Schneider Electric's Board expertise is well balanced between US, Asian and European markets experience: • European market: JP. Tricoire, F. Kindle, L. Apotheker, C. Cabanis, W. Kissling, J. Lee, A. Runevad, A. Ohlsson-Leijon, G. Spierkel; • US market: L. Apotheker, L. Knoll, G. Spierkel, LB. Tan; and • Asian market: JP. Tricoire, J. Lee, X. Ma, F. Pellerin, A. Runevad.
	Industry Knowledge	Directors who have gained experience in energy sectors.
	Employee perspective and Knowledge of the Group	Directors who are also employee of the Group and have gained a deep and inside knowledge of the Group.
	Digital & Technology	Directors who have gained technical or managerial experience directly in information technology, digitization, data and innovative technologies in relevant industries.
	Law, Governance, Ethics & Compliance	Directors with advanced and relevant legal qualification or experience in a corporate legal setting, direct career exposure to relevant regulators, or governmental organisations. Also includes directors who have a proven track record contributing to ethical business practices and governance.
	Sustainability	Directors who have made significant contributions to either sustainability in business, or have notoriety for promotion of sustainable business in the wider economy. This skill does include experiences such as technical experience in innovative green technologies.

4.1.1.4 Independence and conflict of interests

Independent Directors

Each year, as provided under the AFEP-MEDEF Corporate Governance Code, the Board of Directors, on the report of the Governance & Remunerations Committee, dedicates one of the points on its agenda to the qualification of its members as independent with regard to the criteria for independence set out in Article 9.5 of this Code and presented in the table below.

Criterion 1: employee or Corporate Officer within the previous five years

Not to be and not to have been within the previous five years:
- an employee or executive Corporate Officer of the Company;
- an employee, executive Corporate Officer, or Director of a company consolidated with the Company;
- an employee, executive Corporate Officer, or Director of the Company's parent company or a company consolidated with this parent company.

Criterion 2: cross-directorships

Not to be an executive Corporate Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive Corporate Officer of the Company (currently in office or having held such office within the last five years) holds a directorship.

Criterion 3: significant business relationships

Not to be a customer, supplier, commercial banker, investment banker, or consultant:
- that is significant to the Company or its group;
- or for which the Company or its group represents a significant portion of its activity.

The assessment of the significance or otherwise of the relationship with the Company or its group must be debated by the Board and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, *etc.*) must be explicitly stated in the annual report.

Criterion 4: family ties

Not to be related by close family ties to a Corporate Officer.

Criterion 5: auditor

Not to have been an auditor of the Company within the previous five years.

Criterion 6: period of office exceeding 12 years

Not to have been a Director of the Company for more than 12 years. Loss of the status of independent Director occurs on the date of the 12th anniversary.

Criterion 7: status of non-executive Corporate Officer

A non-executive Corporate Officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the Company or Group.

Criterion 8: status of the major shareholder

Directors representing major shareholders of the Company or its parent company may be considered independent, provided these shareholders do not take part in the control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the Governance & Remunerations Committee, should systematically review the qualification as independent in light of the Company's shareholding structure and the existence of a potential conflict of interest.

Upon recommendation from the Governance & Remunerations Committee, the Board of Directors, during its meeting of February 16, 2022, reviewed the independence of each Board member in regard of the criteria reminded above.

- With regard specifically to independence in terms of business relations, the Board of Directors noted that, due to:
  (i) The absence of business relations between the Directors and Schneider Electric;
  (ii) The nature of Schneider Electric activities and those of the companies in which members of the Board of Directors are employed or serve as Directors;
  (iii) The amounts, either unitary or global, of operations performed or that may be performed between Schneider Electric and these companies that are agreed at arm's length and that are by no means likely to be referred to the Board of Directors;

  the existing business relations between Schneider Electric and these companies in which the members of the Board of Directors are employed or serve as officers are not likely to prejudice their independence, indeed, when such operations exist, they are agreed at arm's length and their amounts, representing less than 0.1% of the consolidated turnover of each group, are without a doubt insignificant for each party, in particular with regard to respective size of the groups concerned.

Among 15 Directors, 9 are independent according to the definition prescribed by the AFEP-MEDEF Corporate Governance Code: Mrs. Cécile Cabanis, Mr. Fred Kindle, Mrs. Linda Knoll, Mrs. Jill Lee, Mrs. Anna Ohlsson-Leijon, Mrs. Fleur Pellerin, Mr. Anders Runevad, Mr. Gregory Spierkel, and Mr. Lip-Bu Tan.

- Mr. Jean-Pascal Tricoire, as Chief Executive Officer, Mrs. Xiaoyun Ma, as employee shareholders representative, Mrs. Rita Felix and Mr. Bruno Turchet as employee Directors, Mr. Léo Apotheker, and Mr. Willy Kissling, who have served on the Board for over 12 years, are not considered to be independent Directors under the AFEP-MEDEF Corporate Governance Code.
- The AFEP-MEDEF Corporate Governance Code recommends that, in non-controlled companies, the Board comprises at least 50% independent Directors (Directors representing employee shareholders and employees are not computed in calculating this percentage). The proportion of independent Directors of the Company, excluding Mrs. Xiaoyun Ma, Mrs. Rita Felix and Mr. Bruno Turchet, is therefore 75%. The proportion would rise to 82% should the renewal of Mrs. Linda Knoll and M. Anders Runevad, and the appointment of Mrs. Nive Bhagat be voted in the Annual Shareholders' Meeting per respectively the 11th, 12th, and 13th resolutions.

The following table shows the status of each Director with regard to the criteria for independence set out in Article 9.5 of the AFEP-MEDEF Corporate Governance Code.

Criteria[1]	Jean-Pascal Tricoire[2]	Léo Apotheker	Cécile Cabanis	Rita Felix[3]	Fred Kindle	Willy Kissling	Linda Knoll	Jill Lee	Xiaoyun Ma[4]	Anna Ohlsson Leijon	Fleur Pellerin	Anders Runevad	Gregory Spierkel	Lip-Bu Tan	Bruno Turchet[5]
Criterion 1: Employee or corporate officer within the past five years	✗	✓	✓	✗	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✗
Criterion 2: Cross-directorships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 3: Significant business relationships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 4: Family ties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 5: Auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 6: Period of office exceeding 12 years	✓	✗	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 7: Status of non-executive Corporate Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 8: Status of the major shareholder	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Conclusion	✗	✗	✓	✗	✓	✗	✓	✓	✗	✓	✓	✓	✓	✓	✗

(1) In this table, ✓ signifies that a criterion for independence is satisfied and ✗ signifies that a criterion for independence is not satisfied.
(2) Mr. Jean-Pascal Tricoire is Chairman & Chief Executive Officer of Schneider Electric SE, Chairman of the Board of Directors of Schneider Electric Industries SAS, Director of Delixi Electric Ltd, Chairman of the Board of Directors of Schneider Electric Holdings Inc., Director of Schneider Electric USA Inc. and Chairman of the Board of Directors of Schneider Electric Asia Pacific Ltd.
(3) Mrs. Rita Felix has an employment contract with Schneider Electric Portugal Lda.
(4) Mrs. Xiaoyun Ma has an employment contract with Schneider Electric (China) Co., Ltd.
(5) Mr. Bruno Turchet has an employment contract with Schneider Electric Industries SAS.

Declarations concerning the situation of the members of the administrative, supervisory, or management bodies

Service contracts

None of the Directors has a service contract with the Company or any of its subsidiaries providing for benefits under such contract.

Absence of conviction or incrimination

To the best of the Company's knowledge, in the last five years, none of the Directors or the Chairman & CEO have been:

- the subject of any convictions in relation to fraudulent offenses or of any official public incrimination and/or sanctions by statutory regulatory authorities;
- disqualified by a court from acting as a member of the administrative, management, or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of an issuer;
- involved, as a member of an administrative, management, or supervisory body or a partner, in a bankruptcy, receivership, or liquidation.

Family ties

To the best of the Company's knowledge, none of the Directors and/or the Chairman & CEO of the Company are related through family ties.

Conflicts of interest

To the best of the Company's knowledge, there are no arrangements or understandings with major shareholders, customers, suppliers, or others pursuant to which a Director or the Chairman & Chief Executive Officer has been selected as a member of an administrative, management, or supervisory body or a member of senior management of the Company.

To the best of the Company's knowledge, there are no conflicts of interest between the duties of any Directors and the Chairman & Chief Executive Officer with respect to the Company in their capacity as members of those bodies or their private interests and/or other duties.

To the best of the Company's knowledge, the Directors and the Chairman & Chief Executive Officer have no restrictions on the disposal of their Company shares aside from those stipulated in Performance Share plans (see section 4.2.5 of Chapter 4 of the 2021 Universal Registration Document) for the Chairman & Chief Executive Officer and a minimum 1,000 shareholding requirement for Directors.

4.1.1.5 Director's holding in the Company's share capital

Article 11 of the Company's Article of Association provides that Directors are each required to hold at least 250 Schneider Electric shares during their term of office. Moreover, in accordance with Article 6 of the Board Internal Regulations, each Board member shall hold 1,000 Schneider Electric shares.

The Board of Directors has set a retention target of shares representing five years of base salary for the Chairman & CEO. Calculation of the number of shares held is based on Schneider Electric SE shares and the equivalent in shares of the corporate mutual fund units invested in Schneider Electric shares held by the beneficiary. He has to retain at least 50% of the Performance Shares granted to him until this number of shares is reached.

The shareholding target described above is largely met by Mr. Jean-Pascal Tricoire who owns 793,239 Schneider Electric's shares.

To the Company's knowledge, the Directors' shareholdings in the Company's registered capital as of the date of December 31, 2021 are as follows:

Board member	Schneider Electric shares
Jean-Pascal Tricoire	793,239
Fred Kindle	40,000
Léo Apotheker	3,093
Cécile Cabanis	1,000
Rita Felix	0
Willy Kissling	1,600
Linda Knoll	1,000
Jill Lee	1,000
Xiaoyun Ma	29,531
Anna Ohlsson-Leijon	1,000
Fleur Pellerin	1,000
Anders Runevad	1,000
Gregory Spierkel	1,000
Lip-Bu Tan	1,000
Bruno Turchet	732
TOTAL	**876,195**

The members of the Board of Directors directly held 0.15% of the share capital as of December 31, 2021.

The table below shows the transactions in Schneider Electric securities carried out during fiscal year 2021 and notified to the *Autorité des marchés financiers* (AMF) in accordance with Article 19 of Regulation n° 594/2014 of April 16, 2014 on Market Abuse and Article L. 621-18-2 of the French Monetary and Financial Code:

First name and last name	Transaction date	Transaction type	Description of the financial instrument	Number of securities/ instruments	Unit price (in euros)	Amount of the transaction (in euros)
Jean-Pascal Tricoire	26/03/2021	Acquisition	LTIP – Plans 30 & 31	58,909	–	–
Xiaoyun Ma	26/03/2021	Acquisition	LTIP – Plan 31	6,418	–	–
Jean-Pascal Tricoire	17/06/2021	Pledge	Ordinary shares	19,550	–	–
Bruno Turchet	06/07/2021	Subscription	Shares in Schneider Electric FCPE	68.38	110.19	7,534.79
Jean-Pascal Tricoire	06/07/2021	Subscription	Shares in Schneider Electric FCPE	3,721.49	110.19	410,070.98
Jean-Pascal Tricoire	06/07/2021	Subscription	Shares in Schneider Electric FCPE	1,369.51	110.19	150,906.31
Anna Ohlsson-Leijon	13/08/2021	Acquisition	Ordinary shares	1,000	152.62	152,620.00

See details regarding Performance Shares granted to Executive Directors in section 4.2.5 of Chapter 4 of this Universal Registration Document.

4.1.1.6 Renewal and appointment at the next Annual Shareholders' Meeting

Board members

The Board of Directors shall have at least three and up to eighteen members, all of whom must be natural persons elected by the shareholders at the Shareholders' Meeting. However, in case of death or resignation of a member, the Board may co-opt a new member. This appointment is then subject to ratification at the next Shareholders' Meeting.

Directors are appointed for four-year terms (renewable). However, from the age of 70, Directors are re-elected or appointed for a period of two years. No more than one-third of the Directors may be 70 years old or over.

Mrs. Xiaoyun Ma represents the employee shareholders in accordance with the provisions of Articles L. 225-23 and L. 22-10-5 of the French Commercial Code. She was elected at the Annual Shareholders' Meeting upon the recommendation of the supervisory boards of the FCPEs.

Mrs. Rita Felix and Mr. Bruno Turchet represent the employees in accordance with the provisions of Article L. 225-27-1 of the French Commercial Code. They were appointed respectively by the European works council and by the most representative trade union organization in France in pursuance of Article 11.4 of the Articles of Association.

Directors selection process

The Independent Director selection process is led by the Vice-Chairman & Lead Independent Director and Chairman of the Governance & Remunerations Committee. When one or more directorships become vacant, or more broadly when the Board of Directors wishes to expand or modify its composition, the Governance & Remuneration Committee documents and ranks the selection criteria for potential candidates, taking into account of the desired balance and diversity in the Board's composition. The Committee takes into account the diversity policy and the objectives defined by the Board of Directors in term of skillset.

Based on these criteria, the Committee steers the search for and selection of new directors, where appropriate with the assistance of an external consultant, and conducts the necessary verifications. The members of the Governance & Remunerations Committee then interview the candidates and issue a recommendation to the Board of Directors.

In preparation of the 2022 Shareholders' Meeting, the Governance & Remunerations Committee focused on furthering the international diversification of the Board of Directors and increasing the number of women directors, as well as adding digital expertise. A specific selection process exists for directors representing employees and directors representing employee shareholders, in accordance with prevailing regulations.

Succession planning of corporate officer

Succession plans at Schneider Electric correspond to a systematic, structured process for identifying and preparing employees with potential to fill key organizational positions, should the position become vacant. This process applies to all key positions including the Chairman & CEO position. Succession plans aim at ensuring a continued effective performance of the organization by providing for the availability of experienced and capable employees who are prepared to assume these roles as they become available. Succession plans are necessary processes to reduce risk of vacant positions or skill gap transitions, create a pipeline of future leaders, ensure full business continuity and improve employee motivation and engagement.

The mission of the Governance & Remunerations Committee includes preparing for the future of the Company's executive bodies, in particular through the establishment of a succession plan for the executive officers. The plan, which is reviewed at meetings of the Governance & Remunerations Committee, addresses various scenarios:

- unplanned vacancy due to prohibition, resignation or death;
- planned vacancy due to retirement or expiration of term of office.

Through its work and discussions, the Committee seeks to devise a succession plan that is adaptable to situations arising in the short, medium or long term. The Governance & Remunerations Committee:

- provides the Board with progress reports, in particular at executive sessions;
- works closely with the Chairman & Chief Executive Officer to (i) ensure the plan is consistent with the Company's own practices and market practices, (ii) ensure high-potential internal prospects receive appropriate support and training, and (iii) check there is adequate monitoring of key posts likely to fall vacant;
- meets with key executives.

The succession plan is being reviewed and examined in light of the wish expressed last year by the Board to separate the roles of Chairman & Chief Executive Officer during Mr. Tricoire's current term.

Proposals to the Annual Shareholders' Meeting on the composition of the Board of Directors

Mr. Willy Kissling, member of the Board of Directors for twenty-one years, and Mrs. Fleur Pellerin, member of the Board of Directors since 2018, have decided not to seek the renewal of their terms of office which expire at the closing of this Shareholders' Meeting. The Board of Directors expressed its gratitude to Mr. Willy Kissling's and Mrs. Fleur Pellerin's dedication to the Board of Directors' work and to their long-term commitment.

As part of the Board's continuous review of its composition, the Board of Directors asked the Governance & Remuneration Committee to make some recommendation on the renewal of Mrs. Linda Knoll and Mr. Anders Runevad, and search for complementary candidates in line with the skillset highlighted by its Board skills matrix and the challenges of the Company.

In that respect, the Committee has analyzed Mrs. Linda Knoll's and Mr. Anders Runevad's situation with regards to their time commitment and availability to fulfill their duties. Neither of them holds an excessive number of directorships, and their individual attendance rates at Board and Committee meetings are high as indicated in their biography (see section 4.1.1.2 of this Chapter 4 of the 2021 Universal Registration Document). The Board also assessed their respective contributions to the work of the Board and of the Committees to which they belong, and decided that keeping them as directors was in the interests of the Company and consistent with the targeted composition of the Board as identified in the process described above. As a Director, Mrs. Linda Knoll brings the Board of Directors experience in senior Human Resources executive roles with international groups. Mr. Anders Runevad brings to the Board the benefit of his experience as the former CEO of Vestas Wind Systems A/S and a strong profile on sustainability matters.

The Governance & Remunerations Committee also identified the skills that would be necessary to diversify and strengthen the Board composition and hired an external recruitment firm (Heidrick & Struggles) to search for suitable candidates. Among these candidates, the Governance & Remuneration Committee preselected a short list and the members of the Committee interviewed the short-listed candidates. Following these interviews, the Committee recommended a candidate to the Board of Directors, Mrs. Nivedita Krishnamurthy Bhagat, also known as Nive Bhagat, who, on February 16, 2022, was appointed as an Observer with the aim to propose her appointment to the Shareholders' Meeting. Mrs. Nive Bhagat, a British citizen, is currently Global Chief Executive Officer for Global Cloud Infrastructure Services of Capgemini and a member of its group executive committee. The board has analysed her situation with regards to her global time-commitment and concluded she has sufficient time to dedicate and fulfill her role at the Board. She will bring to the Board the experience and additional skillset based on her wide-ranging finance and business background especially in the field of digital and will further add to the gender diversity of the Board of Directors. She will also strengthen the profiles of the Schneider Electric Board by her excellent knowledge of the Asian market. She will qualify as an independent Director with regard to all the criteria set by Article 9.5 of the AFEP-MEDEF Corporate Governance Code and, if appointed, will join the Digital Committee.

If all proposals submitted to the Annual Shareholders' Meeting are approved by the Shareholders, the Board of Directors would comprise:

Directors
14

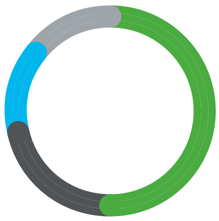
Employee Directors
3

Independent Directors*
9
(82%)

Average age of Directors
57

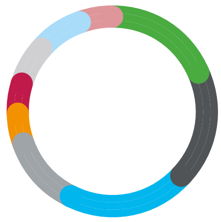
Women Directors*
45%

Board member nationality



- Europe (6)
- France (4)
- North America (3)
- Asia (2)

Board expertise



- Public company management (11)
- Corporate finance (11)
- International markets (12)
- Industry knowledge (7)
- Sustainability (3)
- Law, governance, ethics & compliance (3)
- Digital & technology (4)
- Accounting, audit & risk (5)
- Employee perspective knowledge of the Group (4)

* Excluding the Director representing the employee shareholders and the Directors representing the employees.

4.1.2 Organizational and operating procedures of the Board of Directors

4.1.2.1 Governance structure

The Chairman & Chief Executive Officer

The Company is a European company with a Board of Directors. The functions of the Chairman and Chief Executive Officer are carried out by Mr. Jean-Pascal Tricoire, who was appointed Chairman & Chief Executive Officer on April 25, 2013 and renewed on April 25, 2017 and lastly on April 28, 2021.

The performance by Mr. Jean-Pascal Tricoire of the duties of Chairman & Chief Executive Officer seems particularly appropriate to the Board of Directors for all the following reasons:

- The results of the external Board assessment conducted in October 2020 and the internal one performed in 2021 that both confirmed that (i) all Board members individually support the current leadership structure and (ii) the level of transparency between management team and the Board of Directors is considered as excellent;
- Jean-Pascal Tricoire's profile, his excellent track record within the Company, his leadership, and his openness to the Board members' recommendations;
- The governance mechanisms in place to safeguard the balance of power between the Board and the management (appointment of a Lead Independent Director with specific powers, high rate of independent Directors within the Board (75%), independence of the committees mainly chaired by independent Directors, executive session proposed systematically at the end of each Board meeting);
- The requirement for the Board to deliberate each year on the unification of the functions of Chairman and Chief Executive Officer in pursuance of its internal regulations.

All these considerations conducted the Board to renew Mr. Jean-Pascal Tricoire's office as Chairman & CEO further to his reappointment as a Director by the Annual General Meeting held on April 28, 2021 where 94.92% of the shareholders supported his re-election.

The Chairman & Chief Executive Officer represents the Company in its dealings with third parties. He is vested with the broadest authority to act in any and all circumstances in the name and on behalf of the Company. He exercises this authority within the limits of the corporate purpose, except for those matters that are reserved by law expressly to the Annual Shareholders' Meetings or the Board of Directors.

In addition, the internal regulations of the Board of Directors provide that the Chairman & Chief Executive Officer must submit for approval to the Board any acquisition transactions or disposal of assets amounting to more than €250 million as well as any strategic partnership agreement.

Powers and responsibilities of the Vice-Chairman & Lead Independent Director

Article 1 of the internal regulations of the Board of Directors defines the duties and missions of the Vice-Chairman & Lead Independent Director who is mandatorily appointed when the Board decides to unify the functions of Chairman and Chief Executive Officer. As such, the Vice-Chairman & Lead Independent Director:

- is informed of major events in the life of the Group within the framework of regular contacts and monthly meetings with the Chairman, as well as through contacts that he/she can have with managers of Schneider Electric and possible visits to the Group's sites he/she can undertake. In addition, he/she can attend all meetings of committees of which he/she is not a member;
- can answer shareholders' questions or meet them on governance issues when it is considered that he/she is the most appropriate spokesperson;
- sets the agenda for Board meetings with the Chairman;
- chairs the Governance & Remunerations Committee which, starting from the evaluation of the functioning of the Board and that of the CEO, proposes each year to the Board either the continuation or separation of the unified functions of Chairman & Chief Executive Officer and, as needed, makes proposals for a successor in one or both functions;
- chairs the "executive sessions", *i.e.*, meetings of the Board of Directors not in the presence of any executive member, namely the CEO and Deputy CEO(s), if any;
- reports to the Chairman on the results of the "executive sessions";
- leads the annual evaluations of the Board of Directors;
- informs the Chairman & CEO and the Board of any conflicts of interest which could be identified or which may be reported to him/her;
- reports on his/her activities during the Annual Shareholders' Meeting.

It is reminded that at its meeting of February 19, 2020, the Board of Directors designated Mr. Fred Kindle, whose biography is provided in section 4.1.1.2 of Chapter 4 of the 2021 Universal Registration Document to become Vice-Chairman & Lead Independent Director of Schneider Electric SE. In application of Article 10 of the internal regulations which prescribes that the Governance & Remunerations Committee shall be presided by the Vice-Chairman & Lead Independent Director, Mr. Fred Kindle chairs this Committee.

The charter for the Vice-Chairman & Lead Independent Director is found in section 4.1.2.4 of Chapter 4 of the 2021 Universal Registration Document. As every year, the Vice-Chairman & Lead Independent Director, Mr. Fred Kindle, reported on the missions he carried out in 2021 in line with his functions (see section 4.1.5 of Chapter 4 of the 2021 Universal Registration Document).

4.1.2.2 Missions and powers of the Board of Directors

Specific powers are vested in the Board of Directors under French law and the Company's Articles of Association as well as the Internal Board Regulations.

The Board of Directors

Powers vested by law

- determine the Group's strategic directions and ensures their implementation, in doing so, the Board shall act in accordance with the corporate interest and shall take into account social and environmental matters;
- examine all matters related to the efficient operation of the business and make decisions about any and all issues concerning the Company, within the limits of the corporate purpose, except for those matters which, by law, can only be decided on by the shareholders in a Shareholders' Meeting;
- approve the corporate and consolidated financial statements;
- carry out all audits and controls that it deems necessary;
- authorize any regulated agreements on a preliminary basis;
- co-opt Directors whenever necessary;
- determine the method of exercising the senior management of the Company;
- appoint executive Corporate Officers and also remove them from office (Chief Executive Officer and Deputy Chief Executive Officers, if any), and subject to shareholders' control, set their compensation and the benefits granted to them as well as the compensation policy applicable to them;
- set the Directors' remuneration within the total maximum amount determined by the Annual Shareholders' Meeting as well as the compensation policy applicable to them;
- call Annual Shareholders' Meetings and approve all reports submitted to shareholders;
- decide on the use of authorizations granted by the Shareholders' Meetings, more particularly for increasing Company capital, buying back the Company's own shares, carrying out employee shareholding transactions, implementing Long-Term Incentive Plan through the granting of Performance Shares and canceling shares;
- authorize the issue of bonds;
- authorize the issue of sureties, endorsements, and guarantees.

Additional powers arising from Articles of Association or Internal Board Regulations

- may appoint a Vice-Chairman;
- may appoint up to three Board Observers;
- regularly review, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly;
- ascertain the implementation of a process aimed at preventing and detecting corruption and influence peddling;
- checks that the executive Corporate Officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on executive bodies;
- shall give prior authorization for:
  - all disposals or acquisitions of holdings or assets by the Company or by a Group company for a sum of more than €250 million,
  - concluding any strategic partnership agreement;
- shall review every year its composition, its organization and its mode of operation;
- shall be consulted prior to acceptance by the Chief Executive Officer or Deputy Chief Executive Officers of any corporate appointment in a listed company outside the Group;
- shall be informed about market developments, competitive environment and the most important challenges the company has to face, including in the area of social and environmental responsibility.

4.1.2.3 Internal regulations and procedures of the Board of Directors

On April 25, 2013, the Board of Directors adopted its own internal regulations. These were later modified on December 11, 2019 to reflect the regulatory changes which took place in 2019. These internal regulations include the rules of procedure of the board committees and the Directors' charter as recommended by the AFEP-MEDEF Corporate Governance Code. The regulations are reproduced hereafter and available on the Company's website, www.se.com.

Article 1 – Method of exercising general management – chairmanship and vice-chairmanship of the Board of Directors

A. Method of exercising general management

1. General management of the company is under the responsibility of either the chairperson of the Board of Directors, who will then go by the title of Chairman and Chief Executive Officer, or of another natural person appointed by the Board of Directors going by the title of Chief Executive Officer.
2. The Board of Directors decides between these two methods of exercising general management at the time when the Chairman of the Board of Directors or the Chief Executive Officer is appointed or when renewing their terms of office. If the Board of Directors has decided to combine the functions of Chairman and Chief Executive Officer, it will deliberate on this choice every year.
3. In order to maintain continuity in the company's operation if the Chairman serving as CEO leaves his role or is prevented from doing so, the Deputy CEO(s) shall take the interim responsibility for general management functions in the company, unless otherwise decided by the Board, until such time as a new CEO is appointed. The Vice-Chairman shall temporarily take the Chair of the Board of Directors.

B. Chairperson of the Board of Directors

1. The Board of Directors shall elect a chairperson amongst its members ("Chairman"). The Chairman shall be appointed for a period that can be no longer than his/her term of office as a Director. The Chairman is eligible for re-election. He/she may be removed from office by the Board of Directors at any time.
2. The Chairman of the Board of Directors organizes and manages the Board's activities, and reports thereon at the Annual General Shareholders Meeting.
3. The Chairman of the Board of Directors sets the agenda and the schedule for Board meetings with assistance from the Vice-Chairman Lead Director.
4. The Chairman of the Board of Directors ensures that the different corporate bodies operate correctly and especially that the Directors are in a position to fulfill their mission. The Chairman may request any document or item of information useful to enlighten the Board of Directors when preparing its meetings.

C. Vice-Chairman of the Board of Directors – Lead Independent Director

1. The Board of Directors may appoint a Vice-Chairman. The Vice-Chairman shall be appointed for a period that may not be any longer than his term of office as a Director. The Vice-Chairman is eligible for re-election. The Vice-Chairman may be removed from office by the Board of Directors at any time.
2. The Vice-Chairman shall preside over Board meetings in the absence of the Chairman.

   The Vice-Chairman shall be called upon to replace the Chairman of the Board of Directors in the event of any temporary inability of the latter to fulfill his/her functions or in the event of death. In the event of the Chairman's inability to fulfill his/her functions, he/she will be replaced by the Vice-Chairman as long as his/her inability may last and, in the case of death, until the election of a new Chairman.
3. In exception to 1 above, and in compliance with Article 12.2 of the Articles of Association, the appointment of a Vice-Chairman is compulsory if the roles of Chairman and CEO are combined. In this case, the Vice-Chairman also takes on the role of independent Director. In this respect:
   - The Vice-Chairman is kept informed of major events in Group life through regular contacts and monthly meetings with the Chairman serving as CEO;
   - The Vice-Chairman is consulted by the Chairman serving as CEO on the agenda and the sequence of events for every Board meeting as well as on the schedule for Board meetings;
   - At the end of every Board meeting, the Vice-Chairman convenes executive sessions with non-executive members of the Board of Directors, over which he will preside. It is the Vice-Chairman's responsibility to appreciate for each topic discussed whether the employee Directors should leave the meeting till the topic is closed. In addition, the Vice-Chairman may convene an executive session between two Board meetings. Any Director may ask the Vice-Chairman to convene additional executive sessions;
   - The Vice-Chairman shall promptly report to the Chairman serving as CEO on the conclusions of executive sessions;
   - The Vice-Chairman shall draw the attention of the Chairman and of the Board of Directors to any possible conflicts of interest that he may have identified or which may be reported to him;
   - The Vice-Chairman is the chairperson of the Governance and Remunerations Committee;
   - Like any other member of the Board, the Vice-Chairman may attend any meetings of committees of which he is not a member;

Article 1 – Method of exercising general management – chairmanship and vice-chairmanship of the Board of Directors continued

C. Vice-Chairman of the Board of Directors – Lead Independent Director continued

- In order to complement his knowledge, the Vice-Chairman may meet the Group's leading managers and visit company sites;
- The Vice-Chairman carries out annual assessments of the Board of Directors and, in this context, assesses the actual contribution of every member of the Board to the Board's activities;
- The Vice-Chairman shall report on his actions at Annual General Shareholders' Meetings;
- The Vice-Chairman shall meet any shareholder who wishes so and inform the Board of their concerns on governance matters.

4. The Vice-Chairman Lead Director must be an independent member of the Board, as defined in accordance with the criteria published by the company.

Article 2 – Roles and powers of the Board of Directors

1. The Board of Directors shall determine company business policies in accordance with its social interest and while considering its social and environmental aspects, and ensure that they are implemented. Subject to the powers expressly conferred to Annual General Shareholders' Meetings and within the limit of the corporate purpose, it shall deal with any issue affecting the company's efficient operation and take business decisions within its remit.

The Board regularly reviews, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social, and environmental risks, as well as the measures taken accordingly. To this end, the Board of Directors receives all of the information needed to carry out its task, notably from the executive Corporate Officers (Chief Executive Officer, Deputy Chief Executive Officers).

The Board ascertains the implementation of a process aimed at preventing and detecting corruption and influence peddling. It receives all of the information required for this purpose.

The Board also checks that the executive Corporate Officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on the governing bodies.

2. In accordance with legal or statutory provisions, it is the Board of Directors' responsibility to:

- Determine the method of exercising general management of the company;
- Appoint executive Corporate Officers and also remove them from office as well as to set their remuneration and the benefits granted to them;
- Co-opt Directors whenever necessary;
- Convene Annual General Shareholders' Meetings;
- Approve corporate and consolidated accounts;
- Draw up management reports and reports for Annual General Shareholders' Meetings;
- Draw up management planning documents and the corresponding reports;
- Draw up the corporate governance report as provided for in Article L. 225-37 of the French Commercial Code;
- Decide on the use of the delegations of authority granted at Annual General Shareholders' Meetings, more particularly for increasing company capital, redeeming the company's own shares, carrying out employee shareholding operations, and cancelling shares;
- Authorize the issue of bonds;
- Decide on the handing out of options or restricted/Performance Shares within the limits of authorizations given at Annual General Shareholders' Meetings;
- Authorize statutory conventions (conventions covered by Article L. 225-38 and following of the Commercial Code);
- Implement a process to regularly assess that the rules used to qualify a related party transaction as regulated agreement or not, are relevant and effective;
- Authorize the issue of sureties, endorsements, and guarantees;
- Decide on the constitution of study committees and designate their members;
- Decide on the dates for the payment of dividends and any possible down-payments on dividends;
- Distribute Directors' remuneration allocated at the Annual General Shareholders' Meeting amongst members of the Board of Directors.

In compliance with the provisions set forth in the Commercial Code, the Board of Directors delegates all powers to the Chairman serving as CEO (or the CEO if appropriate):

- For issuing, with the possibility of sub-delegating, sureties, endorsements, or guarantees within a maximum annual sum of 500 million euros, limited per surety, endorsement, or guarantee to:

  (i) EUR150 million for commitment guarantees made by Group subsidiaries for Group financial optimization operations,

  (ii) EUR 250 million for commitment guarantees made by Group subsidiaries, for taking over the company's commitments whenever acquisition operations are made on companies or business activities,

  (iii) EUR 100 million for other guarantees.

The above limits are not applicable to any sureties, endorsements, and guarantees that may be issued with regard to tax or customs authorities.

- For formally recording any increases in capital following conversions of convertible bonds, exercising warrants and stock options, as well as subscribing to capital securities or shares giving access to company capital in the context of increases in capital reserved for employees and carrying out all prior and subsequent formalities related to any such changes in capital and to any modifications to the Articles of Association.

3. To enable the Board to exercise its duties as defined in 1 and beyond its specific powers summarized in 2, the Board of Directors:
   - Shall be informed by its Chairman or by its committees of any significant event concerning the company's efficient operation as well as the successful conclusions of any significant projects;
   - Shall give prior authorization for:
     - All disposals or acquisitions of holdings or assets by the company or by a Group company for a sum of more than 250 million euros,
     - Concluding any strategic partnership agreement;
   - Shall review every year its composition, its organization and its mode of operation;
   - Shall be consulted prior to acceptance by the Chief executive officer or Deputy Chief executive officers of any corporate appointment in a listed company outside the Group;
   - Shall be informed about market developments, competitive environment and the most important challenges the company has to face, including in the area of social and environmental responsibility.
4. The activities of the Board of Directors and its committees shall be described in the corporate governance report.

Article 3 – Membership of the Board of Directors

In the proposals it makes and the decisions it takes, the Board of Directors shall ensure:

- That it reflects the international nature of the Group's activities and of its shareholders by having a significant number of members of non- French nationality;
- That it protects the independence of the Board through the competence, availability and courage of its members;
- That it pursues its objective of diversifying the Board of Directors in compliance with the legal principle of attaining balanced representation between men and women on the Board;
- That it appoints persons with the expertise required for developing and implementing the Group strategy while considering the objectives of diversity based on criteria such as age, professional skills and experiences;
- That employee shareholders and employees shall continue to be represented on the Board in compliance with the provisions set forth in Articles 11.3 and 11.4 of the Articles of Association;
- That it preserves the continuity of the Board by changing some of its members at regular intervals, if necessary by anticipating the expiry of members' terms of office.

Article 4 – Meetings of the Board of Directors

1. The Board of Directors shall meet whenever the interests of the company so require and at the least six times a year, including one meeting for examining strategy in detail.

   Notices to attend shall be issued by all means, including verbally. They shall be sent via the secretary of the Board.
2. Board meetings shall be convened by the Chairman or, if such person is unable to do so, by the Vice-Chairman.

   Moreover, if no Board meeting takes place for over two months, the Chairman must convene a meeting of the Board at a date no later than fifteen days after at least one-third of the members of the Board have made a justified request for this purpose. If the request goes unheeded, the person or persons requesting the meeting may convene a meeting himself or themselves, stating the agenda of the proposed meeting.

   Similarly, the Chief executive officer, if he is not Chairman of the Board of Directors may also address a request to the Chairman to convene a meeting on any given agenda.

   The person responsible for convening the meeting shall set its agenda. The agenda may be modified or completed at the time of the meeting.

   Board meetings shall be held at the company's registered offices or at any other place specified in the notice of the meeting, whether in France or abroad.
3. Any member of the Board may appoint another member to represent him at a Board meeting by means of a proxy form.

   During the same meeting, each member of the Board may only use one proxy form that he has received further to the foregoing paragraph.

   Members of the Board may attend Board meetings by videoconference or telecommunication links, which allow them to be identified and which guarantee their effective participation. In such a case, they are counted among the members present to the meeting. However, in accordance with applicable laws, for the purposes of checking and controlling annual accounts, consolidated accounts and the management report, the members of the Board of Directors who attend the meeting by video conference or telecommunication links shall not be taken into account for the purposes of determining the quorum or the majority.

   Deliberations of the Board of Directors shall only be valid if at least half of the Directors are present. However, in application of Article 15 of the Articles of Association, the Board of Directors may only deliberate validly on the methods for exercising general management if two-thirds of the Directors are present or represented.

   Decisions shall be taken on a majority vote by the Directors present or represented. In the event of equality of votes, the Chairman of the meeting shall have the casting vote.
4. Besides the secretary of the Board, the Deputy CEO in charge of finance shall attend Board meetings.

   The Board of Directors shall hear operational managers concerned by major issues submitted to examination by the Board.

   The Board of Directors may authorize persons who are not members of the Board to attend Board meetings including by videoconference or by telecommunication links.

Article 4 – Meetings of the Board of Directors continued

5. An attendance register shall be kept at the registered office.

   The proceedings of the Board of Directors shall be recorded in minutes.

   The secretary of the Board shall be authorized to certify copies or excerpts from the minutes of the Board's proceedings.

Article 5 – Information for the Board of Directors

Members of the Board of Directors shall be provided with all the information necessary to enable them to carry out their duties and this within time limits that enable them to familiarize themselves with this information in a meaningful way. They may procure any documents they require for this purpose prior to meetings.

Any request for information made by members of the Board on specific subjects shall be addressed to the Chairman serving as CEO (and, if appropriate, to the CEO), who will reply thereto as promptly as possible.

In order to provide members of the Board of Directors with complete information, visits to sites and customers shall be organized for them. Members of the Board of Directors shall have the right to meet the main company executives. They shall inform the Chairman serving as CEO (and, if appropriate, the CEO) thereof.

The Chairman serving as CEO shall meet each member of the Board individually once a year.

Article 6 – The status of members of the Board of Directors

1. Members of the Board of Directors shall represent all the shareholders and shall act in the interests of the company in all circumstances.
2. Members of the Board of Directors shall attend Board meetings and meetings of the committees of which they are members.

   Any member, who has not attended at least half of the meetings held during the year, unless there are exceptional reasons, shall be deemed to wish to terminate his term of office and shall be invited to resign from the Board of Directors or the committee concerned, as appropriate.
3. Members of the Board of Directors shall be bound by a general confidentiality obligation with respect to the deliberations of the Board and the committees and with respect to information which is not in the public domain, which they receive further to performing their duties.
4. Directors may not exercise more than 4 other terms of office in listed companies outside the Group.
5. Members of the Board of Directors shall have a duty to inform the Board of Directors of any office they may hold or no longer hold in other companies.
6. Members of the Board of Directors have a permanent duty to ensure that their personal situation shall not give rise to a conflict of interest with the company. In this respect, they shall disclose:
   - the existence of any conflict of interest, even a potential one, upon assuming their duties and then each year in response to a request made by the company at the time of preparation of its Universal Registration Document;
   - upon occurrence of any event which would render the statement above mentioned totally or partially inaccurate.

   Any member of the Board of Directors having a conflict of interest, even a potential one, has a duty to notify it to the Vice-Chairman Lead Director who shall in turn inform the Board of Directors. The Board of Directors shall rule upon the conflict of interest and may request to the member(s) of the Board of Directors concerned to correct his/her situation. The member of the Board of Directors having a conflict of interest, even a potential one, shall not take part to the discussions nor to the vote of the corresponding decision and shall leave the meeting of the Board of Directors when the decision is debated.
7. During their term of office, members of the Board of Directors, to the exclusion of the Directors representing employees, shall possess at least 1,000 shares in Schneider Electric SE. For applying this obligation, except for the 250 shares which must be held to comply with Article 11.1 of the Articles of Association, shares held via a company mutual fund essentially invested in the company shares can be taken into account. The Schneider Electric shares that they hold shall either be in purely registered (*nominatif pur*) or in managed registered (*administré*) form.
8. Members of the Board of Directors shall inform the French financial market authority within three business days from the completion of the operation, by e-mail at the following address: https://onde.amf-france.org/RemiseInformationEmetteur/Client/PTRemiseInformationEmetteur.aspx, as well as the secretary of the Board, of any acquisition, sale, subscription or exchange concerning shares issued by Schneider Electric SE or any operation on financial instruments linked thereto, conducted on their own account or on their behalf.

8A. Members of the Board of Directors shall provide the secretary of the Board with the list of the persons closely associated with them as defined by the European Regulation n°596/2014 ("Market Abuse Regulation"), whom they shall notify of their individual duties to inform the French financial market authority and Schneider Electric SE (to the attention of the secretary of the Board), similar to those applicable to themselves pursuant to paragraph 8 above.

9. Members of the Board of Directors undertake to abide by the compliance Code governing stock-market ethics, of which they have received a copy, with respect to their personal financial transactions. In consequence, members of the Board of Directors may not acquire or dispose of options or any other derivative relating to Schneider Electric SE shares, except authorized hedging of stock- options plans in order to hedge stock option plans (e.g., hedging of shares subscribed upon exercise of options).

Members of the Board of Directors shall refrain from carrying out any transaction involving company's listed shares during the 31 days before the day following publication of annual or half-yearly accounts, and during the 16-day period before the day following publication of quarterly information. The same principle applies when they hold insider information, i.e., precise information concerning the company, which has not been made public and which, if it were made public, could have a marked impact on share price or on any financial instrument related to them.

10. Members of the Board of Directors shall attend Annual General Shareholders' Meetings.

11. Members of the Board of Directors shall be remunerated by the payment of an annual fixed amount allocated at Annual General Shareholders' Meetings. The said amount will be distributed by the Board of Directors to its members.

    The Board of Directors may grant exceptional remuneration for assignments or offices conferred upon Directors.

12. Travelling expenses, notably including hotel and restaurant expenses, incurred by the members of the Board of Directors in relation to the performance of their duties, shall be borne by the company on presentation of supporting documents.

13. Members of the Board of Directors shall complete the on-boarding programme offered to them at the beginning of their first term.

Article 7 – Non-voting Directors

The non-voting Directors shall attend Board meetings in a consultative capacity.

They shall receive the same information as the other members of the Board. They may be appointed as members of committees, except for the Audit Committee.

They shall act in the interest of the company under all circumstances.

They shall be bound by the same general confidentiality obligation as the members of the Board of Directors and shall be subject to the same limitations regarding transactions involving the company's shares. Their remuneration shall be determined by the Board of Directors.

Article 8 – The committees of the Board of Directors

1. The committees created by the Board of Directors shall be as follows:
    - Governance and Remunerations Committee;
    - Audit and Risks Committee;
    - Human Resources and Corporate Social Responsibility Committee;
    - Investment Committee;
    - Digital Committee.

2. The role of these committees shall be to research and prepare certain matters to be considered by the Board of Directors. They shall make proposals, give recommendations and issue opinions, as appropriate, in their area of competence.

    Created by virtue of Article 13 of the Articles of Association, they shall only have a consultative role and shall act under the authority of the Board of Directors.

3. The chairpersons and members of the committees shall be appointed by the Board of Directors. However, the Vice-Chairman Lead Director shall preside over the Governance and Remunerations Committee. They shall be appointed in a personal capacity and may not be represented.

    The terms of office of committee members shall coincide with their terms of office as members of the Board of Directors. The terms of office of committee members may be renewed.

    As a matter of good governance and to the exclusion of the Governance and Remunerations Committee chaired by the Vice-Chairman Lead Director, committee chairs should be rotated and not exceed four-years for a given committee. The Board of Directors shall deliberate annually on the chairmanship of the concerned committee whenever such four-year limit is reached or exceeded.

4. Committees shall meet on the initiative of their chairperson or on request from the Chairman of the Board of Directors or the CEO.

5. The Chairman serving as CEO or the CEO shall be kept informed of committee meetings. He/she shall be in regular contact with committee chairmen.

6. Committee meetings shall be held at the company's registered offices or any other place decided upon by the chairperson of the committee with an agenda prepared by the latter. If necessary, they may be held by audio or video conference.

    Members of the Board of Directors may attend meetings of committees of which they are not a member. Only the members of the committee shall take part in the committee's discussions.

    A secretary will prepare the minutes of the meetings, which shall be recorded in an ad hoc register specific to each committee by the secretary of the Board.

    A report on each committee's activities shall be given by the committee's chairperson or one of its members at the next Board meeting. Minutes of committee meetings shall be provided for the members of the Board of Directors.

    After referring the matter to the Chairman of the Board, every committee may request studies from external consultants. Every committee may invite any person of its choice to its meetings, as and when required.

7. Other than the permanent specialist committees that it has created, the Board of Directors may also decide to set up any ad hoc committees for specific operations or assignments.

Article 9 – The Audit and Risks Committee

1. Membership and operation of the Audit Committee

The Committee shall be comprised of at least three members, two-thirds of whom must be independent members of the Board of Directors. At least one of the members must possess special skills concerning matters of finance and accountancy and be independent with regard to specified, published criteria.

The Deputy CEO in charge of finance shall act as the Audit Committee's contact. The head of internal audit shall act as secretary to the Audit Committee.

The Committee shall meet at least five times a year. The chairperson of the Committee shall draw up agendas for meetings.

The meetings shall be attended by members of the finance department and of the company's internal audit department and, with respect to meetings devoted to examining accounts, by the statutory auditors. The Committee may invite any person it wishes to hear to its meetings. It may also require the CEO to provide any documents it deems to be useful.

Outside the presence of company representatives, the Committee shall regularly hear the statutory auditors and the head of the internal audit.

2. The duties of the Audit Committee

The Audit Committee monitors questions on drawing up and controlling accounting, financial, and extra-financial information. It prepares the Board of Directors' decisions in these domains. It issues recommendations to the Board for the purpose of ensuring the integrity of the financial and extra-financial information and gives advices. For this purpose:

- It shall prepare for annual and half-yearly accounts to be approved by the Board and therefore, more particularly:
  - Checks the appropriateness and consistency of the accounting methods used for drawing up consolidated and corporate accounts, as well as checking that significant operations on Group level have been dealt with appropriately and that rules relating to the consolidation perimeter have been complied with;
  - Examines off-balance-sheet risks, including those of a social and environmental nature, and commitments as well as the cash situation;
  - Examines the process for drawing up financial and extra-financial information.
- It examines the draft annual report, which bears the status of Universal Registration Document and contains the information on internal control, the draft half-yearly report and, where applicable, any remarks made by the French Financial Market Authority (AMF) concerning these reports, as well as the other key financial information documents.
- It handles follow-up on legal control of annual and consolidated accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors.
- After a consultation process, it shall suggest reappointing the existing statutory auditors or appointing new statutory auditors.
- It shall check the independence of statutory auditors, especially at the time of examining fees paid by the Group to their firm or their network, and by giving prior approval to any missions that are not strictly included in the scope of the statutory audit.
- It monitors the efficiency of internal control and risk management systems. For this purpose:
  - It shall examine the organization and resources used for internal audit, as well as its annual work program. It shall receive summaries of reports produced on audits on a quarterly basis. However, the chairperson of the Committee shall receive these reports in full;
  - The Committee shall examine operational risk-mapping and make sure that measures exist for preventing or minimizing risks;
  - It shall examine how to optimize risk coverage on the basis of reports requested from internal audit;
  - It shall examine Group internal control measures and look into the results of entities' self-assessments with respect to internal control. It shall ensure that a relevant process exists for identifying and processing incidents and anomalies;
  - It shall ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics, and data protection and the measures implemented to ensure that these policies are circulated and applied.

The Audit Committee shall examine proposals for distribution as well as the amount of financial authorizations submitted for approval at Annual General Shareholders Meetings.

The Audit Committee reports to the Board on the implementation of Schneider Electric SE's Charter on the related party transactions and on the relevance of the criteria to qualify related party transactions as regulated agreements or not.

The Audit Committee shall examine all financial and accounting questions and questions related to risk-management submitted to it by the Board of Directors.

The Audit Committee reports to the Board on the findings of its works and how they contributed to the integrity of the financial and extra-financial information. It informs the Board of the follow-up actions that it proposes to take. The chairperson of the Audit Committee shall keep the Chairman and the Vice-Chairman Lead Director promptly informed of any difficulties encountered by the Committee.

Article 10 – Governance and Remunerations Committee

1. Membership and operation of the Governance and Remunerations Committee

The Committee shall be comprised of at least three members.

The Governance and Remunerations Committee shall be presided by the Vice-Chairman Lead Director. Failing this, the Board shall appoint the chairperson of the Committee.

The secretary of the Board shall be the secretary of the Governance and Remunerations Committee.

The Committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the Committee after consultation with the Chairman of the Board of Directors. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes.

2. The Governance and Remunerations Committee's duties:

The Committee will formulate proposals to the Board of Directors in view of any appointment made:

(i) To the Board of Directors:

- Directors or non-voting Directors,
- Chairman of the Board of Directors, Vice-Chairman and Vice-Chairman Lead Director,

Chairpersons and members of committees;

(ii) For general management of the company. The Committee will also give its opinion to the Board on nominations for any Deputy CEOs.

The Committee shall formulate proposals to the Board of Directors on the compensation policy of the executive Corporate Officers (Chairman of the Board of Directors and/or CEO, Deputy CEO), ensuring in particular its alignment with the corporate interest. The Committee shall prepare annual assessments of the persons concerned and make recommendations to the Board of Directors concerning the determination of the components of the compensation due to executive Corporate Officers in accordance with the compensation policy. To this end, it uses the works of the Human Resources and CSR Committee.

The Committee shall prepare the draft corporate governance report of the Board of Directors.

When the Committee reports to the Board on these matters, the Board of Directors debates and deliberates without the presence of the executive Corporate Officers.

The Committee shall propose measures to the Board of Directors that will reassure both shareholders and the market that the Board of Directors carries out its duties with all necessary independence and objectivity. For this purpose, it will organize for yearly assessments to be made of the Board of Directors. It shall make proposals to the Board of Directors on:

- Determining and reviewing Directors' independence criteria and Directors' qualifications with regard to these criteria;
- Missions carried out by the committees of the Board of Directors;
- The evolution, organization, and operation of the Board of Directors and its committees;
- The company's use of national and international corporate governance practices;
- The total amount of Board members' remuneration proposed at Annual General Shareholders' Meetings together with its allocation amongst them.

Article 11 – Human Resources and Corporate Social Responsibility Committee

1. Membership and operation of the Human Resources and Corporate Social Responsibility Committee.
The Committee shall be comprised of at least three members.

The Director of Human Resources for the Group shall be the secretary to the Human Resources and Corporate Social Responsibility Committee.

The Committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the Committee after consultation with the Chairman serving as CEO. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes.

2. The Committee's duties:

The Committee shall formulate proposals to the Board of Directors on setting up share subscription/purchase options plans and free/Performance Shares plans.

The Committee shall formulate projects on proposals made by general management on:

- Compensation of the members of the Executive Committee;
- Principles and criteria for determining the compensation of Group executives.

The Committee shall be informed of any nomination of members of the Executive Committee and of the main Group executives. It shall examine succession plans for key Group executives.

The Committee shall prepare the Board of Directors' deliberations on (i) expansion of employee shareholding, (ii) review by the Board on social and financial impacts of major re-organization projects and major human resource policies, (iii) monitoring risks management in relation to human resources, and (iv) examining the different aspects of the "CSR" Group policy.

Article 12 – Investment Committee

1. Membership and operation of the Investment Committee

The Committee shall be comprised of at least three members.

The Director of Group Strategy will be secretary to the Investment Committee.

The Committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the Committee after consultation with the Chairman serving as CEO. The Committee shall meet three times a year, less or more depending on the circumstances.

Article 12 – Investment Committee continued

In order to carry out its assignments, the Committee may hear any person it wishes and call upon the Group M&A Director.

2. The Investment Committee's duties:

   The Committee prepares the Board of Directors' deliberations on investment policy. To this purpose, the Committee:

   - Shall elaborate recommendations for the Board on major capital deployment decisions;
   - Shall advise the management team on capital deployment strategies;
   - May launch, at the Board's request, or suggest research projects leading to material investments for the company, typically for capital deployment decisions of EUR 250 million or above;
   - May investigate matters of smaller scale, if the strategic significance warrants it or the Board/Chairman of the Board specifically requires it;
   - Shall provide recommendations on major merger, alliances, and acquisition projects;
   - Shall pay special attention to reconfiguration or consolidation scenarios happening in the sectors the company is operating in or likely to operate in;
   - Shall examine portfolio optimizations and divestment projects of financial or strategic significance;
   - Shall support the management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments;
   - Shall present to the Board social and environmental aspects of the strategic projects submitted to it such as M&A projects.

Article 13 – Digital Committee

1. Membership and operation of the Digital Committee

   The Committee shall be comprised of at least 3 members.

   The Chief Digital Officer or the Chief Information Officer will be secretary to the Digital Committee.

   The Committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the Committee after consulting with the Chairman & CEO. The Committee shall meet at least three times a year, including a joint review on cybersecurity risks with the Audit and Risks Committee.

   In order to carry out its assignments, the Committee may hear any person it wishes.

2. The Digital Committee's duties:

   The purpose of the Digital Committee is to assist the Board in digital matters in order to guide, support and control the Group in its digitization efforts. The Digital Committee prepares the Board of Directors' deliberations on digital matters.

   For this purpose, the Digital Committee will review, appraise, and follow-up projects and, generally, advise, inter alia on 7 areas:

   1. Development and growth of the EcoStruxure™ digital business, including (i) enhancing Core Businesses with Connectivity & Analytics, (ii) building new digital offers & business models, (iii) establishing its contribution to and consistence with the overall strategy;
   2. Improvement and transformation of the Group's Digital Customers & Partners Experience;
   3. Improvement of Schneider Electric's Operational Efficiency through the effective use of Information Technology and digital automation capabilities;
   4. Assessment of cyber risks and enhancement of the Group's cybersecurity posture (jointly with the Audit Committee);
   5. Assessment of the contribution of potential M&A operations to the Group's Digital strategy;
   6. Monitoring and analysis of the digital landscape (competitors and disrupters, threats, and opportunities);
   7. Checking that the company is equipped with the right pool of talents for digital transformation.

Article 14 – Perimeter of internal regulations

The present internal regulations have been unanimously approved by the Board of Directors. A purely internal act, their objective is to complete the Articles of Association by stipulating the main conditions of organization and operation of the Board of Directors. Their purpose is not to replace the Articles of Association. They may not be relied upon by shareholders or third parties for use against members of the Board of Directors, the company, or any company in the Schneider Electric Group. They may be modified at any time solely by deliberation of the Board of Directors.

4.1.2.4 Charter of the Vice-Chairman & Lead Independent Director

The Board of Directors adopted the Charter of the Vice-Chairman & Lead Independent Director which is reproduced hereafter and available on the Company's website, se.com.

1. The Board of Directors may appoint a Vice-Chairman. The Vice-Chairman shall be appointed for a period that may not be any longer than his term of office as a Director. The Vice-Chairman is eligible for re-election. The Vice-Chairman may be removed from office by the Board of Directors at any time.
2. The Vice-Chairman shall preside over Board meetings in the absence of the Chairman.

   The Vice-Chairman shall be called upon to replace the Chairman of the Board of Directors in the event of any temporary inability of the latter to fulfill his functions or his death. In the event of the Chairman's inability to fulfill his functions, he will be replaced by the Vice-Chairman as long as his inability may last and, in the case of his death, until the election of a new Chairman.
3. In exception to 1 above, and in compliance with Article 12.2 of the Articles of Association, the appointment of a Vice-Chairman is compulsory if the roles of Chairman and CEO are combined. In this case, the Vice-Chairman also takes on the role of Lead Independent Director. In this respect:
   - the Vice-Chairman is kept informed of major events in Group life through regular contacts and monthly meetings with the Chairman serving as CEO;
   - the Vice-Chairman is consulted by the Chairman serving as CEO on the agenda and the sequence of events for every Board meeting as well as on the schedule for Board meetings;
   - the Vice-Chairman may convene executive sessions with non-executive members of the Board of Directors, over which he will preside. An executive session shall be included on the agenda of every Board meeting. It is the Vice-Chairman's responsibility to decide whether it should be held or not. It is therefore held as decided by the Vice-Chairman, either directly before or after each Board meeting. In addition, the Vice-Chairman may convene an executive session between 2 Board meetings. Any Director may ask the Vice-Chairman to convene an executive session;
   - the Vice-Chairman shall promptly report to the Chairman serving as CEO on the conclusions of executive sessions;
   - the Vice-Chairman shall draw the attention of the Chairman and of the Board of Directors to any possible conflicts of interest that he may have identified;
   - the Vice-Chairman is Chairman of the Governance Committee;
   - like any other member of the Board, the Vice-Chairman may attend any meetings of committees of which he is not a member;
   - in order to complement his knowledge, the Vice-Chairman may meet the Group's leading managers and visit company sites;
   - the Vice-Chairman carries out annual and biennial assessments of the Board of Directors and, in this context, assesses the actual contribution of every member of the Board to the Board's works;
   - the Vice-Chairman shall report on his actions at Annual General Shareholders' Meetings;
   - the Vice-Chairman shall meet any shareholder who wishes so and inform the Board of their concerns on governance matters.
4. The Vice-Chairman Lead Director must be an independent member of the Board, as defined in the criteria published by the company.

4.1.2.5 Information and training of the Board of Directors and its members

Information given to Directors

To ensure that the Board of Directors is well informed at all times, Schneider Electric SE applies the following rules: members of the Board have access, *via* a secure dedicated platform, in principle, ten days before every Board meeting, to the agenda for the meeting and to the draft minutes of the last meeting and, four to five days before, to the Board's file.

Executive Committee members are invited, depending on the subject, to present the major issues within their areas of responsibility. Statutory auditors attend the portion of the Board's meetings at which the full year and half year financial statements are reviewed.

In addition, each year a Board meeting called "strategy week" is held in the form of a seminar and invites key executives of the Group to contribute to Board discussions. These seminars also enable directors to constantly refine their understanding of the challenges facing the Group through themed-based presentations and site visits.

Furthermore, the Board organizes a range of specific training sessions throughout the year to help directors increase their knowledge of the Group (through presentations of its ecosystem, challenges, businesses and certain of its regions) and its competitive environment, as well as recent market disruption trends and technological developments. In 2021, four training sessions were organized on subjects like Climate change, Talents or Supply Chain.

Between each meeting of the Board of Directors, aside from meetings that they may have with the Chairman & CEO, Directors receive information through relevant financial analysts' reports, and other documents. Board members also have the opportunity to meet informally with key members of senior management.

Board of Director dinners are organized in order to offer more opportunities to interact with investors, customers, experts, *etc.* These dinners are meant to provide the Board members with external views on the Group, to increase their understanding of the changes in its business environment, and to gain more insight on the needs and motivations of all stakeholders. In 2021, due to COVID-19 sanitary crisis and the lockdown in France, only two dinners were organized.

On-boarding program of new Directors

A complete on-boarding program is provided to any new Director in order to help him/her to get a deep understanding of the business, the challenges and priorities of Schneider Electric as well as its governance and values. As such, new Directors are offered a training and information program on the Group's strategy and businesses designed around a common core which comprises of:

- a set of documents including, in particular, the last registration document and integrated report, the Company's Articles of Association, the internal regulations of the Board of Directors, the AFEP-MEDEF Corporate Governance Code, the compliance Code governing stock- market transactions (see below), the minutes of the Board's and committees' meetings for the period starting from the appointment back to the full year before, Directors' and officers' liability master policy and the last three periodic information letters;
- a summary relating to the Group organization;
- working meetings with the Chief Financial Officer and Executive Vice-Presidents of Strategy, Energy Management, Industrial Automation, and other EVPs as the case may be;
- a work session with the secretary of the committee(s) he/she will join;
- concerning governance and values: work session with the Vice-Chairman & Lead Independent Director; the Chief Governance Officer, the Secretary of the Board of Directors, as well as with the persons in charge of compliance and ethics and sustainable development;
- to know more about Schneider Electric's shareholding structure and shareholders' expectations, an interview with the senior Vice-President Investors Relations;
- training on the use of the secure dedicated platform on which all the Board's files are filed and kept;
- the designation of a mentor for any new Director to facilitate his/her integration;
- as the case may be, visits to sites which are particularly illustrative of Schneider Electric's activities.

In addition, the Directors representing employees, Mrs. Rita Felix and Mr. Bruno Turchet, benefit from a training program compliant with legal requirements and approved by the Board of Directors. In pursuance of new French regulations coming from law n° 2019-486 of May 22, 2019 relating to companies' growth and transformation, known as PACTE law, the Director representing the employee shareholders, Mrs. Xiaoyun Ma, was offered a tailored training session to address her needs.

Compliance Code governing stock-market transactions

Schneider Electric has adopted a compliance Code governing stock-market transactions for members of the Board of Directors and Group employees designed to prevent insider trading. Under these provisions, both Directors and relevant employees are barred from trading in the Company shares and shares in companies for which they have inside information that has not yet been made public. In addition, they may not trade in Schneider Electric SE shares during the 31 days preceding the day following publication of the annual and interim financial statements, nor during the 16 days preceding the day following publication of a quarterly update, nor may they engage in any type of speculative trading involving Schneider Electric SE shares (including margin trading, purchasing, and selling shares in a period of less than four months). In addition, in accordance with the AFEP-MEDEF Corporate Governance Code, Corporate Officers also undertake not to enter into hedges of shares resulting from exercise of options and of Performance Shares they are required to hold (see section 4.1.1.5 of Chapter 4 of the 2021 Universal Registration Document). These restrictions supplement the prohibition against hedging unvested stock options and Performance Shares during their vesting period.

The compliance Code governing stock-market transactions was revised when the European "Market Abuse Regulation" nº 2014/596 of April 16, 2014 entered into force, and subsequently updated in December 2018. The regulation obliges companies to draw up insider lists, and market operators to put in place mechanisms aimed at preventing and detecting suspicious transactions, enabling them to report to the *Autorité des Marchés Financiers* those that seem to them to constitute insider dealing.

4.1.2.6 Self-assessment of the Board of Directors

Pursuant to its internal regulations, Schneider Electric SE's Board of Directors annually reviews its composition, organization, and operations, as well as those of its committees. This yearly assessment is carried out through a written questionnaire sent to Board members or an interview with the Board member. The evaluation is conducted under the leadership of the Vice-Chairman & Lead Independent Director by the Secretary of the Board of Directors. In addition, as per the AFEP-MEDEF Corporate Governance Code, the Board of Directors shall undertake at least once every three years, a formal self-assessment, which may be conducted with the assistance of an external consultant.

Internal self-assessment conducted in September and October 2021

An internal assessment was conducted by the Vice-Chairman & Lead Independent Director, who guaranteed the confidentiality of opinions expressed, based on (i) a questionnaire answered anonymously by Board members and (ii) another anonymous questionnaire answered by Executive Committee members to know better their expectations toward the Board of Directors.

The report was presented and discussed in detail at the Governance & Remunerations Committee on October 25, 2021 and a summary report was presented to the Board of Directors on October 26, 2021. The Vice-Chairman & Lead Independent Director provided individual feedback on the assessments of the effective contribution of each Director.

Themes

(i) Membership and dynamics of the Board; (ii) Mission, organization, and operation of the Board; (iii) Works of the committees; (iv) On-boarding program of the new members; (v) 2022 top Board priorities; and (vi) Effective contribution of each Director.

Key findings

- Involvement and contribution of Board members is perceived as very high. Excellent leadership and contribution of the Chairman & CEO who is described as open, engaging, transparent, charismatic, and driven by vision
- Perfect fit between the Chairman & CEO and the Vice-Chairman & Lead Independent Director who have a strong relationship and is considered as very open and truly independent
- Quality of relations between the Board and the management is unanimously seen as trustful and supportive (everyone feels free to express his/her opinion)
- Board members are satisfied with the agendas, which are well designed and balanced between business, financial, and governance topics
- Social and environmental dimensions are systematically taken into account in all discussions with the board
- All committees operate properly, and their work is satisfactory and useful to the Board decision-making process
- Overall, the on-boarding program is considered as very valuable by all the new Board members
- The one-to-one meetings between Board members and Executive Committee members are perceived as very valuable and useful.

Areas for improvement

- Majority of Board members considers that the span of skills brought to the Board is adequate but could be reinforced in Digital and Software and in Asian market knowledge
- Progress could be made by dedicating more time on competitive landscape or R&D expenses (investment and KPIs measurement)
- Possibly a little bit more time during the meeting should be devoted to debate *vs.* presentation
- Information should be provided more in advance of Board meetings and could be more synthetic
- Rhythm of interactions between Board members and Executive Committee members could be increased.

4.1.3 Board activities

The Board held seven meetings in 2021 (versus. twelve in 2020 due to the COVID-19). The meetings lasted six hours and twenty minutes on average with an average participation rate of Directors of 97% (same as in 2020). Thirteen Directors have an attendance rate of 100% and none have an attendance rate less than 71.5% as shown in the table summarizing the Directors' individual attendance at Board meetings. All absences were legitimate and excused.

The Board of Directors devoted most of its activities to the Company's business, strategy, and corporate governance as detailed below:

Business and financial results

- review and approval of the 2020 financial statements based on the Audit & Risks Committee's report and the report by the statutory auditors, who were present at the meeting;
- review and approval of the financial statements for the first half of 2021;
- review of the first and third quarterly results and reports prepared by the senior management;
- review of the Group's 2021 guidance set in February and of the new guidance issued in April and July 2021;
- proposal to the Annual Shareholders' Meeting that the dividend be set at €2.60 per share;
- information, at each meeting, on the business situation;
- review of the Audit & Risks Committee's report on the works of the Group's internal audit and internal control teams;
- review of the 2021 risk matrix, the framework design and the deployment status of the Enterprise Risk Management;
- selection of the statutory auditors;
- review of the Group "Ethics & Compliance System";
- monitoring of the implementation of the share buyback;
- review of the liquidity;
- authorization of the CEO to issue of sureties, endorsements, and guarantees.

Strategy

- thorough review of the Group strategy, as every year, as part of a meeting of four days named "Strategy session", held physically and remotely from August 30 to September 2, 2021, specifically dedicated to the topic;
- review, during this Strategy session, on an in-depth strategy analysis of North America, India, software strategy;
- authorization or review of external growth operations (such as Uplight, Qmerit)
- review of the portfolio;
- information about moves and changes concerning competitors of Schneider Electric.

Corporate governance & Sustainability

- deliberation on the composition of its membership and that of its committees and the principle of balanced representation of men and women;
- deliberation on whether to maintain the unification of the functions of Chairman & CEO;
- deliberation, at its meeting of October 26, 2021, on its self assessment;
- deliberation on and review of the principles and criteria relating to the compensation of the Corporate Officers and approval of the compensation and benefits of all types that may be or have been granted;
- information on the meetings with major shareholders conducted by the Vice-Chairman & Lead Independent Director on governance topics;
- information on the salary review of members of the Executive Committee;
- review of the Group's Diversity & Inclusion program;
- decision on the implementation of the 2021 Long-term incentive plan;
- recorded the calculation of the level of achievement of performance conditions applicable to Performance Share plans n° 30, 31, 31bis, 32, 33, 34, 35, 36, 37, and 37bis;
- decision of capital increases reserved for employees;
- reviewed the CSR strategy, results of the Schneider Sustanability Impacts 2018-2020 and targets of the Schneider Sustanability Impacts 2021-2025 ;
- review of the opportunity to introduce a Say on Climate;
- approval of the corporate governance report as provided for in Article L. 225-37 of the French Commercial Code;
- approval of the management report as provided for in Article L. 225-100 of the French Commercial Code;
- review of the regulated agreements and commitments;
- review of the assessment process relating to the qualification of the related party agreements as "current" or "regulated";
- thorough review, as every year, of the succession planning of the Corporate Officers and top management.

2021 Annual Shareholders' Meeting

The Board approved the agenda and draft resolutions of the 2021 Annual Shareholders' Meeting, and its report to the shareholders at the meeting. It was informed of the positions expressed by the shareholders met during the preparation of the Annual Shareholders' Meeting and took note of the proxy-advisors' reports. It approved the responses to the written questions.

Due to the COVID-19 pandemic, and in order to protect all shareholders, guests, and organizers, the Annual Shareholders' Meeting was held behind closed doors, without the physical attendance of shareholders and other persons entitled to attend, in pursuance of the order n° 2020-321 of March 25, 2020 (as extended and amended by governmental order n° 2020-1497 of December 2, 2020), and governmental decree n° 2020-418 of April 10, 2020 (as extended and amended by governmental decrees n° 2020-1614 of December 18, 2020 and n° 2021-255 of March 9, 2021), at the Company's headquarters. It approved all resolutions supported by the management, including those relating to the composition of the Board of Directors, the compensation of the Corporate Officers, and the renewal of financial authorizations.

In application of the provisions of Article 1.C.3 of the internal regulations, the Vice-Chairman & Lead Independent Director convenes executive sessions of the Board of Directors (without the Corporate Officers) at the end of each Board meeting. In 2021, the Board of Directors held five "executive sessions", *vs*. three in 2020.

In addition, when the Board debated and determined the compensation of the Chairman & CEO, the interested party was not present, as prescribed by Article 10.2 of the internal regulations, unless solicited to provide information on specific issues.

4.1.4 Operating procedures and activities of the Board committees

In its internal regulations, the Board defined the functions, missions, and resources of its five study committees: the Audit & Risks Committee, the Governance & Remunerations Committee, the Human Resources & CSR Committee, the Investment Committee, and the Digital Committee.

Committee members are appointed by the Board of Directors on the proposal of the Governance & Remunerations Committee. Committees may open their meetings to the other Board members.

The Vice-Chairman & Lead Independent Director may attend any meetings of committees of which he is not a member. The committees may commission research from external consultants after having consulted with the Chairman of the Board of Directors. They may invite anybody they wish to meetings, as necessary. Secretaries of the Board committees organize and prepare the work of the committees. They draft the minutes for the meetings of the committees which, after their approval, are sent to all members of the Board of Directors. The secretaries of the committees are members of Group management teams and specialists in the subject matters of each committee.

4.

4.1.4.1 Audit & Risks Committee

The members, operating procedures, and responsibilities of the Audit & Risks Committee are compliant with the recommendations included in the Audit & Risks Committee final report as updated by the AMF in July 2010.

6 meetings in 2021*

5 members

80% of independent Directors

100% average attendance rate

Composition as of December 31, 2021

The internal regulations and procedures of the Board of Directors stipulate that the Audit & Risks Committee must have at least three members.

Two-thirds of the members must be independent and at least one must have in-depth knowledge of accounting standards combined with hands-on experience in applying current accounting standards and producing financial statements.

• Cécile Cabanis	Chairwoman	Independent
• Willy Kissling	Member	Non-independent
• Jill Lee	Member	Independent
• Anna Ohlsson-Leijon	Member since April 28, 2021	Independent
• Fleur Pellerin	Member	Independent

As demonstrated by their career records, summarized in section 4.1.1.2 of the 2021 Universal Registration Document the Audit & Risks Committee members all have recognized expertise in finance, economics, and accounting. In addition to their in-depth financial and accounting knowledge, Mrs. Cécile Cabanis also brings her extensive knowledge of the challenges of a major French group in the CAC 40, Mr. Willy Kissling his knowledge of the building industry and Schneider Electric, Mrs. Jill Lee an in-depth knowledge of Schneider Electric's activities and of the Asian markets, Mrs. Anna Ohlsson-Leijon her professional experience and skills based on her wide-ranging finance and business background, and Mrs. Fleur Pellerin her economic and financial skills in the field of technologies.

Changes in the composition in 2021

- Chairpersonship: Mrs. Jill Lee was appointed as Chairwoman of the Committee as from January 1st, 2022 in replacement of Cécile Cabanis who remains member of the Committee.
- Membership: following her appointment as a Director by the Annual Shareholders' Meeting of April 28, 2021, Mrs. Anna Ohlsson-Leijon was appointed as a member of the Committee.

Individual attendance rate in 2021

- Cécile Cabanis **100%**
- Willy Kissling **100%**
- Jill Lee **100%**
- Anna Ohlsson-Leijon **100%**
- Fleur Pellerin **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- At least five meetings are held during the year.
- The Head of Internal Audit is the secretary of the Audit & Risks Committee.
- The Committee may invite any person it wishes to hear to its meetings.
- The statutory auditors attend meetings at which financial statements are reviewed and, depending on the agenda, all or some of the other meetings.
- It may also require the CEO to provide any documents it deems to be useful.
- It may also commission studies from external consultants.
- The Committee presents its findings and recommendations to the Board. The Chairperson of the Audit & Risks Committee keeps the Chairman & CEO and the Vice-Chairman & Lead Independent Director promptly informed of any difficulties encountered.

* Including the joint meeting with the Digital Committee relating to cybersecurity risk review.

Responsibilities

The Audit & Risks Committee is responsible for preparing the work of the Board of Directors by making recommendations on financial, extra-financial, accounting, internal control, internal audit, compliance, and risk management issues. Accordingly, its missions are as follows:

Items	Details of missions
Preparation for the annual and interim financial statements to be approved by the Board	• To check the appropriateness and consistency of the accounting methods used for drawing up consolidated and corporate accounts, as well as to check that significant operations on Group level have been dealt with appropriately and that rules relating to the scope of consolidation have been complied with • To examine off-balance sheet risks (including those of a social and environmental nature) and commitments as well as the cash situation • To examine the process for drawing up financial and extra-financial information • To review the Universal Registration Document as well as the reports on the interim financial statements and other main financial documents
Issues related to statutory auditors	• To make recommendations concerning the appointment or reappointment of the statutory auditors • To handle follow-up on legal control of consolidated and statutory accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors • To verify the auditors' independence, in particular by reviewing fees paid by the Group to their firm and network and by giving prior approval for assignments that are not strictly included in the scope of the statutory audit
Following-up on the efficiency of internal control, risk management systems, and compliance program	• To examine the organization and resources used for internal audit, as well as its annual work program; to receive a quarterly summary report on the findings of the audits carried out • To review operational risks mapping and its year-on-year evolution; to ensure procedures are implemented to prevent and reduce them • To review risk mitigation and coverage optimization • To review the rollout of the Group's internal control system and to acknowledge the outcome of entities' self-assessment regarding internal control; to ensure that procedures are implemented to identify and handle anomalies • To ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics and data protection, and the measures implemented to ensure that these policies are circulated and applied • To report to the Board on the implementation of Schneider Electric SE's charter on related party transactions and on the relevance of the criteria to qualify related party transactions as regulated agreements or not • To examine all financial, accounting, and extra-financial questions and questions related to risk management, including those of a social and environmental nature, submitted to it by the Board of Directors

Activity in 2021

The Audit & Risks Committee reported on its work at the Board's meetings of February 10, July 29, September 2, and December 15, 2021.

Items	Details of missions
Financial statement and financial disclosures	• Review of the annual and interim financial statements and of the reports on the financial statements • Review of goodwill, the Group's tax position, provisions and pension obligations, or similar obligations • Review of investor relations' documents concerning the annual and interim financial statements • Review of the Group's scope of consolidation • Review of pension commitments
Internal audit, internal control, risk management, and compliance	• Review of the risk mapping • Review of the 2022 audit and control missions plan • Review of the main internal audits performed in 2021 • Review of risks covered by insurance • Status report on the Enterprise Risk Management System • Review the Ethics and Compliance program • Update on the "duty of care" program and human rights-related topics • Cybersecurity risk review (jointly with the Digital Committee) • Review of the management report • Review of the main litigations
Statutory auditors	• Review of the fees paid to the statutory auditors and to their networks • Review of the 2022 external audit program • Selection of the external statutory auditors
Corporate governance	• Recommended dividend for 2021 • Review of the financial authorizations and proposition for their renewal by the Annual Shareholders' Meeting of April 28, 2021

4.1.4.2 Governance & Remunerations Committee

7 meetings in 2021*

6 members

67% of independent Directors

94% average attendance rate

Composition as of December 31, 2021

The Board of Directors' internal regulations and procedures provide that the Governance & Remunerations Committee must have at least three members. It is chaired by the Vice-Chairman & Lead Independent Director.	Fred Kindle	Chairman	Independent
	Léo Apotheker	Member	Non-independent
	Willy Kissling	Member	Non-independent
	Linda Knoll	Member	Independent
	Anders Runevad	Member since February 10, 2021	Independent
	Greg Spierkel	Member	Independent

Changes in the composition in 2021

- Chairpersonship: no change.
- Membership: Mr. Anders Runevad was appointed as a member of the Committee on February 10, 2021.

Individual attendance rate in 2021

- Fred Kindle **100%**
- Léo Apotheker **100%**
- Willy Kissling **100%**
- Linda Knoll **83%**
- Anders Runevad **80%**
- Greg Spierkel **100%**

Operating procedures

- The Committee is chaired by the Vice-Chairman & Lead Independent Director.
- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- The agenda is drawn up by the Chairperson, after consulting with the Chairman & CEO.
- The Committee shall meet at least three times a year.
- The Committee may seek advice from any person it feels will help it with its work.
- The Secretary of the Board of Directors is the secretary of the Committee.

Responsibilities

Items	Details of missions
Appointments	• To formulate proposals to the Board of Directors in view of any appointment made: (i) within the Board of Directors as a Director or Observer, Chairman of the Board of Directors, Vice-Chairman or Vice-Chairman & Lead Independent Director, chairperson, or committee member (ii) at the Company's senior management; particularly, to advise the Board on proposals for the appointment of any Corporate Officer
Compensation of Corporate Officers	• To formulate proposals to the Board of Directors on the compensation policy of executive Corporate Officers (Chairman of the Board of Directors and/or CEO, and Deputy CEOs if any) and of the Board members • To make recommendations to the Board of Directors concerning the determination of the components of the compensation due to executive Corporate Officers in accordance with the compensation policy approved by the shareholders and based on the contribution of the concerned persons to the performance of the Group
Missions aiming at reassuring both shareholders and the market that the Board of Directors carries out its duties with all necessary independence and objectivity	• To organize for yearly assessments to be made of the Board of Directors • To make proposals to the Board of Directors on: – determining and reviewing Directors' independence criteria and Directors' qualifications with regard to these criteria – missions carried out by the committees of the Board of Directors – the evolution of the organization and mode of operation of the Board of Directors – the application by the Company of national and international corporate governance practices – the total amount of Board members' remuneration proposed to the Annual Shareholders' Meetings together with its allocation rules – the compensation of the Vice-Chairman & Lead Independent Director

* Including the joint meeting with the Human Resources & CSR Committee relating to the 2022 - 2025 Long-term incentive plan of the Corporate Officer.

Activity in 2021

The Governance & Remunerations Committee reported on its work at the Board's meetings of February 10, April 27, July 29, October 26, and December 15, 2021.

Items	Details of missions
Proposals to the Board of Directors	• Composition of the Board of Directors and its committees • Status of the members of the Board with regard to independence criteria • Mode of exercising the functions of Chairman and CEO • Compensation of Corporate Officers (amount and structure of 2021 compensation, 2021 objectives and level of achievement of 2020 objectives) and allocation to them of performance shares as part of the Long-term incentive plan • Definition of the criteria for short-term (STIP) and long-term (LTIP) compensation of Corporate Officers (jointly with the Human Resources & CSR Committee) • Presentation of "Say on Pay" 2020 and the principles and criteria proposed for 2021 to the Annual Shareholders' Meeting • Directors' remuneration • Training program of the Directors representing the employees for 2021 • Opportunity to introduce a Say on climate
Reports to the Board of Directors	• Review of the succession plan for the Chairman & CEO • Draft corporate governance report of the Board of Directors
Self-assessment of the Board of Directors	• Leading of the self-assessment of the Board of Directors
Shareholder engagement	• Reporting on the Vice-Chairman & Lead Independent Director's meetings with governance analysts within the main shareholders: 24 meetings were held, covering about 35% of the share capital. These meetings reflect the importance given by the Company to dialogue and the direct commitment of Directors towards shareholders (see "Report of the Vice-Chairman & Lead Independent Director of the Board of Directors", section 4.1.5 of Chapter 4 of this Universal Registration Document)

4.1.4.3 Human Resources & CSR Committee

4 meetings in 2021*

6 members

75% of independent Directors**

100% average attendance rate

Composition as of December 31, 2021

The Board of Directors' internal regulations and procedures provide that the Human Resources & CSR Committee must have at least three members.	• Linda Knoll	Chairwoman	Independent
	• Rita Felix	Member	Employee Director
	• Willy Kissling	Member	Non-independent
	• Xiaoyun Ma	Member	Employee Director
	• Fleur Pellerin	Member	Independent
	• Anders Runevad	Member	Independent

Changes in the composition in 2021

- Chairmanship: no change.
- Membership: no change.

Individual attendance rate in 2021

- Linda Knoll **100%**
- Rita Felix **100%**
- Willy Kissling **100%**
- Xiaoyun Ma **100%**
- Fleur Pellerin **100%**
- Anders Runevad **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- The agenda is drawn up by the Chairperson, after consulting with the Chairman & CEO.
- The Committee shall meet at least three times a year.
- The Committee may seek advice from any person it feels will help it with its work.
- The Chief Human Resources Officer, Mrs. Charise Le, is the secretary of the Committee.

* Including the joint meeting with the Governance & Remunerations Committee relating to the 2022 – 2025 Long-term incentive plan of the Corporate Officer.
** Employee Directors excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

Responsibilities

Items	Details of missions
Employee shareholding schemes and share allocation plans	• To formulate proposals to the Board of Directors on the implementation of employee shareholding schemes and allocation of free or Performance Shares, and on the volume of shares granted to all of the eligible Corporate Officers, including executive Corporate Officer(s)
Compensation of Group managers	• To formulate projects on proposals made by general management on: – compensation for members of the Executive Committee – principles and conditions for determining the compensation of Group executives – pay-equity ratio
Succession plan for key Group executives	• To examine succession plans for key Group executives • The Committee shall be informed of any nomination of members of the Executive Committee and of main Group executives
Human resources and CSR policy	• To prepare for the Board of Directors' deliberations on: – employee shareholding development – reviews made by the Board on social and financial impacts of major re-organization projects and major human resources policies – monitoring management of risks related to human resources – examining the different aspects of the Group's CSR policy – diversity and inclusion policy, including the policy on the equal treatment of men and women

Activity in 2021

The Human Resources & CSR Committee reported on its work at the Board's meetings of February 10, October 26, and December 15, 2021.

Items	Details of missions
Proposals to the Board of Directors	• 2021 annual Long-term incentive plan and implementation of specific Performance Share plans to support the recruitment and the retention policy • Definition of the criteria for short-term (STIP) and long-term (LTIP) compensation of top managers and executive Corporate Officers (jointly with the Governance & Remunerations Committee)
Reports to the Board of Directors	• Review of the compensation, performance, and succession plans of Executive Committee members • 2022 Long-term incentive plan • Review of equal opportunity, gender pay equity, and diversity & inclusion policy • Review of the CSR strategy and performance and of the Group's positioning *vs.* its peers

4.1.4.4 Investment Committee

3 meetings in 2021

6 members

80% of independent Directors*

89% average attendance rate

Composition as of December 31, 2021

The Board of Directors' internal regulations and procedures provide that the Investment Committee must have at least three members.	• Léo Apotheker	Chairman	Non-independent
	• Fred Kindle	Member	Independent
	• Anders Runevad	Member	Independent
	• Greg Spierkel	Member	Independent
	• Lip-Bu Tan	Member	Independent
	• Bruno Turchet	Member since April 28, 2021	Employee Director

Changes in the composition in 2021

- Chairmanship: no change.
- Membership: Mrs. Xiaoyun Ma left the Committee following her appointment as a member of the Digital Committee.
  Mr. Bruno Turchet was appointed as a member of the Committee with effect on April 28, 2021 in replacement of Mr. Patrick Montier.

* Employee Directors excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

Individual attendance rate in 2021

- Léo Apotheker **100%**
- Fred Kindle **67%**
- Anders Runevad **67%**
- Greg Spierkel **100%**
- Lip-Bu Tan **100%**
- Bruno Turchet **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- The agenda is drawn up by the Chairperson, after consulting with the Chairman & CEO.
- The Committee shall meet three times a year, less or more depending on the circumstances.
- In order to carry out its assignments, the committee may hear any person it wishes and call upon the Chief Strategy & Sustainability Officer.
- The Chief Strategy & Sustainability Officer, Mr. Olivier Blum, is the secretary of the Committee.

Responsibilities

Items	Details of missions
Preparation of the Board of Directors' deliberations on investment policy	• The Committee: – Elaborates recommendations for the Board on major capital deployment decisions – Advises the management team on capital deployment strategies – Launches, at the Board's request, or suggests research projects leading to material investments for the Company, typically for capital deployment decisions of EUR 250 million or above – Investigates matters of smaller scale, if the strategic significance warrants it or the Board/ Chairman of the Board specifically requires it – Provides recommendations on major merger, alliances, and acquisition projects – Pays special attention to reconfiguration or consolidation scenarios happening in the sectors the Company is operating in or likely to operate in – Examines portfolio optimizations and divestment projects of financial or strategic significance – Supports the management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments – Presents to the Board, social and environmental aspects of the strategic projects submitted to it such as M&A projects

Activity in 2021

The Investment Committee reported on its work at the Board's meetings of February 10, July 29, and December 15, 2021 and during the Strategy session.

Items	Details of missions
Proposals to the Board of Directors	• Follow-up of investment projects and opportunities • Strategic minority investment in Uplight • Acquisition of Qmerit, squeeze-out of RIB's minority shareholders and merger with IGE+XAO • Portfolio review

4.1.4.5 Digital Committee

5 meetings in 2021*

5 members

75% of independent Directors**

100% average attendance rate

Composition as of December 31, 2021

The Board of Directors' internal regulations and procedures provide that the Digital Committee must have at least three members.	• Greg Spierkel	Chairman	Independent
	• Léo Apotheker	Member	Non-independent
	• Xiaoyun Ma	Member since February 10, 2021	Employee Director
	• Fleur Pellerin	Member	Independent
	• Lip-Bu Tan	Member	Independent

* Including the joint meeting with the Audit & Risks Committee relating to cybersecurity risk review.
** Employee Directors excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

Changes in the composition in 2021

- Chairmanship: no change.
- Membership: Mrs. Xiaoyun Ma was appointed as a member of the Committee on February 10, 2021.

Individual attendance rate in 2021

- Greg Spierkel **100%**
- Léo Apotheker **100%**
- Xiaoyun Ma **100%**
- Fleur Pellerin **100%**
- Lip-Bu Tan **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- The agenda is drawn up by the Chairperson, after consulting with the Chairman & CEO.
- The Committee shall meet at least three times a year, including the joint review of cybersecurity risks with the Audit & Risks Committee.
- In order to carry out its assignments, the Committee may hear any person it wishes.
- The Chief Digital Officer, Mr. Peter Weckesser, is the secretary of the Committee.

Responsibilities

Items	Details of missions
• To assist the Board in digital matters in order to guide, support, and control the Group in its digitization efforts • To prepare the Board of Directors' deliberations on digital matters	• For this purpose, the Digital Committee will review, appraise, and follow-up projects and, generally, advise, *inter alia* on seven areas: – Development and growth of the EcoStruxure™ digital business, including (i) enhancing Core Businesses with Connectivity & Analytics, (ii) building new digital offers and business models, and (iii) establishing its contribution to and consistency with the overall strategy – Improvement and transformation of the Group's Digital Customers & Partners Experience; – Improvement of Schneider Electric's Operational Efficiency through the effective use of Information Technology and digital automation capabilities; – Assessment of cyber risks and enhancement of the Group's cybersecurity posture (jointly with the Audit & Risks Committee); – Assessment of the contribution of potential M&A operations to the Group's Digital strategy; – Monitoring and analysis of the digital landscape (competitors and disrupters, threats, and opportunities); – Ensuring that the Company is equipped with the right pool of talents for digital transformation.

Activity in 2021

The Digital Committee reported on its work at the Board's meetings of February 10, July 29, October 26, and December 15, 2021.

Items	Details of missions
Proposals and reports to the Board of Directors	• EcoStruxure™ Openness • Product Lifecycle Management • End to End Digital Customer Experience • AI & Scale Program • ERP strategy • Joint review with the Audit & Risks Committee of the cybersecurity risks • General updates on Schneider Digital

4.1.5 Report of the Vice-Chairman & Lead Independent Director of the Board of Directors

Mr. Fred Kindle hereby reports on the work he carried out in 2021 as part of his responsibilities as Vice-Chairman & Lead Independent Director. He was appointed as Vice-Chairman on April 23, 2020 in replacement of Mr. Léo Apotheker.

The Vice-Chairman & Lead Independent Director is appointed by the Board of Directors in pursuance of Article 12 of the Articles of Association, which provide for the appointment of a Vice-Chairman with the function of a Lead Independent Director if the roles of Chairman & CEO are combined. In compliance with Article 12 of the Articles of Association, the duties of the Vice-Chairman & Lead Independent Director are defined by the internal regulations of the Board of Directors. Those internal regulations and the charter for the Vice-Chairman & Lead Independent Director can be found on section 4.1.2.4 of Chapter 4 of this Universal Registration Document.

Information of the Vice-Chairman & Lead Independent Director

To be able to carry out his duties, the Vice-Chairman & Lead Independent Director must have excellent knowledge of the Group and be particularly well informed about its business performance.

As such, the Vice-Chairman & Lead Independent Director is apprised of current events and the performance of the Group through weekly exchanges with the Chairman & CEO. He meets regularly with members of the Group Executive Committee and pursues regular interactions with managers and other employees of the Group in various sites of Schneider Electric.

He is continuously kept informed of the evolution of the competitive environment, technological breakthroughs, and business opportunities. Additionally, he is the Chairperson of the Governance & Remunerations Committee and a member of the Investment Committee.

Participation in the preparation of the meetings of the Board

The Vice-Chairman & Lead Independent Director participated in the preparation for meetings of the Board of Directors. As a result, he has participated in all the "pre-Board" meetings. As a matter of fact, each meeting of the Board of Directors is preceded by one or two pre- Board meetings, in which the Chairman & CEO, the Vice-Chairman & Lead Independent Director, the Chief Financial Officer, the Chief Governance Officer, and the Secretary of the Board of Directors review the topics and issues addressed by the committees, and establish the agenda prepared by the Chairman & CEO and the content of the meeting file.

Executive sessions

The Vice-Chairman & Lead Independent Director chairs the executive sessions (*i.e.*, the meetings where Board members meet without the presence of the Corporate Officer), convened at the end of each Board meeting. The employee Directors are invited to attend all executive sessions following meetings of the Board at which they are present.

The Board of Directors held five executive sessions in 2021 during which its members expressed their views and observations on, among others, the Group's strategic options and the succession planning of the Corporate Officer. The Vice-Chairman & Lead Independent Director reported the conclusions thereof to the Chairman & CEO.

Interaction with shareholders

The Vice-Chairman & Lead Independent Director is the designated contact for the shareholders on matters pertaining to corporate governance. He carried out two shareholder engagement campaigns in 2021: one before the Annual Shareholders' Meeting to present to those who so wished, the resolutions submitted to the shareholders' approval; the other one, in the fall semester, to freely exchange views on topical themes of corporate governance that do not materialize in resolutions submitted to the shareholders' approval and thus, are excluded from the usual dialog. On this occasion, the Vice-Chairman & Lead Independent Director explained to the investors' representatives the growing importance of social and environmental topics at the Board of Directors and their reflection in the Corporate Officers' compensation. Overall, these two campaigns comprised 24 face-to-face or phone meetings with analysts from a wide range of corporate governance cultures and covered around 35% of the share capital. The conclusions of these discussions have been reported in detail to the Governance & Remunerations Committee and contributed to its on-going thought process on governance matters. A report thereon was subsequently made to the Board.

Other duties

The Vice-Chairman & Lead Independent Director conducted the annual deliberation of the Board on its composition, organization, and operations as well as those of its committees. In 2021, this self-assessment was carried out internally. The conclusions of this assessment, which highlighted the quest for continuous improvement, are presented in section 4.1.2.6 of this Universal Registration Document.

The Vice-Chairman & Lead Independent Director has also had frequent contacts with each of the Directors. He ensured that there was no conflict of interest within the Board of Directors, which he would have been responsible for bringing to the attention of the Chairman.

4.1.6 Senior management

The senior management of Schneider Electric SE consists of the Chairman & Chief Executive Officer supported by the Executive Committee.

The Executive Committee

The operational organization of the senior management of the Group is supported by the Executive Committee, which is chaired by the Chairman & Chief Executive Officer. The Executive Committee meets every month to analyze and evaluate the financial performance of the Group's various businesses compared with the budget, strategic developments, and major events affecting the Group.

As of April 1st, 2022, the Executive Committee comprises of the 16 following members. As per its Diversity & Inclusion Policy, Schneider Electric pays a lot of attention to the composition of its Executive Committee, in particular to ensure a diversity of culture and gender. Thus, six nationalities from three continents are part of the Executive Committee. According to the objective to comprise at least 40% of women, the Executive Committee includes 44% of women (*vs.* 38% previously).

Name of Executive Committee member	Gender	Age	Nationality	Responsibility
Jean-Pascal Tricoire	M	58	French	Chairman & Chief Executive Officer
Gwenaelle Avice-Huet	F	42	French	Chief Strategy & Sustainability Officer
Laurent Bataille	M	43	French	Executive Vice-President France Operations
Olivier Blum	M	51	French	Executive Vice-President Energy Management
Annette Clayton	F	58	American	Executive Vice-President North America Operations
Hervé Coureil	M	51	French	Chief Governance Officer & Secretary General
Philippe Delorme	M	51	French	Executive Vice-President Europe Operations
Barbara Frei	F	51	Swiss	Executive Vice-President Industrial Automation
Charise Le	F	49	Chinese	Chief Human Resources Officer
Chris Leong	F	54	Malaysian	Executive Vice-President Chief Marketing Officer
Hilary Maxson	F	44	American	Chief Financial Officer
Nadège Petit	F	42	French	Chief Innovation Officer
Luc Rémont	M	52	French	Executive Vice-President International Operations
Mourad Tamoud	M	50	French	Executive Vice-President Global Supply Chain
Peter Weckesser	M	53	German	Chief Digital Officer
Zheng Yin	M	50	Chinese	Executive Vice-President China Operations

The Business Pulse community

The Business Pulse community includes the Executive Committee members and approximatively 1,000 leaders of Schneider Electric's main functions and business operations respectively. Its responsibilities are to ensure cascading of the Group's objectives, help ensure rapid, responsive decision-making, as well as smooth, efficient implementation of such decisions. The Business Pulse community met digitally seven times in total in 2021 to exchange on these matters.

4.1.7 Regulated agreements and commitments

4.1.7.1 Review of the Regulated Agreements and Commitments entered into by Schneider Electric SE

No agreement were concluded during the year that should have required to be approved by the Annual General Meeting in accordance with article L. 225-38 of the French Commercial Code.

4.1.7.2 Procedure for assessing agreements relating to ordinary business operations concluded under normal conditions

The Board of Directors, at its meeting of December 11, 2019, established a procedure for regularly assessing whether agreements relating to ordinary business operations concluded under normal conditions meet these conditions. Any persons directly or indirectly concerned by any of these agreements shall not participate in its assessment.

The procedure is comprised of two phases:

- the assessment of the application of Schneider Electric SE's internal charter for regulated agreements approved by the Board of Directors on February 19, 2020, which results in an annual business report drawn up jointly by the legal department and the Secretary of the Board of Directors. This report is made available to the Audit & Risks Committee for preparing the evaluation report it draws up for the Board of Directors;
- the assessment by the Board of Directors of criteria for qualifying agreements relating to ordinary business operations concluded under normal conditions which deliberates on the basis of the above-mentioned assessment report drawn up by the Audit & Risks Committee.

According to this procedure, the Governance & Remunerations Committee reviewed at its meeting of December 13, 2021, the relevance of criteria for qualifying agreements relating to ordinary business operations concluded under normal conditions as defined by the procedure and decided not to amend it.

4.1.7.3 Statutory auditors' report on related party agreements

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement.

Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized during the year to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements previously approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year.

Paris-La Défense, March 11, 2022

The Statutory Auditors
French original signed by

MAZARS
Loïc Wallaert Mathieu Mougard

ERNST & YOUNG et Autres
Alexandre Resten

4.2 Compensation Report

4.2.1 Overview

Throughout 2021, the Board continued to discuss compensation policy and approach with many of Schneider Electric's largest shareholders, as well as investor representative bodies. The Vice-Chairman & Lead Independent Director met with 24 investors, representing ~35% of the share capital during two shareholders engagement campaigns dedicated to Governance and Remuneration topics, one in March ahead of the AGM and one in the fall, and reported back to the Governance & Remunerations Committee and to the Board thereafter. This dialogue will be pursued in 2022 to ensure that the Board takes the feedback into account to determine the compensation policy of the Corporate Officers.

The compensation paid or granted to the Corporate Officer in 2020 was approved by more than 87% of our shareholders at the 2021 Annual General Meeting and the 2021 compensation policy was supported by 81% of the shareholders at the 2021 Annual Shareholders' meeting. The Board listened carefully to some comments made by the shareholders during the subsequent engagement with the shareholders. No major concerns were raised. Institutional shareholders have different guidelines and sensitivities which the Board tries to incorporate as much as possible.

For 2022, the Board of Directors wishes to maintain the overall stability of the compensation policy which demonstratedly drives the right behaviours, appears balanced, provides market competitive pay, ensures a strong link between pay and performance, strong alignment with both employees and shareholders, and long-term focus, while at the same time taking into account the shareholders' feedbacks. The Board proposes the following changes for 2022:

Key changes proposed in the Compensation policy

Stringency of the TSR criterion for the LTIP	The vesting for the criterion of TSR compared to a bespoke industry panel of 11 companies would be made more stringent, with no vesting at ranks 7 and below in the bespoke peer group. No vesting under the median of the group would be allowed.
Disclosure of the targets set for the improvement of the adjusted Earnings per share criterion for the LTIP	The Board is also committing to disclose *ex-post* the targets of improvement of the adjusted Earnings per share which will allow shareholders to assess their stringency and the link between pay and performance.
Cap of the LTIP granted to the Corporate Officer	The cap of long-term instruments that could be granted to the Corporate Officer was previously expressed in number of shares, no more than 60,000 shares. The Board proposes that the cap be now expressed as a percentage of his remuneration (fixed and variable short-term compensation at target). Notably, the long-term instruments granted to the Corporate Officer, valued in accordance with IFRS standards, should not represent a disproportionate percentage of his overall compensation, and should be no more than 200% of the combined fixed and short-term variable compensation at target.

Group's strategic priorities

Organic growth

Value for customers

Sustainability

Continuous efficiency

Value & returns to shareholders

How the strategy links to the Corporate Officers' variable compensation

Annual incentive plan

Delivering strong execution and creating value for customers and shareholders every year to contribute to Schneider Electric's long-term success, in line with the financial objectives communicated to the market

Group organic sales growth	Group adjusted EBITA margin improvement	Group cash conversion rate	Schneider Sustainability Impact
40%	30%	10%	20%

Long-term incentive plan

Building an integrated and leading company with strong sustainability focus and attractive returns to shareholders

Adjusted Earnings Per Share	Relative Total Shareholder Return	Schneider Sustainability External & Relative Index
40%	35%	25%

2021 performance highlights

Business performance

2021 was a record year setting foundation for ongoing sustainable growth with all-time high Revenues, Adj. EBITA margin and Net Income.

Revenue

€28.9bn

Adjusted EBITA (organic)

€4.9bn

Cash conversion

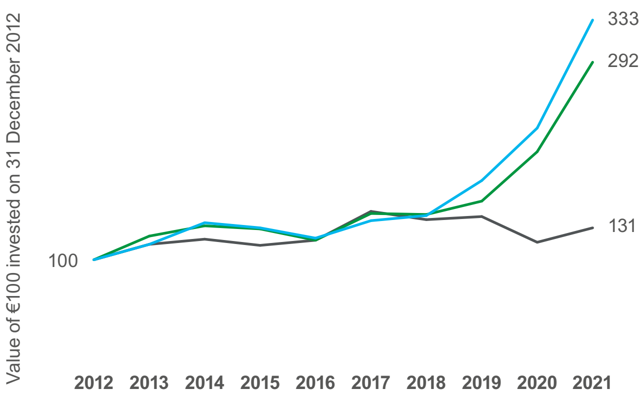
87%

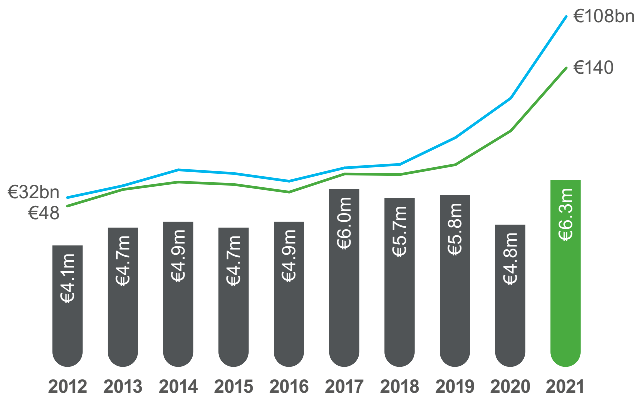
Progress on Schneider Sustainability Impact

3.92

Positioning in relation to the Company's performance

Chairman & Chief Executive Officer compensation vs. shareholder value creation – share price and enterprise value growth over 10 years (base 100).





- Total Awarded Compensation (salary + actual Annual Incentive + performance shares granted in the year of reference according to IFRS valuation)
- SE share price
- Enterprise value (shares in issue + net debt + minority interests + net pension liability)

Note: LTI grants for 2020 and 2021 are presented "at target".

Summary of the compensation realized during the year 2021

Jean-Pascal Tricoire, Chairman and CEO (Euros)

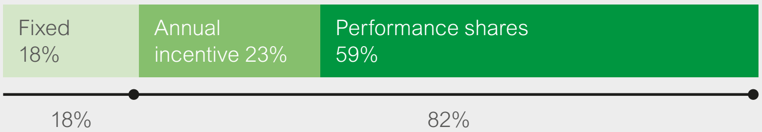
Salary	STIP	LTIP	Other
1,000,000	1,990,300	10,022,858[(1)]	629,578

(1) LTIP represents realized value of shares vested in 2021 (LTIP 2019).

4.2.2 Report on the compensation granted or paid during the 2021 fiscal year (say on pay *ex-post*)

4.2.2.1 Pillars and principles

The principles and criteria determining the 2021 compensation described in this section were supported by the shareholders at the Annual Shareholders' Meeting on April 28, 2021. They are deemed to constitute the last policy approved by the shareholders in the meaning of Article L. 22-10-8 of the French Commercial Code and govern the entirety of the compensation granted by the Group to the Corporate Officers until the next policy is approved by the shareholders.

Pillar	How It is reflected in the Group 2021 Compensation Policy
Pay-for-performance	**Principle 1: Prevalence of variable components: circa 80% for CEO (at target).** A prevalent part of the Corporate Officer target package shall be variable; the 2021 target package thus consists of approximately 80% variable pay component (excluding pension payments). Chairman and Chief executive officer: On target pay mix  **Principle 2: Performance evaluated *via* economic and measurable criteria.** Performance is evaluated *via* criteria that are mainly economic (80% of variable cash compensation and 75% of multi-year Performance Shares) and measurable, which are selected based on KPIs used in the market communication and drivers of the Group's strategy. All criteria have measurable targets approved by the Board at the beginning of the performance period, ensuring targets are achievable but demanding. **Principle 3: Financial and Sustainability objectives are fairly balanced and distributed between short-term (annual incentive) and medium-term (long-term incentive) components.** 2021 Annual Incentive (80% financial/ 20% sustainability): • 40% Group organic sales growth • 30% Adjusted EBITA margin (organic) improvement • 10% Group cash conversion rate • 20% Schneider Sustainability Impact (SSI) 2021 Long-term incentive (75% financial/ 25% susutainability): • 40% Adjusted Earning per Share (EPS) • 35% Relative Total Shareholder Return • 25% Schneider Sustainability External & Relative Index (SSERI)
Alignment with shareholders' interests	**Principle 4: Significant proportion of the total compensation delivered in shares.** The Corporate Officer's target package consists of approximately 60% long-term share-based compensation, meaning their compensation is subject to the same share price volatility that shareholders experience. **Principle 5: Performance conditions aligned to shareholders' expectations and Schneider Electric's strategic priorities.** Performance criteria were selected from financial indicators that are most representative of Group performance and that are closely linked to shareholder value creation. Performance levels required to reach targets were set at the beginning of the performance period in line with the objectives disclosed to the market at the same time as the results of the previous fiscal year and were supplemented by factors that enable the Group to offer a long-term and satisfactory development outlook for all stakeholders in the Company's success.

Competitiveness

Principle 6: To benchmark the Corporate Officer's compensation package "at target" in the median range of the Company's peer group.

Schneider Electric competes for talent in a global marketplace. Most of the Group's key competitors are headquartered outside France. To reflect this, the International Peer group consists of 24 French, European, and US companies that are comparable to Schneider Electric in size or industry sector, or that represent a potential source of recruitment or attrition. Compensation levels for Corporate Officer are reviewed annually and benchmarked by reference to the median of this peer group to ensure they remain reasonable and appropriately competitive. This benchmarking is primarily used to establish a frame of reference for what competitors are paying to comparable roles, rather than as the main factor for making compensation decisions.

The 2021 peer group comprises European and US-based companies:
- Business competitors (in particular, those identified in the Long-term incentive plan as performance peers for TSR comparison purposes);
- Talent competitors for operational and functional roles; and
- "Acceptance" peers (*i.e.* similar groups in terms of size, business, or structure).

For 2021, the Board decided to replace Thyssenkrupp by BASF which size and geographical markets are more similar to Schneider Electric.

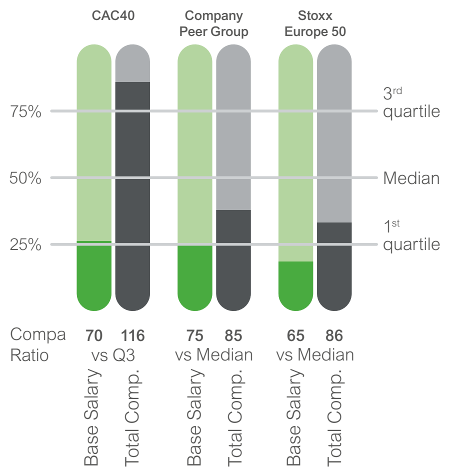
Group 1: European (Capital Goods)	**Group 2:** European (Construction)	**Group 3:** European (Technology Hardware & Software)	**Group 4:** European (Industrial B2B)	**Group 5:** US (Capital Goods)	**Group 6:** US (Technology Hardware & Software)
ABB Atlas Copco Legrand Siemens CNH Industrial	ACS Lafarge Holcim Saint-Gobain Vinci	Dassault Systèmes Hexagon SAP TE Connectivity	Airbus Group Air Liquide Bayer BASF	Eaton Emerson Honeywell Johnson Controls Rockwell Automation	Autodesk PTC

Principle 7: To reference the CAC 40 third quartile and the Stoxx Europe 50 median.

The Board reviews Corporate Officer's compensation with reference to the upper quartile of the CAC 40 companies and the median of the Stoxx Europe 50 companies, in line with the Group's position within these panels.

Positioning relative to the market benchmarks

Chairman and CEO compensation relative to the market benchmarks



Total compensation includes base salary, annual incentive at target, and IFRS value of Performance Shares granted during the year.

4.2.2.2 Chairman & CEO's compensation in relation to the 2021 fiscal year

At its meeting on February 16, 2022, after examining the suitability and fairness of the outcome of the 2021 compensation policy for the Corporate Officer and its alignment with the Group's performance, upon recommendation of the Governance & Remunerations Committee, the Board determined the Corporate Officer's compensation for 2021 in accordance with the principles and criteria previously approved by the shareholders in April 2021 at the Annual Shareholders' Meeting. The outcome is detailed and commented hereinafter along with the performance results for each component of the compensation.

Table summarizing the compensation paid or granted to the Chairman and CEO in 2021

The following table summarizes the compensation and benefits awarded or paid to the Chairman and CEO for the fiscal years 2021 and 2020, presented on a reported basis in accordance with AFEP-MEDEF guidelines as well as on a realized basis, where performance conditions assessment have ended in the reported fiscal year.

Jean-Pascal Tricoire Chairman & Chief executive officer	Compensation & benefits awarded for fiscal year		Compensation & benefits realized in fiscal year	
(Euro)	**2021**	2020	**2021**	2020
A – CASH COMPENSATION				
Fixed compensation	**1,000,000**	875,000	**1,000,000**	875,000
Annual variable compensation(1)	**1,990,300**	1,048,775	**1,990,300**	1,048,775
Compensation in relation to the Director's office	**0**	0	**0**	0
SUBTOTAL (A) (CASH)	**2,990,300**	1,923,775	**2,990,300**	1,923,775
B – LONG TERM INCENTIVE				
Valuation of the Performance Shares	**3,326,329(2)**	2,897,700(2)	**10,022,858(3)**	6,968,935(3)
SUBTOTAL (B) LONG TERM INCENTIVE	**3,326,329**	2,897,700	**10,022,858**	6,968,935
C – PENSION CASH BENEFIT				
Complementary payment for pension building (fixed)	**191,600**	191,600	**191,600**	191,600
Complementary payment for pension building (variable)	**381,341**	229,652	**381,341**	229,652
SUBTOTAL (C) PENSION CASH BENEFIT	**572,941**	421,252	**572,941**	421,252
D – OTHER BENEFITS				
Other benefits(4)	**56,637**	36,124	**56,637**	36,124
SUBTOTAL (D) OTHER BENEFITS	**56,637**	36,124	**56,637**	36,124
TOTAL COMPENSATION AND BENEFITS (A)+(B)+(C)+(D)	**6,946,207**	**5,278,851**	**13,642,736**	**9,350,086**

(1) The annual incentive for the fiscal year 2020 was paid in 2021 after approval by the shareholders at the Annual Shareholders' Meeting of April 28, 2021 of the 6th resolution relating to the compensation paid, due, or awarded to Jean-Pascal Tricoire in respect of the 2020 fiscal year. Hence, the total compensation in cash actually **paid** in the fiscal year 2021 to Jean-Pascal Tricoire amounts to **€2,470,027** (2021 fixed compensation + 2020 annual incentive + fixed portion of pension benefit for 2021 + variable portion of pension benefit for 2020). Likewise, in accordance with Article L.22-10-34 II of the French Commercial Code, the variable elements in cash awarded to Jean-Pascal Tricoire for the financial year 2021 will only be paid in 2022, subject to their prior approval by the shareholders at the Annual Shareholders' Meeting of May 5, 2022 under the 8th resolution.

(2) **Value of Performance Shares granted during fiscal year** – As per AFEP-MEDEF Corporate Governance Code methodology, compensation is presented on a reported basis. Long-term incentives for the fiscal year include Performance Shares granted during the fiscal year, the performance period of which has not elapsed. The value of Performance Shares corresponds to the number of shares granted, before reduction on account of performance, multiplied by the share price determined in line with IFRS accounting standards.

(3) **Value of Performance Shares deemed vested during the fiscal year** – In order to facilitate the analysis, the Long-term incentives are also presented on realized value basis, where the value of Performance Shares corresponds to the actual number of shares (granted in previous years) deemed vested at the end of the fiscal year, after reduction for performance conditions, multiplied by the share price on December 31, 2020 or 2021, as the case may be.

(4) **Other benefits** include company car, employer matching contributions to capital increase for employees or contributions to Employee Saving Plan and to collective Pension Saving Plan (PERCO) as well as benefits from French profit-sharing plan.

Say on pay table relating to the compensation paid or granted to the Chairman and CEO in 2021

The fixed, variable, and exceptional components of the total compensation and benefits paid or awarded for the fiscal year 2021 to the Corporate Officer, as detailed below, will be submitted to the shareholders for approval at the 2022 Annual Shareholders' Meeting of May 5, 2022 under the 8th resolution.

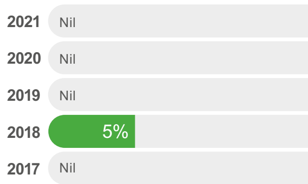
The tables below summarize the compensation paid during the past fiscal year and compensation awarded for the past fiscal year, along with a description of how each component was calculated in compliance with the compensation policy in force.

<table>
<tr><th>Elements of compensation submitted to the vote</th><th>Amounts</th><th>Description</th></tr>
<tr><td>Fixed compensation</td><td>€1,000,000
(amount due for 2021 paid in 2021)

Reminder: €875,000 (amount due for 2020 paid in 2020)</td><td>
Reminder of the 2021 compensation policy
In 2020, as a practical expression of solidarity with the Group employees affected by the COVID-19 crisis, Mr. Jean-Pascal Tricoire volunteered to contribute 25% of his 2020 fixed compensation payed for six months to the Tomorrow Rising Fund. Hence, his fixed compensation paid during and for the fiscal year 2020 amounted to €875,000.

For the fiscal year 2021, his theoretical gross annual fixed compensation was set by the Board of Directors at €1,000,000 upon recommendation from the Governance & Remunerations Committee.

For 2021, the Board decided not to award a salary increase to the Corporate Officer. The fixed compensation is reviewed at long intervals by the Board in accordance with the AFEP-MEDEF Corporate Governance Code. Base salary element represents approximately 20% of total target compensation for Corporate Officer.

Salary increase over the last 5 years


Application of the 2021 compensation policy
Mr. Jean-Pascal Tricoire received in 2021 a fixed compensation of €1,000,000.
</td></tr>
<tr><td>Annual variable compensation</td><td>€1,990,300
(amount due for 2021 to be paid in 2022)

Reminder: €1,048,775 (amount due for 2020 paid in 2021)</td><td>
Reminder of the 2021 compensation policy
The annual variable compensation rewards achievement of the short-term financial, and sustainability (corporate and social responsibility) objectives of the Group.

The pay-out opportunity is as follows:
• at threshold performance: 0% of the fixed compensation;
• at target: 130% of the fixed compensation;
• at maximum over-performance: 260% of the fixed compensation.

The payment of the variable annual cash compensation is conditional upon approval by shareholders of the compensation granted to the concerned Corporate Officer.

The structure of the 2021 Annual variable compensation focuses on what matters to Schneider Electric in delivering value to shareholders. 100% of the variable compensation depends on measurable objectives:
• 80% depends on Financial criteria which closely align pay outcomes for the Corporate Officer to Schneider Electric's financial performance:
– organic sales growth (40%),
– adjusted EBITA margin improvement (30%), and
– cash conversion rate (10%);
• 20% depends on Schneider Sustainability Impact (SSI) highlighting the importance of sustainability on Schneider Electric's business agenda.

The Board also ensured that stringent targets were set for the annual variable compensation with maximum award only payable if a strong performance is delivered on each performance metric.
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</table>

Annual variable compensation (continued)

Application of the 2021 compensation policy

The annual incentive due for 2021 was determined by the Board at the meeting of February 16, 2022, based on the attainment rate of the objectives set for fiscal year 2021 as follows:

2021 performance criteria	Weight (%)	Performance Range Threshold 0%	Target 100%	Maximum 200%	Achievement 2021 Results	Achievement rate (non-weighted)	Achievement rate (weighted)
Group financial indicators (80%)							
Organic Sales growth	40%	8%	10%	12%	**12.7%**	**200.0%**	**80.0%**
Adjusted EBITA margin improvement (org.)	30%	0.9pts	1.3pts	1.5pts	**+1.4pts**	**150.0%**	**45.0%**
Cash Conversion rate	10%	85%	100%	115%	**87%**	**13.3%**	**1.3%**
Sustainability (20%)							
Schneider Sustainability Impact (score)	20%	3.25	3.75	4.25	**3.92**	**134.0%**	**26.8%**
Total	100%						**153.1%**

Overall, 2021 annual variable compensation resulted in a total achievement rate of 153.1%, above target, reflecting record levels in revenues and adjusted EBITA, and good free cash-flow delivered by Schneider Electric in 2021 and the exceptional achievement of ambitious targets.

Indeed, after having set the compensation targets on February 10, 2021, aligned with the targets disclosed to the market published at that time, the Board decided on April 27, 2021 to use the discretion clause provided in the 2021 Compensation policy approved by shareholders at the 2021 Annual General Meeting. The targets set at the beginning of 2021 did not appear adequate anymore considering the market's growth which was much higher than expected. Therefore, the Board resolved to adjust and increase the targets linked to revenue growth and Adjusted EBITA margin improvement in order to align them with the new guidance announced to the market at that time:

- Revenue growth of +8% to +11% organic;
- Adjusted EBITA margin up +90bps to +130bps organic.

This decision has been made to ensure a better alignment with the shareholders experience.

The 2021 results having exceeded the targets disclosed to the market in April 2021, the total achievement rate of the annual variable compensation of the Corporate Officer was set by the Board at 153.1% of the targeted variable compensation, reflecting strong performance of Schneider Electric in 2021 as was also reflected in the excellent Total Shareholder Return of Schneider Electric.

When the targets disclosed to the market were, once again, upgraded in July 2021, the Board resolved not to review the compensation targets as it was considered that this new guidance could not anymore be attributed to external factors, such as improved market conditions, but was instead linked to the company's intrinsic performance.

Detailed achievement of each criterion:

- **Organic Sales growth:** The Group delivered an organic sales growth of +12.7%, which was above the guidance communicated to the market in April 2021 of +8% to +11%. Therefore, this good performance resulted in the maximum achievement rate of this criterion, *i.e.*, 80% on the range between 0% to 80%.
- **Adjusted EBITA margin improvement:** In 2021, Adjusted EBITA margin rate improved by +140bps organically to reach 17.3%, thanks to a combination of strong top line performance, pricing actions and productivity. This performance is above the guidance objective of +90bps to +130bps communicated to the market in April 2021. As a result, the achievement rate on this criterion is set at 45% on a scale from 0% to 60%.
- **Cash conversion:** free cash-flow was €2.8bn with operating cash flow impacted by working capital requirements, as trade receivables rebounded and inventory increased both as a consequence of the strong external demand environment, and the supply chain pressures (some components shortages leading to higher safety stocks). Therefore, cash conversion was only 87% in 2021 which represented an achievement rate of 1.3% on this criterion, on a scale from 0% to 20%.

Annual variable compensation (continued)

- **Schneider Sustainability Impact:** The Schneider Sustainability Impact (SSI), is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative sustainability programs. It's the Group's five-year (2021-2025) plan with progress tracked and published quarterly, as well as audited annually. In 2021 the SSI achieved a great score of 3.92/10 exceeding its 3.75/10 target for the year, representing an achievement rate of 26.8% on a scale from 0% to 40%.

As a result, the 2021 Annual variable compensation pay-out for the Corporate Officer was calculated on the base of his fixed compensation as follows:

At Target pay-out		Achievement rate	**2021 Actual pay-out**	
as a % of salary	Amount (€)	as a % of target	**as a % of base salary**	**Amount (€)**
130%	€1,300,000	153.1%	**199%**	**€1,990,300**

In compliance with Article L.22-10-34 II of the French Commercial Code, the payment of this Annual variable compensation is subject to approval by the shareholders of the compensation granted to the Corporate Officer for the fiscal year 2021 (see 8th resolution to be submitted to the Annual Shareholders' Meeting of May 5, 2022).

As a reminder, an amount of €1,048,775 was paid in 2021 to Mr. Jean-Pascal Tricoire for the Annual variable compensation due for the fiscal year 2020 after the approval of the 6th resolution by the Annual Shareholders' Meeting on April 28, 2021 (see page 269 of the 2020 Universal Registration Document).

Long-term incentive (Performance shares)

37,903

Performance Shares granted in March 2021 (€3,326,329 according to IFRS valuation)

Reminder: 60,000 Performance Shares granted in March 2020 (€2,897,700 according to IFRS valuation)

Reminder of the 2021 compensation policy

The 2021 Compensation policy provided:
- a maximum annual award to the Chairman and CEO of 60,000 shares;
- a vesting period of three years with an additional mandatory one year holding period for 30% of shares granted under the plan reserved to the Corporate Officer;
- performance conditions as follows:

40% **Improvement of Adjusted Earnings Per Share (EPS)**	Average of the annual rates of achievement of Adjusted EPS improvement targets for the 2021 to 2023 fiscal years. Adjusted EPS performance is published in the external financial communications and its annual variance will be calculated using adjusted EBITA at constant FX from year N-1 to year N. Foreign exchange impacts below adjusted EBITA will be taken in full. Significant unforeseen scope impact could be restated from this calculation upon decision of the Board.	
35% **Relative TSR**	**17.5% *vs.* CAC 40 companies**	• 0% below median • 50% at median (rank 20) • 100% at rank 10 • 120% at ranks 1 to 4* *linear between these points*
	17.5% *vs.* a panel of 11 peer companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa)	• 0% at rank 8 and below • 100% at rank 4 • 150% at ranks 1 to 3* *linear between these points*
25% **Schneider Sustainability External & Relative Index (SSERI)**	**6.25% DJSIW**	• 0%: not in World • 50%: included in World • 100%: sector leader
	6.25% Euronext Vigeo	• 0%: out • 50%: included in World 120 or Europe 120 • 100%: included in World 120 & Europe 120
	6.25% Ecovadis	• 0%: Silver medal or less • 50%: Gold medal • 100%: Platinum medal
	6.25% CDP Climate Change	• 0%: C score • 50%: B score (25% at B-) • 100%: A score (75% at A-)

* The over-achievement of relative TSR performance condition can off-set the under-achievement of the objectives under the adjusted EPS performance condition.

Long-term incentive (Performance shares) (continued)

Application of the 2021 compensation policy

The volume of the maximum annual award was set in consideration of:

- The market practice and competitive positioning of the Chairman and CEO's compensation package;
- The Group's resilient performance;
- The structure of performance measurement governing the final acquisition of LTIP awards;
- The culture of ownership deeply rooted in Schneider Electric's DNA.

Considering the continuous increase in the Company's stock price and in the spirit of maintaining a culture of moderation in an uncertain economic environment, the Board decided to reduce the number of shares granted to Jean-Pascal Tricoire markedly below the maximum allowed by the compensation policy, which would represent 60,000 performance shares.

According to the authorization given by the Annual Shareholders' Meeting on April 25, 2019 in its 21st resolution, the Board of Directors, during its meeting of March 25, 2021 decided to grant Mr. Jean-Pascal Tricoire a total of 37,903 Performance Shares (representing 0.006% of Schneider Electric's share capital) subject to the performance criteria described above and measured over a period of three years:

- 11,371 Performance Shares under Plan n° 38 in his capacity as Chairman and CEO of Schneider Electric SE;
- 26,532 Performance Shares under Plan n° 39 in his capacity as Regional Asia President and Chairman of Schneider Electric Asia Pacific.

4.

Pension benefits

€572,941

(amount due for 2021 (fixed portion of €191,600 paid in 2021 and variable portion of €381,341 to be paid in 2022))

Reminder: €421,252 (amount due for 2020 (fixed portion of €191,600 paid in 2020 and variable portion of €229,652 paid in 2021))

Reminder of the 2021 compensation policy

Complementary payments are intended to take account of the fact that, following the decision of the Board of Directors on February 18, 2015 to remove the benefit of the defined-benefit pension scheme (Article 39) for Corporate Officers, Mr. Jean-Pascal Tricoire is personally responsible for building up his pension. He undertook to redirect these complementary payments, net of taxes, to investment vehicles devoted to financing his additional pension. To determine this authorized complementary compensation, the Board of Directors sought the recommendation of an independent expert, namely the firm Willis Towers Watson, and ensured that the mechanism implemented therefore, was in line with shareholders' interests.

Accordingly, Mr. Jean-Pascal Tricoire is entitled to receive annually a complementary component, split into a fixed and variable portion as follows:

	Variable portion				
Fixed portion	Target (% of Fixed)	Minimum	At target	Maximum	Total at Target
€191,600	130%	€0	€249,080	€498,160	€440,680

The variable part is dependent on performance criteria aligned with the variable annual compensation (see above).

Application of the 2021 compensation policy

At the meeting held on February 16, 2022, the annual complementary variable portion for pension for 2021 to be paid after the Annual Shareholders' Meeting if the latter approves it, was set by the Board of Directors at 199% of the annual complementary fixed portion, *i.e.* an achievement rate of 153.1%.

For 2021, Mr. Jean-Pascal Tricoire is entitled to receive:

Fixed amount	Target achievement rate	Variable amount(1)	**Total due for 2021**
€191,600	130%	€ 381,341	**€ 572,941**

(1) Calculated by applying to the fixed compensation above the percentage of target achievement determined for the calculation of the 2021 annual variable compensation, *i.e.* 153.1%.

In compliance with applicable law, the payment of the variable amount will be subject to shareholders' approval (see 8th resolution submitted to the Annual Shareholders' Meeting of May 5, 2022).

Reminder: an amount of €229,652 was paid in 2021 to Mr. Jean-Pascal Tricoire for the variable portion of his pension due for the fiscal year 2020 after its approval by the Annual Shareholders' Meeting on April 28, 2021 (see page 273 of the 2020 Universal Registration Document).

Other benefits	**€56,637** received in 2021 *Reminder: €36,124 received in 2020*	**Reminder of the 2021 compensation policy** The Compensation policy provides that the Chairman and CEO may benefit from: • the employer matching contributions; • the profit-sharing; • a company car; • supplementary Life & Disability scheme. **Application of the 2021 compensation policy** For the fiscal year 2021, the Chairman and CEO was eligible for profit-sharing and the employer matching contributions paid to Employee Saving Plan subscribers. In addition, he was eligible for the employer matching contributions paid to subscribers to the collective pension fund (PERCO) for the retirement of workers in France. The use of a company car in 2021 represented an equivalent cost of €44,931.

Employer matching contributions to Employee Saving Plan	Employer matching contributions to collective pension saving plan (PERCO)	Profit-sharing	Company car	Total 2021 benefits
€1,404	€800	€9,502	€44,931	**€56,637**

The Chairman and CEO is eligible for (i) the collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death and (ii) additional coverages conditional on the fulfilment of some conditions as described in the compensation policy (see Chapter 4, section 2.3.1 of the Universal Registration Document).

Termination benefits	No payment	**Involuntary Severance Pay** The Chairman and CEO is entitled to involuntary termination benefits in case of change of control or strategy and taking into account the non-compete compensation described below, is capped at twice the arithmetical average of his annual fixed and variable compensation paid over the last three years (see Chapter 4, section 2.3.1 of the Universal Registration Document). **Non-compete compensation** The Chairman and CEO is entitled to non-compete compensation for a period of one year capped at 6/10ths of his average gross compensation (*i.e.* including annual complementary payments – fixed and target variable) over the last 12 months of service (see Chapter 4, section 2.3.1 of the Universal Registration Document).

For 2021, Mr. Jean-Pascal Tricoire was not awarded nor benefited from multi-annual variable compensation, exceptional compensation, stock options, welcome bonus, or Directors' fees.

Employer social contributions paid by the Group's companies in respect of Mr. Jean-Pascal Tricoire's compensation amounted to €324,278.92 in 2021.

Mr. Jean-Pascal Tricoire is granted 30% of his cash compensation described above (fixed compensation, annual variable compensation and pension complementary payments) in consideration for his duties as a Corporate Officer (Chairman & CEO) of Schneider Electric SE exclusively. The remainder is granted to him for the discharge of his operational duties as Regional Asia President, Chairman of Schneider Electric Asia Pacific and executive Director of Schneider Electric USA Inc.

Details relating to the 2019 Long-term Incentive Plan realized in 2021 (LTIP 2019)

The performance period for shares granted in 2019 finished on December 31, 2021 and shares under the Plans n° 32 and 33 are therefore deemed vested. Their final acquisition is, however, still subject to the satisfaction of the presence condition at the delivery date.

At its meeting of February 16, 2022, the Board assessed the achievement rate of the performance criteria based on the Group's performance over the three-year period 2019 – 2021 and set the final rate of achievement at 96.86%, *i.e.* a reduction of 3.14% in relation to the number of shares originally granted.

The Chairman and CEO was conditionally granted 18,000 shares under Plan n° 32 and 42,000 shares under Plan n° 33. After applying the reduction for performance not achieved, the resulting outcomes were as follows:

Corporate Officer	Number of Shares (Plan n° 32)(1)	Number of Shares (Plan n° 33)	Number of shares deemed vested	No of shares lapsed	Value of deemed vested shares(2)
Jean-Pascal Tricoire	18,000	42,000	58,117	1,883	**€10,022,858**
Vesting date	March 28, 2022	March 28, 2022			

(1) Plan n° 32 – Performance Shares granted under this plan to Corporate Officer is subject to one-year holding period following vesting, therefore shares will only become unrestricted on March 27, 2023.
(2) Vested shares are valued at the closing share price of December 31, 2021, *i.e.* €172.46.

Shares granted under the 2019 LTIP were subjected to performance conditions as follows:

40%

Organic adjusted EBITA margin improvement

Average achievement rate for 2019, 2020 & 2021

2019

Actual result: +0.7pts
Achievement rate: 100%

2020

Actual result: +0.2pts
Achievement rate: 40%

2021

Actual result: +1.4pts
Achievement rate: 100%

Weighted rate: 31.5%

25%

Cash conversion rate

Average achievement rate for 2019, 2020 & 2021

2019

Actual result: 121%

2020

Actual result: 159%

2021

Actual result: 87%

Weighted rate: 37.5%(1)

20%

Schneider Sustainability Impact

Note in 2019, 2020 & 2021

2019

Actual result: 7.77

2020

Actual result: 9.32

2021

Actual result: 3.92

Weighted rate: 16.86%

15%

Relative TSR

Ranking *vs.* peer group in December

2021

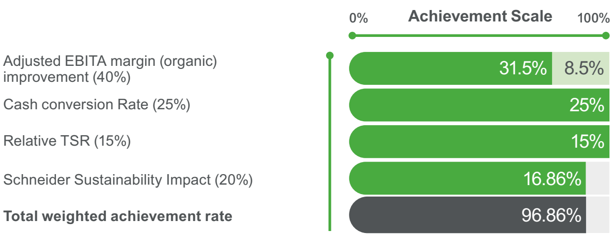
Actual result: Rank 1st

Weighted rate: 22.5%(1)

(1) The good level of cash conversion exceeded the initial target and the over-performance of the relative TSR condition off-set the under-performance of the adjusted EBITA condition (for 8.5%).

2021 was the final year of performance measurement for the LTIP 2019. Schneider Electric ranked 1st on relative TSR, delivering 213% return to shareholders over the same three-year period, demonstrating a strong value creation for the shareholders. Schneider Electric delivered robust organic adjusted EBITA margin improvement year-on-year, largely beating initial targets, exceeding the cash conversion rate three-year target, and demonstrating consistent progress on the Group's sustainability targets which are at the heart of the Group's strategy. These strong results across the range of performance criteria led to a vesting outcome of 96.86% out of 100%.

LTIP 2019 Performance criteria achievement



- **Organic adjusted EBITA margin improvement (40%)** – During the 3 years plan, the adjusted EBITA organic margin improved by more than +0.7pts on average, reflecting the successful execution of the strategy combining top line growth, positive net pricing, better mix, industrial productivity, and better efficiency to reduce SFCs. Overall, the achievement rate for this criterion was 31.5% (out of 40%).
- **Cash conversion (25%)** – Our efforts on cash management delivered outstanding results consistently over the three-year period with an average cash conversion rate c. 122.3%, outperforming the target of 100% average cash conversion. The achievement rate for this criterion was set at 37.5%, including the over-performance of 12.5%, which contributed to the offsetting of the non-achievement of the adjusted EBITA margin criterion.
- **Relative TSR (15%)** – The Group's performance was acknowledged by the market and reflected in the stock price increase, which, combined with a robust dividend distribution policy and consistent share buy-back program to balance the dilution coming from allocation of Performance Shares and employee shareholding schemes, generated strong returns to shareholders over the period. Schneider Electric's TSR was ranked 1st versus the selected peers (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa). The achievement rate for this criterion was set at 22.5%, including the over-performance of 7.5%, which contributed to the offsetting of the non-achievement of the adjusted EBITA margin criterion.
- **Schneider Sustainability Impact (SSI) (20%)** – The SSI provides, on a scoring scale of 10, an overall measure of the Group's progress on sustainability issues. Over the last three years, Schneider Electric demonstrated strong delivery and continuous improvement on its sustainability programs. The SSI reached a score of 3.92/10 end of 2021 exceeding its 3.75/10 target set by the Board for this criterion, which resulted in an achievement rate of 80.2% for 2021 with overall 16.86% shares vesting out of 20% allocated to this criterion.

The fact that the compensation mechanism has materialized this year does not create any disconnection between pay and performance considering that the payout rate actually reflects the good performance of the Company over the last 3 years and the strong 2021 results. In addition, this result is aligned with the shareholders' experience, the TSR being 213% over this period.

Historical vesting of the Corporate Officers' Performance Share plans:

LTIP 2019	LTIP 2018	LTIP 2017	LTIP 2016	LTIP 2015	LTIP 2014
96.86%	98.18%	99.54%	91.46%	71%	78%

4.2.2.3 Non-executive Directors' compensation in relation to the 2021 fiscal year

Amounts granted to non-executive Directors are determined by taking into account the Board member's responsibilities, the expected commitment for the role and the competitive market rates among international peers. Besides the fixed base amount, Directors' compensation mostly depends upon the said Directors' attendance at Board and committee meetings.

Upon the recommendation from the Governance & Remunerations Committee, the Board of Directors is responsible for setting the allocation of the Directors' fees among Board members accordingly with the maximum annual amount of Directors' fees that can be paid to the Board members is set at €2,500,000 by the Annual Shareholders' Meeting held on April 25, 2019; and the 2021 compensation policy approved by the Annual Shareholders' Meeting held on April 28, 2021 which provides that the allocation rules of the fees to the non- executive Directors are as follows:

- Non-executive Directors are paid:
  - a fixed basic amount of €25,000 for membership of the Board;
  - an amount of €7,000 per Board meeting attended;
  - an amount of €4,000 per Committee meeting attended;
  - an amount of €5,000 (for intercontinental travel) or €3,000 (for intra-continental travels) per Board session physically attended.
- Additional annual payments are made to non-executive Directors who chair a Committee to reflect the additional responsibilities and workload:
  - Audit & Risks Committee: €20,000;
  - Human Resources & CSR Committee, Digital Committee, and Investment Committee: €15,000; and
  - Vice-Chairman and Lead Independent Director, who is also the Chairman of the Governance & Remunerations Committee: €250,000.
- For an observer, an annual fixed payment of €20,000 is paid, unless they become a non-executive Director at the next General Meeting. In this case, they will receive the same fees for attending the Board and committee meetings as non-executive Directors.
- All payments are pro-rated for time served during the year and are paid in cash.

Directors' compensation earned in 2020 and 2021 was as follows, noting that Jean-Pascal Tricoire, Chairman of the Board, and Xiaoyun Ma who represents the employee shareholders, waived the payments of the compensation they were entitled to as members of the Board:

	Directors' compensation (in euros)		Other compensation & benefits (in euros)		Total (in euros)	
	2021(1)	2020(2)	**2021(1)**	2020(2)	**2021(1)**	2020(2)
Léo Apotheker	**155,000**	272,479	**–**	–	**155,000**	272,479
Cécile Cabanis	**118,000**	147,000	**–**	–	**118,000**	147,000
Rita Felix(3)	**90,000**	47,753	**–**	–	**90,000**	47,753
Fred Kindle	**368,000**	353,973	**–**	–	**368,000**	353,973
Willy Kissling	**144,000**	192,000	**–**	–	**144,000**	192,000
Linda Knoll	**121,000**	174,000	**–**	–	**121,000**	174,000
Jill Lee	**104,000**	133,000	**–**	–	**104,000**	133,000
Xiaoyun Ma(3)(4)	**–**	–	**–**	–	**–**	–
Patrick Montier(5)	**33,082**	129,000	**–**	–	**33,082**	129,000
Anna Ohlsson-Leijon	**100,000**	–	**–**	–	**100,000**	–
Fleur Pellerin	**112,000**	166,000	**–**	–	**112,000**	166,000
Anders Runevad	**120,000**	152,000	**–**	–	**120,000**	152,000
Gregory Spierkel	**152,000**	205,000	**–**	–	**152,000**	205,000
Lip-Bu Tan	**106,000**	150,000	**–**	–	**106,000**	150,000
Bruno Turchet(3)(6)	**52,986**	–			**52,986**	–
Total	**1,776,068**	2,122,205			**1,776,068**	2,122,205

(1) Awarded for the fiscal year 2021 and paid in 2022.
(2) Awarded for the fiscal year 2020 and paid in 2021.
(3) Employee Directors are separately entitled to the compensation granted to them for the performance of their duties as an employee, such compensation is not affected by their office as a Director and is not disclosed.
(4) Xiaoyun Ma waived the payment of the sum of €110,000 she was entitled to.
(5) Board member whose term of office ended in 2021.
(6) Bruno Turchet waived the payment of 30% of the sum he was entitled to, *i.e.* €15,896, in favor of the trade union which appointed him.

The total amount awarded to the Board members for 2021 was €1,776,068 compared to €2,122,205 for 2020 due to the return to a normal rhythm of meetings and a wider use of digital meetings in 2021. Excluding the special fee paid to the Vice-Chairman & Lead Independent Director, the amount is composed of approximately 25% fixed compensation and 75% variable.

4.2.2.4 Pay Equity ratio

Employees experience at Schneider Electric

Delivery of the strategy, both short term and long term, depends upon Schneider Electric's success in attracting and engaging a highly talented workforce, and on equipping people with the skills for the future. The Group is committed to fair pay, which is at the forefront of the Group's and executives' agenda, ensuring that all Schneider Electric employees are appropriately and fairly rewarded for their contribution. The progress is monitored via the Schneider Sustainability Impact Indicators. More information can be found in the Sustainable Development (chapter 2) of the Universal Registration Document.

Pay Equity	Living wage	Recognition	Well-being	Engagement
Fair and equitable pay is a core component of the Group's compensation philosophy. Since 2015, the Company has adopted a Global Pay Equity Framework. With the help of this Framework, Schneider Electric has committed to reaching <1% pay gap for both females and males by 2025. Furthermore, the pay equity adjustment is fully integrated into the annual global salary review and its principles leveraged during the promotion and hiring processes.	Schneider Electric believes earning a decent wage is a basic human right and a key element to decent work. The Group is committed to paying employees in the lower salary ranges at or above the living wage to meet their family's basic needs. By basic needs, the Group considers food, housing, sanitation, education, and healthcare, plus discretionary income for a given local standard of living.	Schneider Electric is committed to creating a culture where employees receive regular feedback and coaching from their managers and colleagues, celebrating people who constantly demonstrate the Company's Core Values and go above and beyond – using global recognition portal "Step Up" and encouraging the recognition of small and big achievements by simply saying "Thank you".	Health and well-being are embedded in the Schneider Electric strategic people priorities and contribute to its core sustainability mission. The Company has a commitment to comprehensive well-being at work program translated into dual standard of access to healthcare and well-being training programs.	The Group listens to employees through a number of different channels, both formally and informally. Two of the Board directors are employees of the Company, appointed through a formal designation process. the Group runs OneVoice internal survey designed to measure employee satisfaction and engagement; the Group also recognizes the importance of dialog and engages with the local work councils on compensation matters on a regular basis.

Pay Equity Ratio

Equity pay ratio measures the ratio between the level of compensation of the Chairman and CEO and the average and median compensation of the employees, as required by Article L.22-10-9-3 6° and 7° of the French Commercial Code.

Calculation methodology

The compensation comparisons and pay ratios set out below were calculated based on the fixed and variable compensation paid and relevant benefits during the fiscal years indicated, and Performance Shares granted during the same periods valued at their fair value (IFRS) on the grant date. The calculation includes employees who were continously employed during the financial years concerned. For part-time employees, compensation was established on a full-time equivalent basis.

Scope

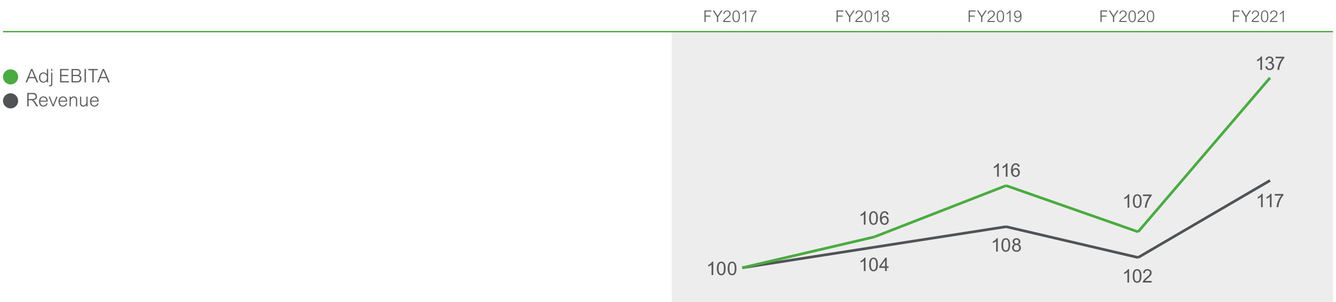
France perimeter:

The legal scope, the issuer, comprises of only one employee, therefore, an alternate "relevant scope" was defined to reflect a larger representative employee population in France as prescribed by article 26.2 of AFEP-MEDEF Code. It is based on the French holding entity Schneider Electric Société Européenne (SESE) (the issuer) as well as all employees in France of the operational company Schneider Electric Industries (SAS). This group of employees is employed on comparable terms to the Corporate Officer and represents more than 4,000 employees in France on a full time equivalent basis.

Global perimeter:

In addition, from 2021 the Board of Directors, upon recommendation of the Governance & Remunerations Committee and of the Human Resources & CSR Committee, decided to voluntarily report the evolution of the pay ratio between the Chairman and CEO and the average and median compensation of the employees on a broader scope which includes approximately 117,000 Schneider Electric employees across the top 30 countries ("Global Scope"). This represents circa 84% of all Schneider Electric employees globally. There is no historical data for this ratio as the HR Information System was not ready before to report on this extended scope.

Evolution of the Corporate Officer and employees' compensation, pay ratios, and Group's performance over five years



	FY2017	FY2018	FY2019	FY2020	FY2021
French Perimeter					
Mr. Tricoire total compensation paid in FY	5,789,994	6,184,007	5,754,154	5,525,324	5,430,941
% change in total compensation	22%	7%	-7%	-4%	-2%
Pay ratio – average compensation	65	68	64	60	57
% change in average pay ratio	14%	5%	-6%	-6%	-5%
Pay ratio – median compensation	81	84	78	73	70
% change in median pay ratio	15%	4%	-7%	-6%	-4%
Employees average compensation	88,551	91,127	90,369	92,861	94,950
% change in employment average compensation	6%	3%	-1%	3%	2%
Global perimeter					
Pay ratio – average compensation					110
Pay ratio – median compensation					156

4.2.3 Compensation policy for the 2022 fiscal year (say on pay *ex-ante*)

The compensation policy intention is to provide a clear link between delivery of Schneider Electric's strategy and the Corporate Officers' compensation, while reflecting outcomes for shareholders. Set out below is the Corporate Officer and non-executive Directors' compensation policy for 2022. It will be submitted to the shareholders at the 2022 Annual Shareholders' Meeting (9th and 10th resolutions) and, subject to shareholders approval, will remain in force until the next policy is approved by the shareholders.

4.2.3.1 Executive Compensation policy

Schneider Electric follows a rigorous process for determining executive compensation, under the leadership of committed and independent Directors.

Role of the Governance & Remunerations Committee

The general principles and criteria forming part of the compensation policy for Corporate Officer, and their individual compensation packages are prepared and reviewed by the Governance & Remunerations Committee which makes recommendations to the Board of Directors for decision. The Board receives inputs and recommendations from the Human Resources & CSR Committee on the incentive structure and performance criteria (annual variable compensation and Long-term incentive plan) applied to the members of the Executive Committee (see section 4.2.4 of the Universal Registration Document), as well as the Group's other employees.

To help the Board in the decision process, the Governance & Remunerations Committee and the Human Resources & CSR Committee are authorized to call upon external experts for specific topics, benchmarking data and analyses. The Committees hold at least one joint meeting every year to discuss the compensation structure applicable to Corporate Officer and other employees of the Group.

These joint committee meetings are attended by one of the two employee Directors and the Director representing the employee shareholders who are members of the Human Resources & CSR Committee.

As part of its preparatory work for its proposals to the Board, the Committee:

Defines performance criteria

Defines performance criteria based on Schneider Electric's executive compensation pillars and business strategy. Targets are determined at the beginning of the performance period in accordance with the goals of the Strategic Plan.

Based on circumstances and priorities, the targets also encompass risks raised by the Audit & Risks Committee as well as the recommendations of the Human Resources & CSR Committee.

Benchmarks Corporate Officers' pay

Benchmarks Corporate Officer's pay against the median of a peer group consisting of 24 French and international companies that are comparable to Schneider Electric in terms of market capitalization, revenue, and industry, or that represent a potential source of recruitment or attrition.

This benchmarking is used as an indicator, not as a target, and is done *ex-post* only for reference.

Engages with shareholders

Relies on the Vice-Chairman & Lead Independent Director to directly engage with shareholders to ensure their perspectives and feedbacks on Schneider Electric's compensation policy are heard and considered in decision-making.

The topic of Corporate Officer's compensation is usually discussed at four Board meetings every year. Corporate Officers do not take part in the debates of the Board concerning their own compensation.

This process ensures consistency and alignment between the compensation policy applied to the other executives and employees and the compensation policy applied to Corporate Officer. They share the same objectives and priorities and their rewards are aligned with the Group's performance and shareholder value creation.

Use of discretion

In determining executive compensation, the use of discretion is limited, and an appropriate disclosure on the use of discretion would be provided, if any, so that shareholders understand the basis for the Board's decisions. This discretion is available to the Board to ensure successful execution of the policy and to reflect the fact that there are no qualitative objectives in Corporate Officer's compensation:

- Flexibility to take into account unexpected changes in the industry environment and in compensation practice generally, this allows to respond to changes in circumstances, for example in modifying the benchmarking peer groups.
- Exercise discretion, upwards or downwards, to adjust the formulaic outcome for annual or long-term incentive awards resulting from the strict application of the approved policy, where a qualitative assessment of performance is required to ensure that the awarded compensation is fair in light of the Corporate Officer's actual contribution to the Company's overall performance, its positioning *vs.* competition, and the outcomes for shareholders and employees.

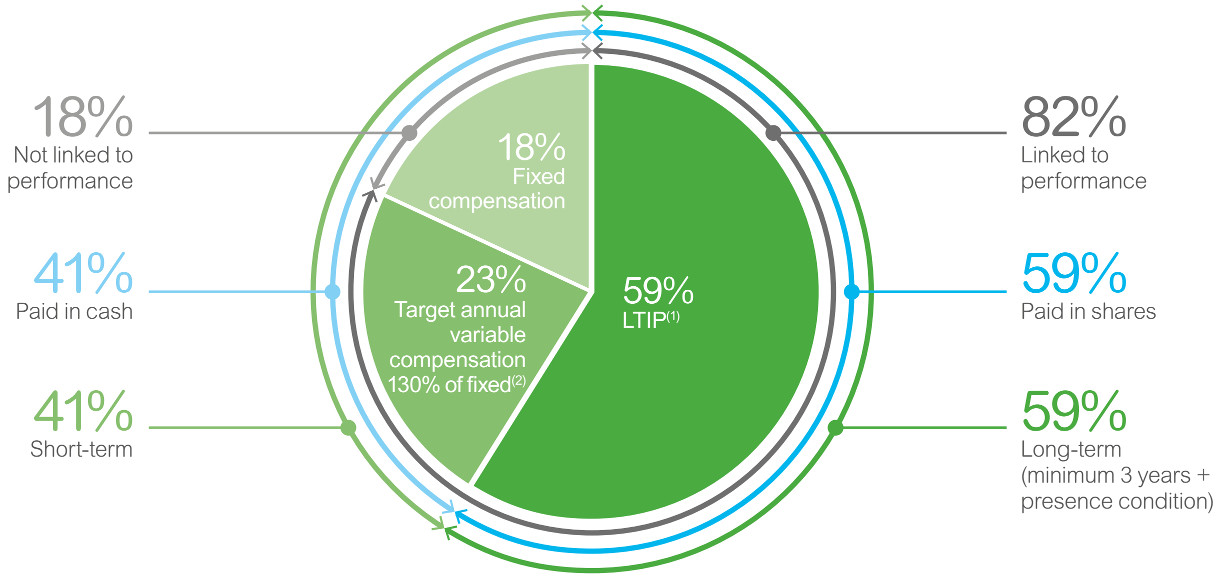
Changes in the 2022 Compensation policy

The Committee has reviewed the existing policy and reassessed the pillars and principles formulated in 2018, the compensation elements and criteria considering the feedback of shareholders received during the shareholder engagement process described above. Upon recommendations of the Governance & Remunerations Committee, the Board wishes to overall maintain the stability of the compensation policy which appears balanced and provides market competitive pay, ensuring a strong link between pay and performance, strong alignment with both employees and shareholders, and long-term focus, while at the same time taking into account the shareholders' feedbacks.

Therefore, based on the Committee's analyses and recommendations, the Board proposes to implement the following changes for the 2022 Compensation policy:

- Stringency of the TSR criterion for the LTIP: The vesting scale of the criterion of TSR compared to a bespoke industry panel consisting of 11 companies would be made more stringent, with no vesting at ranks 7 and below in the bespoke peer group, no vesting below the median of the group would therefore be allowed;
- Disclosure of the targets set for the improvement of the adjusted Earnings per share criterion: the Board would also commit to disclose *ex-post* the targets of improvement of the adjusted Earnings per share set by the Board which will allow shareholders assess their stringency and the link between pay and performance;
- Cap of the LTIP granted to the Corporate Officer: The cap of long-term instruments that could be granted to the Corporate Officer was previously expressed in number of shares, capped at 60,000 shares. The Board proposes that the cap be now expressed as a percentage of his remuneration (fixed and variable short-term compensation at target). Notably, the long-term instruments granted to the Corporate Officer, valued in accordance with IFRS standards, should not represent a disproportionate percentage of his overall compensation, and should be no more than 200% of the combined fixed and short-term variable compensation at target.

Balance between compensation elements



(1) LTIP granted during 2021 fiscal year valued in accordance with IFRS standards
(2) Between 0% and 260%

Group's strategic priorities

- **Organic growth**
- **Value for customers**
- **Sustainability**
- **Continuous efficiency**
- **Value & returns to shareholders**

How the strategy links to the Chairman and CEO's variable compensation

Annual variable compensation

Delivering strong execution and creating value for customers and shareholders every year to contribute to Schneider Electric's long-term success

Group organic sales growth	Group adjusted EBITA margin improvement (organic)	Group cash conversion rate	Schneider Sustainability Impact
40%	30%	10%	20%

Long-term incentive plan

Building an integrated and leading company with strong sustainability focus and attractive returns to shareholders

Adjusted Earnings Per Share	Relative Total Shareholder Return	Schneider Sustainability Relative & External Index
40%	35%	25%

How are performance criteria linked to Schneider Electric strategic priorities?

Variable pay is linked to performance metrics designed to deliver Schneider Electric strategy. At the start of each year, the Board reviews the measures, targets, and weightings to ensure they remain consistent with the annual priorities and Group strategy. For the annual variable compensation and the Performance Shares, the approach to performance measurement is intended to provide a balance of measures to assess performance focusing on execution of the Group's strategic priorities.

Considerations of wider workforce compensation and shareholders' views

The Board monitors and reviews the effectiveness of the compensation policy for Corporate Officer and senior management and has regard to its impact and consistency with compensation policies in the wider workforce. During the year, the Board is provided with information and context on pay in the wider workforce and various HR initiatives to enable its decision-making. This includes the approach to gender pay gap and living wage programs rolled out globally, the annual variable compensation results, and the total cost of LTIP awards.

The Board is committed to an open and transparent dialogue with Schneider Electric's shareholders through the Vice-Chairman & Lead Independent Director. Where appropriate, Schneider Electric actively engages with shareholders and shareholder representative bodies, taking their views into account when making any decisions about the Corporate Officers' compensation. The Vice-Chairman & Lead Independent Director is also available to answer questions at the Annual Shareholders' Meeting.

2021 Compensation Pillars and Principles

Pay for Performance

- **Principle 1:** Prevalence of variable components: circa 80% for CEO (at target).
- **Principle 2:** Performance is evaluated via economic and measurable criteria.
- **Principle 3:** Financial and Sustainability objectives are fairly balanced and distributed between short-term (annual variable compensation) and medium-term (long-term incentive) components.

Alignment with shareholders' interest

- **Principle 4:** Significant proportion of the total compensation delivered in shares.
- **Principle 5:** Performance conditions support Schneider Electric's strategic priorities and are aligned with shareholders' expectations.

Competitiveness

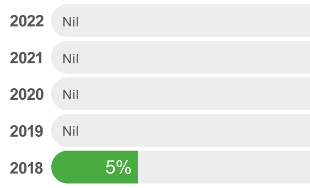
- **Principle 6:** To benchmark the Corporate Officer's compensation package "at target" in the median range of the Company's updated peer group.
- **Principle 7:** To reference the CAC 40 third quartile and the Stoxx Europe 50 median.

Fixed compensation

The fixed compensation is reviewed at long intervals by the Board in accordance with the AFEP-MEDEF Corporate Governance Code, unless there are specific circumstances that would warrant a salary increase, for example a major change in the duties. The Board ensures that the Chairman and CEO's salary is set reasonably compared to similar roles in the market.

Considering the positioning of the Corporate Officer's salary on the relevant markets, the Company performance, and also pay conditions for other employees, the Board decided that there were no special circumstances that would call for a salary increase in 2022.

Salary increase over the last 5 years



Corporate Officer	FY 2022 (January 1, 2022)	FY 2021 (January 1, 2021)	% Change
Jean-Pascal Tricoire, Chairman and CEO	€1,000,000	€1,000,000	0%

Annual variable compensation

Annual variable compensation provides variable cash compensation which rewards achievement of the short-term financial and sustainability targets of the Group.

At the start of the fiscal year, financial and sustainability performance criteria, weightings, and annual targets are reviewed in detail by the Committee and recommended to the Board for approval. Outcomes will be determined based on performance against each of those targets. The Board has the flexibility to review targets during the year to ensure continuous alignment with shareholders' interests.

The payment of the annual variable compensation is conditional upon approval by shareholders of the compensation granted to the Chairman and CEO. The Company does not operate a clawback policy.

The pay-out opportunity at threshold performance is 0%, with 50% of maximum annual variable compensation payable for achieving target. The maximum annual variable compensation will only be earned where a strong performance is delivered on each performance metric. Pay-outs between threshold and target, and between target and maximum, are determined on a straight-line basis.

Schneider Electric does not operate a deferral program.

2022 Annual variable compensation opportunity at target and maximum (no change *vs.* the 2021 policy):

Minimum	At target	Maximum
0% of fixed compensation	130% of fixed compensation	260% of fixed compensation
Nil	€1,300,000	€2,600,000

For 2022, the Board proposes that the measurable financial performance criteria determine 80% and sustainability criteria, 20% of the variable cash compensation of Mr. Jean-Pascal Tricoire as follows:

Performance criteria	Description and link to strategy
40% Group organic sales growth	Fostering organic growth through deployment of strategic priorities in key markets
30% Adjusted EBITA organic margin improvement	Enabling shareholder value creation through continuous efficiency
10% Group cash conversion	Enabling returns to shareholders
20% Schneider Sustainability Impact	Promoting continuous progress towards more sustainability and value for customers

For business confidentiality reasons and as in previous year, the targets cannot be disclosed; however, the targets have been set precisely by the Board at the meeting of February 16, 2022 and will be communicated *ex-post*.

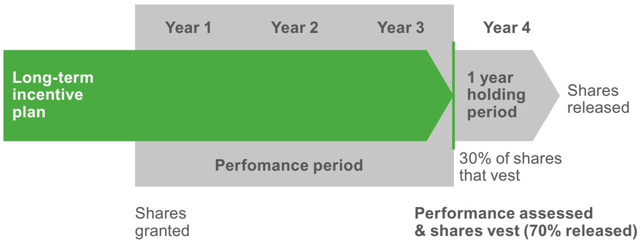
Performance shares (Long-term incentive plan – LTIP)

LTIP links the largest part of the Chairman and CEO's compensation with the long-term performance of the Group and the actual outcome varies with performance against criteria linked directly to strategic priorities.

Shares granted are subject to a vesting period of three years with an additional mandatory one year holding period for 30% of shares which are granted under the Plan reserved to the Corporate Officers.

For threshold performance, 0% of shares granted will vest, for maximum, 100% will vest. Vesting will normally operate on a straight-line basis between these points.

LTIP time horizon



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The 2022 LTIP criteria will remain the same as in 2021, in line with Company's objectives and the proposals approved by shareholders under the LTIP resolution at the 2019 Annual Shareholders' Meeting on April 25, 2019 (21st resolution) with two changes regarding the vesting scale of the criterion of TSR compared to a bespoke industry panel of 11 companies which would be made more stringent (no vesting under the median of the group would be allowed) and the disclosure of the targets set for the improvement of the adjusted Earnings per share criterion which will be disclose *ex-post* allowing shareholders to ensure the stringency of the targets set by the Board.

In order to align the interests of the Group's executives to those of the shareholders, in 2022, the Board will allocate Performance Shares to more than 3,500 Group executives and Senior Management, leaders, and key talents (Plans n° 40 and 41). For Group Senior Management, 100% of shares allocated will be subject to performance conditions measured over three years.

The maximum annual award to the Corporate Officer for 2022, valued in accordance with IFRS standards, will be now capped at 200% of the combined fixed and target short-term variable compensation at the date of grant to ensure that it does not represent a disproportionate percentage of his overall compensation.

The volume of the annual award will be set in consideration of:

- The market practice and competitive positioning of the Chairman and CEO's compensation package;
- The Group's performance in 2021, acknowledged by the market;
- The performance criteria applicable to the final acquisition of LTIP awards;
- The culture of ownership deeply rooted in Schneider Electric's DNA.

In the context described above, the Board decided that the number of shares granted to the Chairman and CEO continues to be reasonable in terms of quantum and market practice for comparable roles; it rewards the Company's resilient performance in a challenging year and supports the culture of ownership strongly promoted by Schneider Electric.

Performance conditions

100% measurable and quantifiable criteria	75% Financial & TSR and 25% Sustainability

Performance conditions and weightings applicable to the 2022 LTIP:

- 40%, improvement of **Adjusted Earning per share**;
- 35%, **relative TSR** performance of Schneider Electric:
  - 17.5% measured *vs.* a bespoke panel of 11 companies: ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa,
  - 17.5% measured *vs.* CAC 40 companies;
- 25%, based on **Schneider Sustainability External & Relative Index (SSERI)**.

- **Adjusted EPS (40%)**

Adjusted EPS is a key long-term performance metric which promotes the execution of Schneider Electric's strategy to deliver profitable growth, thus reinforcing alignment with shareholders. Performance Shares could vest subject to the achievement of the following targets as set by the Board of Directors at the beginning of each year:

- a minimum Adjusted EPS improvement threshold under which there will be no vesting;
- an intermediary targeted Adjusted EPS improvement objective that the Company will have to achieve in order to vest 75% of the shares under this condition;
- a targeted Adjusted EPS improvement objective that the Company will have to achieve in order to vest all shares under this condition;
- the Performance Shares will vest progressively, on a linear basis, if the Adjusted EPS improvement is between these objectives.

As explained above, the Board commits to disclose ex-post, at the end of each Long-Term Incentive Plan, the minimum Adjusted EPS improvement thresholds and the targeted Adjusted EPS improvement objectives.

Adjusted EPS performance is published in the external financial communications and its annual variance will be calculated using adjusted EBITA at constant FX from year N-1 to year N. Foreign exchange impacts below adjusted EBITA will be taken in full. Significant unforeseen scope impact could be restated from this calculation upon decision of the Board.

- **Relative TSR (35%)**

This criterion strengthens the alignment between the shareholders' interests and compensation of the Corporate Officer.

- For 17.5% of the shares, Schneider Electric TSR will be compared to a bespoke industry panel consisting of 11 companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa) with a vesting scale as follows: 0% at rank 7 or below, 50% at median (rank 6), 100% at rank 4, 150% for ranks 3 to 1, and linear between these points, as explained above, the Board proposes to strengthen the vesting scale for a better alignment with performance.
- For the remaining 17.5%, Schneider Electric TSR will be compared with the TSR of the companies in CAC 40 index to reflect the macro-economic and stock-market specific trends which influence the performance of the share and in turn, the return to shareholders with a vesting scale as follows: 0% below median, 50% at median (rank 20), 100% at rank 10, 120% in ranks 1 to 4, and linear between these points.

In case of over-performance, if Schneider Electric's TSR ranks first to third of the bespoke industry panel or within top 9 of the CAC 40 companies, this criterion may compensate the under-performance under the Adjusted EPS criterion up to the same number of shares. If the Schneider Electric TSR is closely clustered with that of other companies in the panel, then the Board of Directors will apply its judgment to decide whether Schneider Electric's TSR shall be deemed to be ranked in the same position as those companies.

- **Schneider Sustainability External and Relative Index (SSERI) (25%)**

The Schneider Sustainability External and Relative Index measures the long-term sustainability performance of the Group in terms of relative performance, through a combination of external indices which cover a range of environmental, social, and governance indicators wider than and different from the Schneider Sustainability Impact (SSI). Using external indices would also ensure that the sustainability priorities governing the assessment of the long-term sustainability performance of the Group are at all times those which matter the most to the stakeholders. As their content is dynamic and includes new and more relevant topics as they emerge, it forces participants to constantly anticipate the most demanding trends in global sustainability. The Board has selected some of the most challenging external indices which are objective, recognized, and independent, covering main geographies in line with the Group's global footprint and which complement each other as they cover different sustainability dimensions:

- DJSI World which covers three dimensions: economic, environmental, and social;
- Euronext Vigeo which covers environment, community involvement, business behavior, human rights, corporate governance, and human resources;
- Ecovadis which covers four dimensions: environment, labor and human rights, sustainable procurement and ethics; and
- CDP Climate Change which covers climate change, water, and forests and represents a major reference for climate change leadership globally.

The table below summarizes the Performance Conditions that will apply to the plan:

40% Improvement of adjusted Earnings Per Share (EPS)		• 0% at the minimum Adjusted EPS improvement threshold • 75% at the intermediary Adjusted EPS improvement objective • 100% at the targeted Adjusted EPS improvement objective Vesting linear between these points
35% Relative TSR	**17.5% *vs.* CAC 40**	• 0% below median • 50% at median (rank 20) • 100% at rank 10 • 120% at ranks 1 to 4 Vesting linear between these points
	17.5% *vs.* a panel of 11 companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa)	• 0% at rank 7 and below • 50% at median (rank 6) • 100% at rank 4 • 150% at ranks 3 to 1 Vesting linear between these points
25% Schneider Sustainability External & Relative Index (SSERI)	**6.25% DJSIW**	• 0%: not in World • 50%: included in World • 100%: sector leader
	6.25% Euronext Vigeo	• 0%: out • 50%: included in World 120 or Europe 120 • 100%: included in World 120 & Europe 120
	6.25% Ecovadis	• 0%: Silver Medal or less • 50%: Gold Medal (top 5%) • 100%: Platinum Medal (top 1%)
	6.25% CDP Climate Change	• 0%: C score • 50%: B score (25% at B-) • 100%: A score (75% at A-)

For each grant, the performance conditions will be determined by the Board and, although the Board favors stability, they could be adapted from the ones presented above. Depending on the evolution of the Group's strategic objectives, should they cease to be relevant or new criteria be deemed more appropriate based on their review by the Board of Directors, the latter would elect for criteria with similar long-term stringency, that will ensure a strong link between pay and performance.

Pension benefits

The Chairman & CEO receives complementary cash payments in lieu of participation in the defined benefit pension scheme (Article 39) ("Top Hat"), which was discontinued for Corporate Officers following the decision of the Board of Directors on February 18, 2015.

The purpose of the pension cash payments is to provide a competitive retirement benefit in a way that is cost effective to the Company and that allows the Chairman & CEO to continue building his retirement benefits independently. The cash payments are a combination of fixed and variable payments that are considered "other benefits" to ensure consistency and comparability with other French or international companies. The maximum annual Complementary Pension Cash Benefit for 2022 remains unchanged and is detailed in the table below. Variable portion is subject to the same performance criteria and targets as the annual variable compensation. The Chairman & CEO has committed to depositing these additional payments, after taxes, into investment vehicles dedicated to the supplementary financing of their pensions.

		Variable portion				
Corporate Officer	**Fixed portion**	Target (% of fixed compensation)	Minimum	At target	Maximum	Total at target
Jean-Pascal Tricoire, Chairman and CEO	€191,600	130%	€0	€249,080	€498,160	€440,680

Other benefits

Schneider Electric aims to provide an appropriate level of benefits considering market practice and the level of benefits provided for other employees in the Group. The benefits currently provided are described below, but may also include, for example, relocation assistance if required and subject to the Board's decision.

Employer Matching Contributions and Profit-Sharing

The Chairman and CEO is eligible for profit-sharing and the employer matching contribution paid to subscribers to the capital increase reserved for employees. He is also eligible for the employer matching contribution paid to subscribers to the collective pension fund (PERCO), for the retirement of employees in France.

Company Car

The Corporate Officer may use the cars made available to Group Senior Management with or without chauffeur services. In addition, the Chairman and CEO is provided with a company car.

Tax assistance

The Corporate Officer may benefit from a tax assistance.

Health, Life and Disability schemes

The Corporate Officer is eligible for:

i. The collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death;

ii. Additional coverage of the Group's French executives for risks of illness, incapacity, disability, and death. The main features of this coverage are:

   1) In case of illness or accident resulting in a temporary stoppage or incapacity (of any category), the Corporate Officer shall be entitled to continue to receive 18 months' worth of his compensation (fixed and target variable) authorized by the Board,

   2) In case of death, the policyholder's beneficiaries shall be entitled to the compensation (fixed and target variable) authorized by the Board of Directors for the current month, along with a death benefit equal to 6 months of the average compensation authorized by the Board of Directors (monthly average of the fixed and variable compensation paid during the last 12 months of employment);

iii. The entitlement to a life annuity pension paid to the surviving spouse in the event of death before his retirement, or if he left the Company after the age of 55 without returning to work, equal to 60% of 25% of the average of compensation paid during the three years before the date of death, with a deduction made from the theoretical pension payment that may be obtained under insurance conditions from the additional payments that will have been made;

iv. In the event of disability causing the Corporate Officer to completely stop working, the right to pension payments (payable to the surviving spouse at a rate of 60%) beginning from his retirement equal to 25% of the average of the total cash compensation paid over the three years preceding the date of disability minus 1.25% per quarter of absence so as to obtain a full rate of pension and minus the amount of additional compensation that may be obtained under insurance conditions at the time the disability occurred;

v. In the event of an accident, the Group insurance covering the executive's accident risk, stipulating the payment of a benefit the sum of which may be up to four times the annual compensation based on the type and circumstances of the accident.

Eligibility for benefits (ii) through (v) above is conditional on the fulfilment of one of the following conditions:

- the average of the net income of the last five fiscal years preceding the event is positive;
- the average of the free cash flow of the last five fiscal years preceding the event is positive.

Director's fee

The Chairman and CEO has waived the attendance fees to which he is entitled in his capacity of Board member.

Extraordinary awards

The Compensation policy does not include any provisions for extraordinary payments. The Board decided to maintain the prohibition of one-off payments that are not provided for in the compensation policy approved by the shareholders.

Post-mandate benefits

Listening carefully to the concerns raised by the shareholders and taking their feedback into account, the Board changed in the 2020 Compensation policy the Chairman and CEO's post-mandate benefits:

- Complementary payments for pension are now excluded from the severance indemnity calculation;
- A resignation may qualify as a forced departure only if the resignation was requested, which may include reasons such as change in strategy, voluntary resignation does not qualify as a forced departure;
- *Prorata* rule now applies as a principle to determine the Chairman and CEO's right to keep unvested shares after their constraint departure.

The table below presents a summary of the benefits that could be granted to the Chairman and CEO on leaving office depending on the terms of the departure. The information provided in this summary is without prejudice to any decisions that may be made by the Board. In determining overall termination arrangements, the Board will ensure that termination benefits shall be granted only in case of forced departure and regardless of the form of the departure. In any case, Involuntary Severance Pay will not be paid if the resignation is a consequence of wrongful or gross misconduct.

	Voluntary resignation/Removal from office for wrongful or gross misconduct	Forced departure	Retirement or change of assignment within the Group
Involuntary Severance Pay	Not applicable	Maximum Amount = twice the arithmetical average of the Corporate Officer's annual fixed and variable cash compensation, to the exclusion of complementary pension payments, paid over the last 3 years taking into account the non-compete compensation, if any, and subject to the attainment of performance conditions.	Not applicable
Non-compete indemnity	If not waived by the Board, 60% of annual fixed and target variable compensation (excluding pension payments)		Not applicable
Retention of unvested share awards	Forfeited in full	Rights retained on *prorata* basis to presence within Schneider Electric	Rights retained in full

- The termination benefits only become payable if the departure of the Chairman and CEO is forced, including requested resignation, in the following cases;
  - Dismissal, non-renewal or requested resignation of the Chairman and CEO, within the six months following a material change in Schneider Electric's shareholder structure that could change the membership of the Board of Directors;
  - Dismissal, non-renewal or requested resignation of the Corporate Officer, in the event of a reorientation of the strategy pursued and promoted by the Chairman and CEO until that time, whether or not in connection with a change in shareholder structure as described above; and
  - Dismissal, non-renewal or requested resignation of the Chairman and CEO, although, on average, two-thirds of the Group performance criteria have been achieved for the last four fiscal years from the day of departure.
- Payment of the Involuntary Severance Pay is subject to fulfilment of the following performance conditions based on the average rate of achievement of the Group's performance criteria used in the annual variable compensation for the last three fiscal years preceding the date of the Board's decision:

Group criteria achievement	Severance payment
< 66%	No payment
66%–100%	75%–100% of the Maximum Amount, calculated on a straight line basis
>100%	100% of the Maximum Amount

- The aggregate amount of the Involuntary Severance Pay and the non-compete compensation, if any, shall not exceed the Maximum Amount.
- Non-compete: the Chairman and CEO is bound by a non-compete agreement in case of departure. The one-year agreement calls for compensation to be paid at 60% of annual fixed and target variable parts (excluding complementary payments). In line with the recommendations of the AFEP-MEDEF Corporate Governance Code, the Board will determine whether to apply the non-compete clause at the time of departure of the Corporate Officer.
- If the Chairman and CEO leaves the Group in circumstances of a forced departure, he will be entitled to retain unvested Performance Shares, which would typically vest at the end of the relevant vesting period, subject to the applicable performance conditions, and which will be pro-rated for the time the Corporate Officer remained with the Group in any capacity during the vesting period. In case of retirement or change of assignment within the Group, the Chairman and CEO will keep his right to the unvested Performance Shares granted to him previously, subject to the applicable performance conditions and without any *prorata*.

In conformity with the recommendations of the AFEP-MEDEF Corporate Governance Code:

- The entitlement to involuntary severance pay is subject to strict performance conditions, assessed over a period not lesser than two years;
- Only circumstances of a forced departure, regardless of the form of the departure, could trigger the entitlement to involuntary severance pay;
- Together with the non-compete indemnity, if any, the involuntary severance pay could not exceed twice the average of the Corporate Officer's annual compensation (fixed and variable part, to the exclusion of the pension benefits);
- The Board shall determine unilaterally whether or not to apply the non-compete clause at the time of the departure of the Corporate Officer;
- The Corporate Officer shall not be entitled to Involuntary Severance Pay in the case that he is entitled to benefit from his/her pension rights.

Corporate Officer	Employment contract	Top-Hat pension benefits	Payments or benefits that may be due in the event of termination of assignment	Payments in relation to a non-compete agreement
Jean-Pascal Tricoire, Chairman and CEO	NO	NO(1)	YES	YES

(1) The Board of Directors of February 18, 2015, decided to put an end to the benefits of the top-hat pension plan for Corporate Officers.

Recruitment policy

On appointment of a new Corporate Officer, the Board expects any new Corporate Officer to be engaged on terms that are consistent with, and in no case more favorable than the policy approved by the shareholders at the last Annual Shareholders' Meeting, until the next policy is approved. However, it is recognized that all circumstances in which Corporate Officer may be appointed cannot be anticipated. The Board will aim to set compensation that is appropriate to attract, motivate, retain, and reward an individual of the quality required to run the Group successfully, while avoiding paying more than is necessary. If the Board determines that it is in the best interests of the Company and shareholders to secure the services of a particular individual not promoted within the Group, it may require considering the terms of that individual's existing employment and/ or their personal circumstances.

The table below summarizes the policy on appointment of a new Corporate Officer.

Fixed compensation	Salaries are set by the Board, taking into consideration a number of factors including the current pay for other Corporate Officers, the experience, skill and current pay level of the individual, and external market forces. The Board may choose to set the salary below that of the market or the other Corporate Officers with the intention of applying staged increases as the individual gains experience in the role.
Annual variable compensation	Annual variable compensation will be awarded within the parameters of the policy in force.
Pension	The Board would set the pension cash supplementary payments at the appropriate level based on an individual's circumstances.
Other benefits	The Board would expect any new Corporate Officer to participate in the benefit schemes that are open to other senior employees (where appropriate, referencing the candidate's home country) but would take into account the individual's existing arrangements, market norms, and their status as a Corporate Officer.
Buy-out awards	The Board may offer compensatory payments or buy-out awards where an individual forfeits outstanding variable pay opportunities or contractual rights as a result of their appointment. The specifics of any buy-out awards would be dependent on the individual circumstances of recruitment and would be determined on a case-by-case basis. On assessing such awards, the Board will seek to make awards on a like-for-like basis to ensure that the value awarded would be no greater than the value forfeited by the individual. The Board may choose to apply performance conditions to these awards.
Relocation	Where an individual is relocating in order to take up the role, the Board may approve certain one-off benefits such as reasonable relocation expenses, accommodation for a defined period following appointment, assistance with visa applications or other immigration issues, and ongoing arrangements such as tax equalization, annual flights home, and a housing allowance.
Internal promotion	Where an existing employee is appointed to the Board, he/she will be required to resign from his/her employment contract and the Board will consider all existing contractual commitments including any outstanding share awards or pension entitlements.

In making any decision on the compensation of a new Corporate Officer, the Board would balance shareholder expectations, current best practice and the circumstances of any new Corporate Officer. It would strive not to pay more than is necessary to recruit the right candidate and would give full details in the next remuneration report.

4.2.3.2 Non-executive Directors compensation policy

At the 2019 Annual Shareholders' Meeting, the shareholders approved under the 13th resolution the maximum total amount of the annual compensation that can be paid to the members of the Board which since then stands at €2,500,000. It is proposed:

- To maintain the cap of annual total compensation payable to the members of the Board at €2,500,000; and
- To review the allocation rules as detailed below.

Director's individual compensation
• Non-executive Directors will be paid: – a fixed basic amount of €25,000 for membership of the Board; – an amount of €7,000 per Board meeting attended; – an amount of €4,000 per Committee meeting attended; – an amount of €25,000 for the yearly strategy week (half in case of digital assistance); – an amount of €5,000 (for intercontinental travel) or €3,000 (for intra-continental travels) per Board session physically attended. • Additional annual payments are made to non-executive Directors who chair a Committee to reflect the additional responsibilities and workload: – Audit & Risks Committee: €20,000; – Human Resources & CSR Committee, Digital Committee, and Investment Committee: €15,000; and – Lead Independent Director, who is also the Chairman of the Governance & Remunerations Committee: €250,000. • For an observer, an annual fixed payment of €20,000 is paid, unless they become non-executive Director at the next General Meeting. In this case, they will receive the same fees for attending the Board and committee meetings as non-executive Directors. • All payments are *prorated* for time served during the year and are paid in cash.

4.2.4 Compensation of Group Senior Management (excluding Corporate Officers)

Scope of Senior Management in 2021

On December 31, 2021, Group Senior Management is composed of 15 Executive Committee members. The Executive Committee is chaired by the Chairman and CEO and includes:

- Executive Vice-Presidents of Corporate Functions: Finance, Supply Chain, Digital, Strategy & Sustainability, Innovation, Governance, Marketing, Human Resources.
- Executive Vice-Presidents of Operations: North America Operations, China Operations, France Operations, Europe Operations, International Operations;
- Executive Vice-Presidents of Activities: Industry Automation, Energy Management.

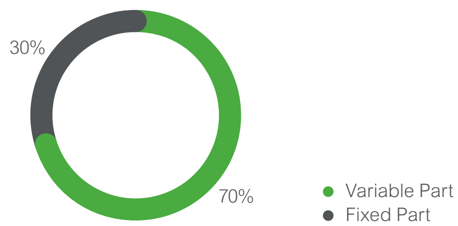
With the appointment of the new Group Chief Innovation Officer (in May 2021) to the Executive Committee, 44% of the Group Senior Management (including Chairman and CEO) is composed of women (versus 38% in 2020).

Compensation policy

The compensation principles of Group Senior Management (excluding the Corporate Officer) and their individual analyses are reviewed by the Human Resources & CSR Committee for information and consultation with the Board of Directors. The Human Resources & CSR Committee may consult external experts for specific analyses.

The compensation policy of the Group Senior Management follows the principles of competitiveness, pay-for-performance, and alignment with shareholders' long-term interests, aligned with the principles applicable to the Corporate Officers as described in this report, with the following variations:
- The competitiveness of the Group Senior Management compensation is considered using a relevant geographical panel and the scope of responsibilities as prepared by the consultancy firm Willis Towers Watson;
- The proportion of variable components within their on target compensation package is around 70% versus around 80% for the Corporate Officer.

On target compensation pay mix – 2021



Compensation paid in 2021

Gross compensation, including benefits in kind, paid by Group companies in 2021 to the members of Group Senior Management other than Corporate Officers, amounted to €25.2m, including €5.5m in variable compensation paid in the 2021 fiscal year.

The performance objectives for the annual incentive for the fiscal year 2021 were:

- Group organic sales growth;
- Improvement of Group adjusted EBITA margin (organic);
- Group cash conversion rate;
- Schneider Sustainability Impact.

Long-term incentive plans

Performance shares were granted in 2021 to the Group Senior Management. As of December 31, 2021, as part of the Long-term incentive plan, Group Senior Management (other than Corporate Officers), held:

- 696,839 conditional performance shares;
- 0 options;
- 0 Stock Appreciation Rights (SARs).

Pension benefits

Schneider Electric policy concerning pension benefits states that:
- the Group's Senior Management who are not subject to the French Social Security System are covered by pension plan arrangements in line with local practices in their respective countries;
- the Group's Senior Management subject to the French Social Security system, with the exception of Corporate Officers, are covered by the additional defined-contribution pension (Article 83) plans for employees, and/or Group Senior Management. Their defined-benefit pension plan (Article 39) was canceled on March 22, 2016.

4.2.5 Long-term incentive plans

Grant policy

As part of its overall staff pay policy, Schneider Electric sets up a Long-Term Incentive Plan (LTIP) every year. These plans allow the Group to ensure the competitiveness of the compensation offered by the Group, in dynamic and competitive international markets, and in sectors where the ability to attract talent is a key factor to success. These plans also aim at mobilizing Schneider Electric's management for the achievement of the Group's long-term objectives and align their interest with those of our shareholders.

The Long-term incentive plans are based on an allocation of Performance Shares. No stock options or SARs have been granted since December 2009 and the last plan of stock options implemented expired on December 31, 2019.

These plans are granted by the Board of Directors, based on the recommendation from the Human Resources & CSR Committee.

Beneficiaries include members of Group Senior Management, top managers, high-potential managers and employees in all countries whose performance was judged remarkable. The grants made in 2021 are characterized by:

- A total of 3,416 beneficiaries in the 2021 LTIP (*vs.* 3,100 beneficiaries in the 2020 LTIP);
- Allocations to Executive Committee members, including the Corporate Officer, represented 14.0% of the total attributions in the framework of the 2021 LTIP (similar to the proportion prevalent (14.5%) in the framework of the 2020 LTIP);
- 28.4% of the beneficiaries were women in the 2021 LTIP to whom 26,7% of the shares were granted (*vs.* 26.0% of women in the 2020 LTIP to whom 24.5% of the shares were granted).

Corporate Officers formally undertake, for each grant of shares, not to engage in hedging transactions until the end of their duties as executive Officers.

Past share plans (as of December 31, 2021)

	LTIP 2018	LTIP 2019	LTIP 2020	LTIP 2021
Plan number	Plan 30, 31, 31*bis*	Plan 32, 33, 34, 35	Plan 36, 37, 37*bis*	Plan 38, 39, 39*bis*, 39*ter*
Date of Annual Shareholders' Meeting	Apr. 25, 2016	Apr. 25, 2016	Apr. 25, 2019	Apr. 25, 2019
Date of the grant by the Board	Mar. 26, 2018 Oct. 24, 2018	Mar. 26, 2019 Jul. 24, 2019 Oct. 23, 2019	Mar. 24, 2020 Oct. 21, 2020	Mar. 25, 2021 July 29, 2021 Oct. 26, 2021
Number of shares at grant of which: – Jean-Pascal Tricoire – Top ten employee beneficiaries	2,371,940 60,000 205,200	2,444,010 60,000 214,700	2,216,791 60,000 218,500	1,557,170 37,903 141,866
Vesting/delivery date	Mar. 26, 2021 Oct. 24, 2021	Mar. 28, 2022 Jul. 25, 2022 Oct. 24, 2022	Mar. 24, 2023 Oct. 23, 2023	Mar. 25, 2024 July 29, 2024 Oct. 26, 2024
End of holding period	Mar. 25, 2022 for Plan 30 (only for 25,800 shares of which 18,000 shares granted to Jean-Pascal Tricoire)	Mar. 27, 2023 for Plan 32 (only for 25,800 shares of which 18,000 shares granted to Jean-Pascal Tricoire)	Mar. 24, 2024 for Plan 36 (only for 18,000 shares granted to Jean-Pascal Tricoire)	Mar. 25, 2025 for Plan 38 (only for 11,371 shares granted to Jean-Pascal Tricoire)
Number of rights outstanding as of Dec. 31, 2020	2,138,056	2,307,769	2,189,851	N/A
Number of rights granted in 2021	N/A	N/A	N/A	1,557,170
Number of shares delivered in 2021	2,091,053	1,800	800	0
Number of rights canceled in 2021	47,003	97,540	75,510	15,253
Number of rights outstanding as of Dec. 31, 2021	0	2,208,429	2,113,541	1,541,917
Total number of rights outstanding as of Dec. 31, 2021	**5,863,887**			

LTIP 2018

Plan number	Plan 30	Plan 31	Plan 31*bis*
Date of Annual Shareholders' Meeting	Apr. 25, 2016	Apr. 25, 2016	Apr. 25, 2016
Date of the grant by the Board	Mar. 26, 2018	Mar. 26, 2018	Oct. 24, 2018
Number of shares at grant of which: – Jean-Pascal Tricoire	25,800 18,000	2,318,140 42,000	28,000
Number of rights outstanding as of Dec. 31, 2020	23,417	2,086,639	28,000
Number of shares delivered in 2021	22,992	2,043,374	24,687
Number of rights canceled in 2021	425	43,265	3,313
Number of rights outstanding as of Dec. 31, 2021	0	0	0
Vesting date/vesting period	Mar. 26, 2021 3 years	Mar. 26, 2021 3 years	Oct. 24, 2021 3 years
End of holding period	Mar. 25, 2022	N/A	N/A
Presence condition	Yes		
Performance conditions	• Yes for 70% of the shares/100% for the Corporate Officers and Executive Committee members • 2018, 2019, 2020 adjusted EBITA average achievement rate (40%) • 2018, 2019, 2020 cash conversion rate average (25%) • TSR ranking at end of 2020 (15%) • 2018, 2019, 2020 Planet & Society barometer index (20%)		
% achievement of the Performance conditions	98.18%		
Detailed achievement of the Performance conditions	At its meeting of February 10, 2021, the Board of Directors assessed the achievement rate of performance criteria for Plans n° 30, 31 and 31bis granted in 2018 based on the Group's performance over the three-year period 2018- 2020 and set the final rate of achievement at 98.18%, *i.e.* a reduction of 1.82% in relation to the number of shares originally granted.		

Performance conditions	Reference period	Weight (%)	Actual achievement	Pay-out rate	Weighted pay-out rate
Group organic adjusted EBITA achievement rate	2018	13.3%	+0.5 pts	100%	32.00%
	2019	13.3%	+0.7 pts	100%	
	2020	13.3%	+0.2 pts	40%	
Group cash conversion average rate	2018-2020	25%	123.3%	150%*	37.50%*
Relative TSR	2018-2020	15%	1st rank	150%*	22.50%*
Planet & Society barometer/ Schneider Sustainability Impact	2018	6.6%	6.10	100%	18.18%
	2019	6.6%	7.77	93.10%	
	2020	6.6%	9.32	79.60%	
Total		**100%**			**98.18%**

* The good level of cash conversion exceeded the initial ambition and the over-performance of the relative TSR performance condition off-set the under-performance of the adjusted EBITA condition (for 8%).

LTIP 2019

Plan number	Plan 32	Plan 33	Plan 34	Plan 35
Date of Annual Shareholders' Meeting	Apr. 25, 2016	Apr. 25, 2016	N/A	N/A
Date of the grant by the Board	Mar. 26, 2019	Mar. 26, 2019	Jul. 24, 2019	Oct. 23, 2019
Number of shares at grant of which: – Jean-Pascal Tricoire	25,800 18,000	2,313,650 42,000	87,110	17,450
Number of rights outstanding as of Dec. 31, 2020	20,817	2,185,422	84,080	17,450
Number of shares delivered in 2021	0	1,800	0	0
Number of rights canceled in 2021	0	94,170	3,370	0

LTIP 2019 continued

Plan number	Plan 32	Plan 33	Plan 34	Plan 35
Number of rights outstanding as of Dec. 31, 2021	20,817	2,089,452	80,710	17,450
Vesting date/vesting period	Mar. 28, 2022 3 years	Mar. 28, 2022 3 years	Jul. 25, 2022 3 years	Oct. 24, 2022 3 years
End of holding period	Mar. 27, 2023	N/A	N/A	N/A
Presence condition	Yes			
Performance conditions	• Yes for 70% of the shares/100% for the Corporate Officers and Executive Committee members • 2019, 2020, 2021 adjusted EBITA average achievement rate (40%) • 2019, 2020, 2021 cash conversion rate average (25%) • TSR ranking at end of 2021 (15%) • 2019, 2020, 2021 Planet & Society barometer index (20%)		• Yes for 70% of the shares/100% for the Corporate Officers and Executive Committee members • 2020, 2021 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2021 *vs.* bespoke peer group and CAC 40 (30%) • 2019, 2020, 2021 Schneider Sustainability External and Relative Index (30%)	
% achievement of the Performance conditions	96.86% for Plan 32 and 33 88% for Plan 34 and 35			

Detailed achievement of the Performance conditions of Plan 32 and 33

At its meeting of February 16, 2022, the Board of Directors assessed the achievement rate of performance criteria for Plans n° 32 and 33 granted in 2019 based on the Group's performance over the three-year period 2019-2021, and set the final rate of achievement at 96.86%, *i.e.* a reduction of 3.14% in relation to the number of shares originally granted.

Performance conditions of Plan 32 and 33	Reference period	Weight (%)	Actual achievement	Pay-out rate	Weighted pay-out rate
Adjusted EBITA margin average achievement rate	2019	13.3%	+0.7 pts	100%	31.5%
	2020	13.3%	+0.18 pts	36%	
	2021	13.3%	+1.4 pts	100%	
Group cash conversion average rate	2019-2021	25.0%	122.3%	150%*	37.5%*
Relative TSR	2019-2021	15.0%	1st rank	150%*	22.5%*
Planet & Society barometer/ Schneider Sustainability Impact	2019	6.6%	7.77	93.1%	16.86%
	2020	6.6%	9.32	79.6%	
	2021	6.6%	3.92	80.2%	
Total		**100%**			**96.86%**

* The good level of cash conversion exceeded the initial ambition and the over-performance of the relative TSR performance condition off-set the under-performance of the adjusted EBITA condition (for 8.5%).

Detailed achievement of the Performance conditions of Plan 34 and 35

At its meeting of February 16, 2022, the Board of Directors assessed the achievement rate of performance criteria for Plans n° 34 and 35 granted in 2019 based on the Group's performance over the three-year period 2019-2021, and set the final rate of achievement at 88%, *i.e.* a reduction of 12% in relation to the number of shares originally granted.

Performance conditions of Plan 34 and 35		Reference period	Weight (%)	Actual achievement	Pay-out rate	Weighted pay-out rate
Adjusted Earnings per Share (EPS) improvement rate		2020	20%	-4.86%	0%	20%
		2021	20%	+31.77%	100%	
Relative Total Shareholder Return (TSR)	*vs.* CAC 40 companies	2019-2021	15%	4th rank	120%*	18%*
	vs. Panel of peer companies	2019-2021	15%	1st rank	150%*	22.5%*
Schneider Sustainability External and Relative Index ("SSERI")**		2019	10%	87.5%	87.5%	27.5%
		2020	10%	100%	100%	
		2021	10%	87.5%	87.5%	
Total			**100%**			**88%**

Plan n° 34 and 35 have not been granted under the legal framework of the Performance Shares provided by Article L. 225-197-1 of the French Commercial Code. Consequently, the shares to be delivered will be only existing shares acquired through the buy-back program.

* The over-performance of the two relative TSR performance condition off-set the under-performance of the adjusted Earnings per Share (EPS) improvement condition (for 10.5%).

** Plan rules n° 34 and 35 have been modified to replace FTSE4GOOD which is decommissioned by Ecovadis for 2021.

LTIP 2020

Plan number	Plan 36	Plan 37	Plan 37*bis*
Date of Annual Shareholders' Meeting	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019
Date of the grant by the Board	Mar. 24, 2020	Mar. 24, 2020	Oct. 21, 2020
Number of shares at grant of which: – Jean-Pascal Tricoire	18,000 18,000	2,095,740 42,000	103,051
Number of rights outstanding as of Dec. 31, 2020	18,000	2,068,990	102,861
Number of shares granted in 2021	0	0	0
Number of shares delivered in 2021	0	800	0
Number of rights canceled in 2021	0	71,400	4,110
Number of rights outstanding as of Dec. 31, 2021	18,000	1,996,790	98,751
Vesting date/vesting period	Mar. 24, 2023 3 years	Mar. 24, 2023 3 years	Oct. 23, 2023 3 years
End of holding period	Mar. 24, 2024	N/A	N/A
Presence condition	Yes		
Performance conditions	• Yes for 70% of the shares/100% for the Corporate officer and Executive Committee • 2020, 2021, 2022 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2022 *vs.* bespoke peer group and CAC 40 (35%) • 2020, 2021, 2022 Schneider Sustainability External and Relative Index (25%)*		
Achievement of the Performance conditions	To be assessed by the Board of directors in February 2023		

* Plan rules n° 36, 37 and 37bis have been modified to replace FTSE4GOOD which is decommissioned by Ecovadis for 2021 and 2022.

LTIP 2021

Plan number	Plan 38	Plan 39	Plan 39*bis*	Plan 39*bter*
Date of Annual Shareholders' Meeting	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019
Date of the grant by the Board	Mar. 25, 2021	Mar. 25, 2021	Jul. 29, 2021	Oct. 26, 2021
Number of shares at grant of which: – Jean-Pascal Tricoire	11,371 11,371	1,463,997 26,532	48,720	33,082
Number of rights outstanding as of Dec. 31, 2020	N/A	N/A	N/A	N/A
Number of shares granted in 2021	11,371	1,463,997	48,720	33,082
Number of shares delivered in 2021	0	0	0	0
Number of rights canceled in 2021	0	14,873	380	0
Number of rights outstanding as of Dec. 31, 2021	11,371	1,449,124	48,340	33,082
Vesting date/vesting period	Mar. 25, 2024 3 years	Mar. 25, 2024 3 years	Jul. 29, 2024 3 years	Oct. 26, 2024 3 years
End of holding period	Mar. 25, 2025	N/A	N/A	N/A
Presence condition	Yes			
Performance conditions	• Yes for 70% of the shares/100% for the Corporate officer and Executive Committee • 2021, 2022, 2023 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2023 *vs.* bespoke peer group and CAC 40 (35%) • 2021, 2022, 2023 Schneider Sustainability External and Relative Index (25%)			
Achievement of the Performance conditions	To be assessed by the Board of directors in February 2024			

We believe access to energy and digital is a basic human right. Our generation is facing a tectonic shift in energy transition and industrial revolution catalyzed by a more electric world.

5 Consolidated financial statements at December 31, 2021

5.1 Consolidated statement of income

(in millions of euros except for earnings per share)	Note	**Full Year 2021**	Full Year 2020
Revenue	3	**28,905**	**25,159**
Cost of sales		(17,062)	(15,003)
Gross profit		**11,843**	**10,156**
Research and development	4	(855)	(718)
Selling, general and administrative expenses		(6,001)	(5,512)
Adjusted EBITA*	3	**4,987**	**3,926**
Other operating income and expenses	6	(21)	(210)
Restructuring costs		(225)	(421)
EBITA**		**4,741**	**3,295**
Amortization and impairment of purchase accounting intangibles	5	(410)	(207)
Operating income		**4,331**	**3,088**
Interest income		4	14
Interest expense		(99)	(126)
Finance costs, net		**(95)**	**(112)**
Other financial income and expense	7	(81)	(166)
Net financial income/(loss)		**(176)**	**(278)**
Profit from continuing operations before income tax		**4,155**	**2,810**
Income tax expense	8	(966)	(638)
Share of profit/(loss) of associates	12	84	66
PROFIT FOR THE YEAR		**3,273**	**2,238**
attributable to owners of the parent		*3,204*	*2,126*
attributable to non-controlling interests		*69*	*112*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	19	5.76	3.84
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	19	5.67	3.81

* Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles). Adjusted EBITA corresponds to operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.

** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles). EBITA corresponds to operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

The accompanying notes are an integral part of the consolidated financial statements.

Other comprehensive income

(in millions of euros)	Note	**Full Year 2021**	Full Year 2020
Profit for the year		**3,273**	**2,238**
Other comprehensive income:			
Translation adjustment		1,839	(1,649)
Cash-flow hedges		130	(125)
Income tax effect of cash flow hedges	19	(7)	(18)
Net gains/(losses) on financial assets		40	(5)
Income tax effect of gains/(losses) on financial assets	19	(9)	1
Actuarial gains/(losses) on defined benefit plans	20	451	(123)
Income tax effect of actuarial gains/(losses) on defined benefit plans	19	(105)	21
Other comprehensive income for the year, net of tax		**2,339**	**(1,898)**
of which to be recycled in income statement		*1,962*	*(1,792)*
of which not to be recycled in income statement		*377*	*(106)*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,612**	**340**
attributable to owners of the parent		*5,212*	*271*
attributable to non-controlling interests		*400*	*69*

The accompanying notes are an integral part of the consolidated financial statements.

5.2 Consolidated statement of cash flows

(in millions of euros)	Note	**Full Year 2021**	Full Year 2020
Profit for the year		**3,273**	**2,238**
Share of (profit)/losses of associates		(84)	(66)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	726	698
Amortization of intangible assets other than goodwill	10	688	512
Impairment losses on non-current assets		34	54
Increase/(decrease) in provisions	21	(54)	266
Losses/(gains) on disposals of business and assets		(184)	(10)
Difference between tax paid and tax expense		(38)	(137)
Other non-cash adjustments		108	96
Net cash provided by operating activities		**4,469**	**3,651**
Decrease/(increase) in accounts receivables		(577)	326
Decrease/(increase) in inventories and work in progress		(955)	(153)
(Decrease)/increase in accounts payable		418	344
Decrease/(increase) in other current assets and liabilities		261	267
Change in working capital requirement		**(853)**	**784**
TOTAL I – CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**3,616**	**4,435**
Purchases of property, plant and equipment	11	(543)	(485)
Proceeds from disposals of property, plant and equipment		59	55
Purchases of intangible assets	10	(333)	(332)
Net cash used by investment in operating assets		**(817)**	**(762)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(4,231)	(2,393)
Other long-term investments		16	11
Increase in long-term pension assets		(136)	(106)
Sub-total		**(4,351)**	**(2,488)**
TOTAL II – CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(5,168)**	**(3,250)**
Issuance of bonds	22	–	2,444
Repayment of bonds	22	(600)	(500)
Sale/(purchase) of own shares		(262)	(50)
Increase/(decrease) in other financial debt		(444)	1,032
Increase/(decrease) of share capital	19	216	43
Transaction with non-controlling interests*	2	(418)	1,141
Dividends paid to Schneider Electric's shareholders	19	(1,447)	(1,413)
Dividends paid to non-controlling interests		(138)	(112)
TOTAL III – CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(3,093)**	**2,585**
TOTAL IV – NET FOREIGN EXCHANGE DIFFERENCE		**346**	**(403)**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I +II +III +IV		**(4,299)**	**3,367**
Net cash and cash equivalents, beginning of the year	18	6,762	3,395
Increase/(decrease) in cash and cash equivalents		(4,299)	3,367
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	18	**2,463**	**6,762**

* In 2020, the Group received EUR 1,141 million of cash from AVEVA's minority interests, following the increase of capital realized by the latter, to finance the acquisition of OSIsoft (Note 2).

* In 2021, transactions with non-controlling interests mainly relates to RIB Software SE (Note 2).

The accompanying notes are an integral part of the consolidated financial statements.

5.3 Consolidated balance sheet

Assets

(in millions of euros)	Note	**Dec. 31, 2021**	Dec. 31, 2020
NON-CURRENT ASSETS:			
Goodwill, net	9	24,723	19,956
Intangible assets, net	10	6,486	5,033
Property, plant and equipment, net	11	3,826	3,619
Investments in associates and joint ventures	12	1,234	598
Non-current financial assets	13	1,034	776
Deferred tax assets	14	1,820	1,984
TOTAL NON-CURRENT ASSETS		**39,123**	**31,966**
CURRENT ASSETS:			
Inventories and work in progress	15	3,971	2,883
Trade and other operating receivables	16	6,829	5,626
Other receivables and prepaid expenses	17	1,998	2,094
Current financial assets		4	18
Cash and cash equivalents	18	2,622	6,895
TOTAL CURRENT ASSETS		**15,424**	**17,516**
TOTAL ASSETS		**54,547**	**49,482**

The accompanying notes are an integral part of the consolidated financial statements.

5.3 Consolidated balance sheet

Liabilities

(in millions of euros)	Note	**Dec. 31, 2021**	Dec. 31, 2020
EQUITY:	19		
Share capital		2,276	2,268
Additional paid in capital		2,456	2,248
Retained earnings		19,694	17,648
Translation reserve		14	(1,541)
Equity attributable to owners of the parent		**24,440**	**20,623**
Non-controlling interests		3,669	3,104
TOTAL EQUITY		**28,109**	**23,727**
NON-CURRENT LIABILITIES:			
Pensions and other post-employment benefit obligations	20	1,395	1,708
Other non-current provisions	21	1,091	930
Non-current financial liabilities	22	7,554	8,196
Deferred tax liabilities	14	997	917
Other non-current liabilities		1,179	1,109
TOTAL NON-CURRENT LIABILITIES		**12,216**	**12,860**
CURRENT LIABILITIES:			
Trade and other operating payables		5,715	4,664
Accrued taxes and payroll costs		3,694	3,413
Current provisions	21	933	1,000
Other current liabilities		1,685	1,558
Current debt	22	2,195	2,260
TOTAL CURRENT LIABILITIES		**14,222**	**12,895**
TOTAL EQUITY AND LIABILITIES		**54,547**	**49,482**

The accompanying notes are an integral part of the consolidated financial statements.

5.4 Consolidated statement of changes in equity

(in millions of euros)	Number of shares (thousands)	Capital	Additional paid-in capital	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
Dec. 31, 2019	**582,069**	**2,328**	**3,134**	**16,034**	**65**	**21,561**	**1,579**	**23,140**
Profit for the year	–	–	–	2,126	–	**2,126**	112	**2,238**
Other comprehensive income	–	–	–	(249)	(1,606)	**(1,855)**	(43)	**(1,898)**
Comprehensive income for the year	**–**	**–**	**–**	**1,877**	**(1,606)**	**271**	**69**	**340**
Capital increase	–	–	43	–	–	**43**	–	**43**
Exercise of performance shares	–	–	–	–	–	**–**	–	**–**
Dividends	–	–	–	(1,413)	–	**(1,413)**	(112)	**(1,525)**
Change in treasury shares	(15,000)	(60)	(929)	939	–	**(50)**		**(50)**
Share-based compensation expense	–	–	–	140	–	**140**	5	**145**
Other	–	–	–	71	–	**71**	1,563	**1,634**
Dec. 31, 2020	**567,069**	**2,268**	**2,248**	**17,648**	**(1,541)**	**20,623**	**3,104**	**23,727**
Profit for the year	–	–	–	3,204		**3,204**	69	**3,273**
Other comprehensive income	–	–	–	453	1,555	**2,008**	331	**2,339**
Comprehensive income for the year	**–**	**–**	**–**	**3,657**	**1,555**	**5,212**	**400**	**5,612**
Capital increase	1,964	8	208	–	–	**216**	–	**216**
Exercise of performance shares	–	–	–	–	–	**–**	–	**–**
Dividends	–	–	–	(1,447)	–	**(1,447)**	(138)	**(1,585)**
Change in treasury shares	–	–	–	(262)	–	**(262)**	–	**(262)**
Share-based compensation expense	–	–	–	145	–	**145**	16	**161**
Other	–	–	–	(47)	–	**(47)**	287	**240**
Dec. 31, 2021	**569,033**	**2,276**	**2,456**	**19,694**	**14**	**24,440**	**3,669**	**28,109**

The accompanying notes are an integral part of the consolidated financial statements.

5.

5.5 Notes to the consolidated financial statements

Contents

All amounts in millions of euros unless otherwise indicated.

The following notes are an integral part of the consolidated financial statements.

The Schneider Electric Group's consolidated financial statements for the financial year ended December 31, 2021 were authorized for issue by the Board of Directors on February 16, 2022. They will be submitted to shareholders for approval at the Annual General Meeting of May 5, 2022.

The Group's main businesses are described in Chapter 1 of the Universal Registration Document.

COVID-19 pandemic

Impact of the COVID-19 on the Group's activities

The COVID-19 pandemic and the actions taken by governments in response to its spread have resulted in disruptions to the Group's business operations, and supply chain in the course of 2020. Fiscal year 2021 saw a return to growth in business activity, in a context of continued global supply chain pressures.

Risks and uncertainties

The Group demonstrated the agility and resilience of its global supply chain while coordinating and regionally managing supply chain organization to maintain quick decision making and flexibility in 2021.

Balance sheet positions

The Group working capital was assessed with the same accounting policies, principles and methodologies used for the full year 2020 consolidated financial statements. There was no material impairment booked in the income statement as at December 31, 2021.

Impairment of assets

The Group performed the annual impairment test of all the Cash Generating Units (CGUs) using the same methodology as the one used on previous periods, and described in Note 1.11. Following the performance of these tests, the Group concluded that there was no risk of impairment at December 31, 2021.

Note 1: Accounting policies

1.1 – Accounting standards

The consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of December 31, 2021. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2020.

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 2021:

- amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – *Interest Rate Benchmark Reform – Phase 2*;
- amendments to IFRS 16 – *Leases COVID-19-Related Rent Concessions*;

The Group did not apply the following standards and interpretations for which mandatory application is subsequent to December 31, 2021:

- standards adopted by the European Union:
  - amendments to IFRS 16 – *Leases COVID-19-Related Rent Concessions beyond 30 June 2021*;
  - amendments to IFRS 3 – *Business Combinations: Reference to the Conceptual Framework*;
  - amendments to IAS 16 – *Property, Plant and Equipment: Proceeds before Intended Use*;
  - amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*;
  - Annual Improvements to IFRS Standards 2018-2020.

- standards not yet adopted by the European Union:
  - amendments to IAS 1 – *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date*;
  - amendments to IAS 1 – *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*;
  - amendments to IAS 8 – *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*;
  - amendments to IAS 12 – *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;

The Group is currently assessing the potential effect on the Group's consolidated financial statements of the standards not yet applicable as of December 31, 2021. At this stage of analysis, the Group does not expect any material impact on its consolidated financial statements.

The Group is also looking at the potential effect of the final agenda decision issued by the IFRIC in the first half of 2021 with regards to recognition of the cost of configuring and customising software provided in the cloud as part of a software as a service (SaaS) agreement.

At this stage of analysis, the Group does not expect any material impact on its consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

On September 26, 2019 and August 27, 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the reform of interest rate benchmarks used in many financial instruments. Those amendments are divided into two phases:

- phase 1, applicable starting January 1, 2020, allows uncertainties about the future of reference rates to be disregarded while assessing the effectiveness of hedging relationships and/or while evaluating the highly probable nature of the hedged risk;
- phase 2, applicable starting January 1, 2021, specifies the accounting impacts of the effective replacement of interest rate benchmarks. The application of phase 2 has no impact for the Group in the absence of any effective change in the benchmark indexes in the Group's contracts as of December 31, 2021. The transition to the new benchmarks will not have a material impact on the Group financial statements.

IFRIC decision – Attribution of benefits to periods of service IAS 19 – *Employee Benefits*

The Group has taken into account the impact of the IFRIC agenda decision issued in April 2021 when measuring employee benefit obligations. This decision clarifies the periods over which employee benefits should be attributed in allocating the IAS 19 expense. The impact as of December 31, 2021 represents a non-material decrease in this commitment (Note 20).

COVID-19-Related Rent Concessions amendments to IFRS 16 – *Leases*

On May 28, 2020, the IASB issued COVID-19-Related Rent Concessions amendment to IFRS 16 – *Leases*. The amendment provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.

On March 31, 2021, the IASB published a second amendment to IFRS 16, extending by one year the period of application of the COVID-19-Related Rent Concessions amendment to IFRS 16 – *Leases* published in May 2020. The amendment applied to annual reporting periods beginning on or after January, 1, 2021.

As a practical expedient authorized by the amendment, the Group elected, for the concessions that meet the amendment's criteria, not to assess whether a COVID-19 related rent concession from a lessor is a lease modification.

This amendment had no significant impact on the consolidated financial statements of the Group.

Climate-related matters

The impacts of potential climate-related matters (including risks & opportunities, and legislation changes) which may affect the measurement of assets & liabilities in the financial statements, as well as the impacts from the group Carbon Pledge to reach carbon neutral operations in 2025, have been analysed. The Group will adjust the key assumptions used in value-in-use calculations and sensitivity, should a change be required. At present, the impact of climate-related matters is not material to the Group's financial statements.

1.2 – Basis of presentation

The financial statements have been prepared on a historical cost basis, except for derivative instruments and certain financial assets, which are measured at fair value. Financial liabilities are measured using the amortized cost model. The book value of hedged assets and liabilities, under fair-value hedge, corresponds to their fair value, for the part corresponding to the hedged risk.

1.3 – Use of estimates and assumptions

The preparation of financial statements requires Group and subsidiary management to make estimates and assumptions that are reflected in the amounts of assets and liabilities reported in the consolidated balance sheet, the revenues and expenses in the statement of income and the commitments created during the reporting period. Actual results may differ.

These assumptions mainly concern:

- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (Note 1.8 and 1.9) and the measurement of impairment losses (Note 1.11);
- the measurement of the recoverable amount of non-current financial assets (Note 1.12 and 13);
- the realizable value of inventories and work in progress (Note 1.13);
- the recoverable amount of trade and other operating receivables (Note 1.14);
- the valuation of share-based payments (Note 1.20);
- the calculation of provisions or risk contingencies (Note 1.21);
- the measurement of pension and other post-employment benefit obligations (Note 1.19 and Note 20);
- the recoverability of deferred tax assets related to tax loss carryforward (Note 14).

1.4 – Consolidation principles

Subsidiaries, over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

Group investments in entities controlled jointly with a limited number of partners, such as joint ventures and companies over which the Group has significant influence ("associates") are accounted for by the equity method. Significant influence is presumed to exist when more than 20% of voting rights are held by the Group.

Companies acquired or sold during the year are included in or removed from the consolidated financial statements as of the date when effective control is acquired or relinquished.

Intra-group balances and transactions are eliminated.

The list of consolidated main subsidiaries, joint ventures and associates can be found in Note 29.

The reporting date for all companies included in the scope of consolidation is December 31, with the exception of certain immaterial associates accounted for by the equity method. For the latter however, financial statements up to September 30 of the financial year have been used (maximum difference of three months in line with the standards).

1.5 – Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 – *Business Combinations*. Acquisition costs are presented under "Other operating income and expenses" in the statement of income.

All acquired assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date, the fair value can be adjusted during a measurement period that can last for up to 12 months from the date of acquisition.

The excess of the cost of acquisition over the Group's share in the fair value of assets and liabilities at the date of acquisition is recognized in goodwill. When the cost of acquisition is lower than the fair value of the identified assets and liabilities acquired, the badwill is immediately recognized in the statement of income.

Goodwill is not amortized, but tested for impairment at least annually and whenever there is an indication that it may be impaired (see Note 1.11 below). Any impairment losses are recognized under "Amortization expenses and impairment losses of purchase accounting intangible assets".

1.6 – Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

The financial statements of subsidiaries that use another functional currency are translated into euros as follows:

- assets and liabilities are translated at the official closing rates;
- income statement, backlog and cash flow items are translated at average annual exchange rates.

Gains or losses on translation are recorded in consolidated equity under “Cumulative translation reserve”.

The Group applies IAS 29 – *Financial Reporting in Hyperinflationary Economies* to the Group’s subsidiaries in hyperinflation countries (Venezuela and Argentina). The impacts are not significant for the Group in 2021.

1.7 – Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate in effect at the transaction date or at the hedging rate. At the balance sheet date, monetary items in foreign currency (eg. payables, receivables, etc.) are translated into the functional currency of the entity at the closing rate or at the hedging rate. Gains or losses on translation of foreign currency transactions are recorded under “Net financial income/(loss)”. Foreign currency hedging is described below, in Note 1.23.

However, certain long-term receivables and loans to subsidiaries are considered to be part of a net investment in a foreign operation, as defined by IAS 21 – *The effects of changes in foreign exchange rates*. As such, the impact of exchange rate fluctuations is recorded in equity and recognized in the statement of income when the investment is sold or when the long-term receivable or loan is reimbursed.

1.8 – Intangible assets

Intangible assets acquired separately or as part of a business combination

Intangible assets acquired separately are initially recognized in the balance sheet at historical cost. They are subsequently measured using the cost model, in accordance with IAS 38 – *Intangible Assets*.

Intangible assets (mainly trademarks, technologies and customer lists) acquired as part of business combinations are recognized in the balance sheet at fair value at the combination date, appraised externally for the most significant assets and internally for the rest, and that represents its historical cost in consolidation. The valuations are performed using generally accepted methods, based on future inflows.

Intangible assets are generally amortized on a straight-line basis over their useful life or, alternatively, over the period of legal protection. Amortized intangible assets are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Amortization expenses and impairment losses on intangible assets acquired in a business combination are presented on a separate statement of income line item, “Amortization expenses and impairment losses of purchase accounting intangible assets”.

Trademarks

The trademarks fair value is determined using the royalty method at the date of acquisition.

Trademarks acquired as part of a business combination are not amortized when they are considered to have an indefinite life.

The criteria used to determine whether or not such trademarks have indefinite lives and, as the case may be, their lifespan, are as follows:

- brand awareness;
- outlook for the brand in light of the Group’s strategy for integrating the trademark into its existing portfolio.

Non-amortized trademarks are tested for impairment at least annually and whenever there is an indication they may be impaired. When necessary, an impairment loss is recorded.

Internally-generated intangible assets

Research and development costs

Research costs are expensed in the statement of income when incurred. Development costs for new projects are capitalized if, and only if:

- the project is clearly identified and the related costs are separately identified and reliably monitored;
- the project’s technical feasibility has been demonstrated and the Group has the intention and financial resources to complete the project and to use or sell the resulting products;
- the Group has allocated the necessary technical, financial and other resources to complete the development;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Development costs that do not meet these criteria are expensed in the financial year in which they are incurred.

Before the commercial launch, capitalized development projects are tested for impairment at least annually. From the date of the commercial launch, capitalized development projects are amortized over the lifespan of the underlying technology, which generally ranges from three to ten years. The amortization expenses of such capitalized projects are included in the cost of the related products and classified into “Cost of sales” when the products are sold.

As for development-related assets which are in the amortization period, they are tested for impairment in case an impairment risk has been identified.

Software implementation

External and internal costs relating to the implementation of Enterprise Resource Planning (ERP) applications are capitalized when they relate to the programming, coding and testing phase. They are amortized over the applications’ useful lives. In accordance with paragraph 98 of IAS 38, the SAP bridge application currently being rolled out within the Group is amortized using the production unit method to reflect the pattern in which the asset’s future economic benefits are expected to be consumed. Said units of production correspond to the number of users of the rolled-out solution divided by the number of target users at the end of the roll-out.

1.9 – Property, plant and equipment

Property, plant and equipment is primarily comprised of land, buildings and production equipment and is carried at cost, less accumulated depreciation and any accumulated impairment losses, in accordance with the recommended treatment in IAS 16 – *Property, plant and equipment*.

Each component of an item of property, plant and equipment with a useful life that differs from that of the whole item is depreciated separately on a straight-line basis. The main useful lives are as follows:

- buildings: 20 to 40 years;
- machinery and equipment: 3 to 10 years;
- other: 3 to 12 years.

The useful life of property, plant and equipment used in operating activities, such as production lines, reflects the related products’ estimated life cycles.

Useful lives of items of property, plant and equipment are reviewed periodically and may be adjusted prospectively if appropriate. The depreciable amount of an asset is determined after deducting its residual value, when the residual value is material.

Depreciation is expensed in the period and included in the production cost of inventory or the cost of internally-generated intangible assets. It is recognized in the statement of income under “Cost of sales”, “Research and development costs” or “Selling, general and administrative expenses”, as the case may be.

Items of property, plant and equipment are tested for impairment whenever there is an indication they may be impaired. Impairment losses are charged to the statement of income under “Other operating income and expenses”.

Since 2019, property, plant and equipment also includes right-of-use assets, in accordance with the recommended treatment in IFRS 16 *Leases*, and as described in the following note.

1.10 – Leases

The Group has adopted IFRS 16 – *Leases* on January 1, 2019, according to the modified retrospective approach.

Scope of the Group’s contracts

The lease contracts identified within all the Group entities fall under the following categories:

- real estate: office buildings, factories, and warehouses;
- vehicles: cars and trucks;
- forklifts used mainly in factories or storage warehouses.

The Group has retained the exemption for low-value assets (i.e. assets with a cost lower than USD 5,000). Thus, the defined scope does not include small office or IT equipment, mobile phones or other small equipment, which all correspond to low-value equipment. Short term contracts (i.e. less than 12 months without purchase option) are also exempted under the standard. In this case, for example, for occasional vehicle or accommodation rentals.

Rental obligation:

At the inception date of the lease, the Group recognizes the lease liabilities, measured at the present value of the lease payments to be made over the term of the lease. The present value of payments is calculated mainly using the marginal borrowing rate of the contracting entity’s country, at the contract starting date.

Rental payments include fixed payments (net of rental incentives receivable), variable payments based on an index or rate and amounts that should be paid under residual value guarantees. Besides, the simplification allowing not to split services components has not been elected by the Group. Therefore, only the rents are taken into account in the lease payments.

Lease payments also include, when applicable, the exercise price of a purchase option reasonably certain to be exercised by the Group and the payment of penalties for the termination of a lease, if the term of the lease takes into account the fact that the Group has exercised the termination option.

Variable lease payments that are not dependent on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

After the start date of the contract, the amount of rental obligations is increased to reflect the increase in interest and reduced for lease payments made.

In addition, the carrying amount of the lease liabilities is revalued in the event of a reassessment or modification in the lease (e.g. change in the term of the lease, change in lease payments, application of annual indexation, etc.).

The obligation is recorded under other current and other non-current liabilities.

Right-of-use assets:

The Group accounts for the assets related to the right-of-use on the lease starting date (i.e. the date on which the underlying asset is available).

Assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for the revaluation of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities, initial direct costs incurred and lease payments made on or before the effective date, minus lease inducements received. They are recognized as tangible assets, in the Balance Sheet.

Unless the Group is reasonably certain that it will become the owner of the leased asset at the end of the lease term, the recorded right-of-use assets are depreciated using the linear method over the shortest period of time between estimated life of the underlying asset and the duration of the lease. The assets related to the right-of-use are subject to depreciation.

Determining the duration of contracts:

The duration of the Group's contracts varies according to geographies.

The real estate contracts have variable durations depending on the countries and local regulations. Vehicles and forklifts are generally contracted between 3 and 6 years.

In certain geographies, the Group's real estate contracts offer unilateral options for termination of contracts (particularly in France with contracts 3-6-9).

According to the recommendation of IFRIC, on a case by case analysis and based on Real Estate teams' expertise, experience strategy and projects, the Group is determining the most probable duration to perform our calculations. In most of cases, the duration chosen is the enforceable duration of the real estate contracts, in particular on the most strategic buildings and factories.

IFRS 16 debt by maturity:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
2021	–	250
2022	248	208
2023	235	165
2024	181	122
2025	132	86
2026	102	67
2027	72	55
2028	50	39
2029 and beyond	112	86
TOTAL	**1,132**	**1,078**

1.11 – Impairment of assets

In accordance with IAS 36 – *Impairment of Assets*, the Group assesses the recoverable amount of its long-lived assets as follows:

- for all property, plant and equipment subject to depreciation and intangible assets subject to amortization, the Group carries out a review at each balance sheet date to assess whether there is any indication that they may be impaired. Indications of impairment are identified based on external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value minus costs to sell and value in use;
- non-amortizable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

Value in use is determined by discounting future cash flows that will be generated by the tested assets. These future cash flows are based on Group management's economic assumptions and operating forecasts presented in business plans over a period generally not exceeding five years, and then extrapolated based on a perpetuity growth rate. The discount rate corresponds to the Group's Weighted Average Cost of Capital (WACC) at the measurement date. The WACC stood at 6.8% at December 31, 2021 (6.8% at December 31, 2020). This rate is based on (i) a long-term interest rate of 0.0%, corresponding to the average interest rate for 10-year OAT treasury bonds over the past year, (ii) the average premium applied to financing obtained by the Group in 2021, and is completed by, for CGUs WACC only, (iii) the weighted country risk premium for the Group's businesses in the countries in question.

The perpetuity growth rate is 2.0%, unchanged from the previous financial year.

Impairment tests are performed at the level of the Cash-Generating Unit (CGU) to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The cash-generating units are *Low Voltage*, *Medium Voltage*, *Industrial Automation* and *Secure Power*. CGUs net assets were allocated to the CGUs at the lowest possible level on the basis of the CGU activities to which they belong; the assets belonging to several activities were allocated to each CGU (*Low Voltage*, *Medium Voltage* and *Industrial Automation* mainly).

The WACC used to determine the value in use of each CGU was 7.5% for *Low Voltage*, 7.8% for *Medium Voltage*, 7.6% for *Secure Power*, and 7.6% for *Industrial Automation*.

Goodwill is allocated when initially recognized. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions.

Where the recoverable amount of an asset or CGU is lower than its book value, an impairment loss is recognized for the excess of the book value over the recoverable value. The recoverable value is defined as the highest value between the value in use and the fair value less costs to sell. Where the tested CGU comprises goodwill, any impairment losses are firstly deducted from goodwill.

1.12 – Non-current financial assets

Investments in non-consolidated companies are initially recorded at their cost of acquisition and subsequently measured at fair value. The fair value of investments listed in an active market may be determined reliably and corresponds to the listed price at balance sheet date (Level 1 from the fair value hierarchy as per IFRS 7).

IFRS 9 standard allows two accounting treatments for equity instruments:

- change in fair value is recognized through "Other Comprehensive Income" in the comprehensive income statement, and in equity under "Other reserves" in the balance sheet, with no subsequent recycling in the income statement even upon sale.
- change in fair value, as well as gain or loss in case of sale, are recognized in the income statement.

The election between those two methods is to be made from inception for each equity investment and is irrevocable.

Venture capital (FCPR)/Mutual funds (SICAV) are recognized at fair value through income statement, in accordance with IFRS 9.

Loans, recorded under "Non-current financial assets", are carried at amortized cost. In accordance with IFRS 9, a depreciation is booked from inception to reflect the expected credit risk losses within 12 months. In case of significant degradation of the credit quality, the initial level of depreciation is modified to cover the entire expected losses over the remaining maturity of the loan.

1.13 – Inventories and work in progress

Inventories and work in progress are measured at the lower of their initial recognition cost (acquisition cost or production cost generally determined by the weighted average price method) or of their estimated net realizable value.

Net realizable value corresponds to the estimated selling price net of remaining expenses to complete and/or sell the products. Inventory impairment losses are recognized in "Cost of sales".

The cost of work in progress, semi-finished and finished products, includes the cost of materials and direct labor, subcontracting costs, all production overheads based on normal manufacturing capacity and the portion of research and development costs that are directly related to the manufacturing process (corresponding to the amortization of capitalized projects in production and product and range of products maintenance costs).

1.14 – Trade and other operating receivables

Trade and other operating receivables are depreciated according to the simplified IFRS 9 model. From inception, trade receivables are depreciated to the extent of the expected losses over their remaining maturity.

The credit risk of trade receivables is assessed on a collective basis country by country, as the geographical origin of receivables is considered representative of their risk profile. Countries are classified by risk profile using the assessment provided by an external agency. The provision for expected credit losses is evaluated using (i) the probabilities of default communicated by a credit agency, (ii) historical default rates, (iii) aging balance, (iv) as well as the Group's assessment of the credit risk considering actual guarantees and credit insurance.

Once it is known with certainty that a doubtful receivable will not be collected, the doubtful account and its related depreciation are written off through the income statement.

Accounts receivable are discounted in cases where they are due in over one year and the discounting impact is significant.

1.15 – Assets held for sale and liabilities of discontinued operations

Assets held for sale are no longer amortized or depreciated and are recorded separately in the balance sheet under "Assets held for sale" at the lower of its amortized cost and net realizable value.

1.16 – Deferred taxes

Deferred taxes, related to temporary differences between the tax basis and accounting basis of consolidated assets and liabilities, are recorded using the balance sheet liability method, based on tax rates and tax rules enacted before the balance sheet date. The effect of any change in the tax rate is recognised in the income statement, apart from changes relating to items initially recognised directly in equity.

Future tax benefits arising from the utilization of tax loss carry forwards (including amounts available for carry forward without time limit) are recognized only when they can reasonably be expected to be realized. The carrying amount of deferred tax assets is tested for impairment at each balance sheet date and an impairment loss is recognised to the extent that it is no longer probable that sufficient taxable profits will be available against which the deferred tax asset can be fully or partially offset.

Deferred tax assets and liabilities are not discounted and are recorded in the balance sheet under non-current assets and liabilities. Deferred tax assets and liabilities related to the same unit and which are expected to reverse in the same period are offset.

1.17 – Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and marketable securities traded on organized markets. Marketable securities are short-term, highly liquid investments that are readily convertible to known amounts of cash at maturity. They notably consist of bank deposits, commercial paper, mutual funds and equivalents. Considering their nature and maturities, these instruments represent insignificant risk of changes in value and are treated as cash equivalents.

1.18 – Treasury shares

Schneider Electric SE shares held by the parent company or by fully consolidated companies are measured at acquisition cost and deducted from equity.

Gains/(losses) on the sale of own shares are canceled from consolidated reserves, net of tax.

1.19 – Pensions and other employee benefit obligations

Depending on local practices and laws, the Group's subsidiaries participate in pension, termination benefit and other long-term benefit plans. Benefits paid under these plans depend on factors such as seniority, compensation levels and payments into mandatory retirement programs.

Defined contribution plans

Payments made under defined contribution plans are recorded in the income statement, in the year of payment, and are in full settlement of the Group's liability. As the Group is not committed beyond these contributions, no provision related to these plans has been booked.

In most countries, the Group participates in mandatory general plans, which are accounted for as defined contribution plans.

Defined Benefit plans

Defined Benefit plans are measured using the projected unit credit method.

Expenses recognized in the statement of income are split between operating income (for service costs rendered during the period) and net financial income/(loss) (for financial costs and expected return on plan assets).

The amount recognized in the balance sheet corresponds to the present value of the obligation, and net of plan assets.

When this is an asset, the recognized asset is limited to the present value of any economic benefit due in the form of plan refunds or reductions in future plan contributions.

Changes resulting from periodic adjustments to actuarial assumptions regarding general financial and business conditions or demographics (i.e., changes in the discount rate, annual salary increases, return on plan assets, years of service, etc.) as well as experience adjustments are immediately recognized in the balance sheet as a separate component of equity in "Other reserves" and in comprehensive income as "Other comprehensive income/loss".

Other commitments

Provisions are funded and expenses recognized to cover the cost of providing health-care benefits for certain Group retirees in Europe and the United States. The accounting policies applied to these plans are similar to those used to account for Defined Benefit pension plans.

The Group also funds provisions for all its subsidiaries to cover seniority-related benefits (primarily long service awards for its French subsidiaries). Actuarial gains and losses on these benefit obligations are fully recognized in profit or loss.

1.20 – Share-based payments

The Group grants performance shares to senior executives and certain employees.

Pursuant to the application of IFRS 2 – *Share-based payments*, these plans are measured on the date of grant and an employee benefits expense is recognized on a straight-line basis over the vesting period, in general three or four years depending on the country in which it is granted.

The Group uses the Black & Scholes model to measure these plans.

For performance shares and stock options, this expense is offset in the equity. In the case of stock appreciation rights, a liability is recorded corresponding to the amount of the benefit granted, re-measured at each balance sheet date.

As part of its commitment to employee share ownership, Schneider Electric gave its employees the opportunity to purchase shares at a discounted price (Note 19).

1.21 – Provisions and risk contingencies

A provision is recognized when it is probable that the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis, and discounted when the impact from discounting is significant.

Provisions are primarily set aside to cover:

- **economic risks**: these provisions relate to probable tax risks arising on positions taken by the Group or its subsidiaries. Each position is assessed individually and not offset, and reflects the best estimate of the risk at the end of the reporting period. Where applicable, it includes any late-payment interest and fines. In accordance with IFRIC 23 – *Uncertainty over income tax treatments*, provisions covering uncertainties over income tax treatment are presented under "Accrued taxes and payroll costs" as of 1st of January 2019;
- **customer risks**: provisions for customer risks mainly integrate the provisions for losses at completion for some of long-term contracts. Provisions for expected losses are fully recognized as soon as they are identified;
- **product risks**: these provisions comprise
  - statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of Schneider Electric product warranties not covered by insurance. The provisions are estimated with consideration of historical claim statistics and the warranty period;
  - provisions to cover disputes concerning defective products and recalls of clearly identified products.
- **environmental risks**: these provisions are primarily funded to cover clean-up costs. The estimation of the expected future outflows is based on reports from independent experts;
- **restructuring costs**, when the Group has prepared a detailed plan for the restructuring and has either announced or started to implement the plan before the end of the year. The estimation of the liability includes only direct expenditure arising from the restructuring.

1.22 – Financial liabilities

Financial liabilities primarily comprise bonds, commercial paper and short and long-term bank borrowings. These liabilities are initially recorded at fair value, from which any direct transaction costs are deducted. Subsequently, they are measured at amortized cost based on their effective interest rate.

1.23 – Financial instruments and derivatives

Risk hedging management is centralized. The Group's policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates, interest rates or prices of certain raw materials. The Group uses instruments such as foreign exchange forwards, foreign exchange options, cross currency swaps, interest rate swaps and commodities future, swaps or options, depending on the nature of the exposure to be hedged.

All derivatives are recorded in the balance sheet at fair value with changes in fair value recorded in the statement of income, except when they are qualified in a hedging relationship.

Cash flows from financial instruments are recognized in the consolidated statement of cash flows in a manner consistent with the underlying transactions.

Foreign currency hedges

The Group periodically enters into foreign exchange derivatives to hedge the currency risk associated with foreign currency transactions.

Whenever possible, monetary items (except specific financing items) denominated in foreign currency carried in the balance sheet of Group companies are hedged by rebalancing assets and liabilities per currency through foreign exchange spots realized with Corporate Treasury (natural hedge). The foreign exchange risk is thus aggregated at Group level and hedged with foreign exchange derivatives. When foreign exchange risk management cannot be centralized, the Group contracts foreign exchange forwards to hedge operating receivables and payables carried in the balance sheet of Group companies. In both cases, the Group does not apply hedge accounting because gains and losses generated on these foreign exchange derivatives naturally offset within "Net financial income/(loss)" with gains or losses resulting from the translation at end-of-year rates of payables and receivables denominated in foreign currency.

The Group also hedges future cash flows, including recurring future transactions and planned acquisitions or disposals of investments. In accordance with IFRS 9, these are treated as cash flow hedges. These hedging instruments are recognized at fair value in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under "Other reserves", and then recognized in the income statement when the hedged item affects profit or loss.

The Group also hedges foreign exchange risk financing receivables or payables (including current accounts and loans with subsidiaries) using foreign exchange derivatives than can be documented either in Cash Flow Hedge or Fair Value Hedge depending on the nature of the derivative.

The Group may also designate foreign exchange derivatives or borrowings as hedging instruments of its investments in foreign operations (net investment hedge). Changes of value of those hedging instruments are accumulated in equity and recognized in the statement of income symmetrically to the hedged items.

The Group documents foreign exchange derivative based on the spot rate. The Group adopted the cost of hedging option offered by IFRS 9 to limit volatility in the statement of income related to forward points:

- For foreign exchange derivatives hedging an item on the balance sheet: Forward points are amortized in statement of income on a straight-line basis. Forward points related to foreign exchange derivatives hedging financing transactions are included in "Finance costs, net";
- For foreign exchange derivatives hedging future transactions not yet recorded on the balance sheet: Forward points are recorded in the statement of income when the hedged transaction impacts the statement of income.

Interest rate hedges

Interest rate swaps allow the Group to manage its exposure to interest rate risk. The derivative instruments used are financially adjusted to the schedules, rates and currencies of the borrowings they cover. They involve the exchange of fixed and floating-rate interest payments. The differential to be paid (or received) is accrued as an adjustment to interest income or expense over the life of the agreement. The Group applies hedge accounting as described in IFRS 9 for interest rate swaps. Gains and losses on re-measurement of interest rate swaps at fair value on the balance sheet are recognized in equity (for Cash Flow Hedges) or in profit or loss (for Fair Value Hedges).

Borrowings hedged by an interest rate derivative in a fair value hedge are reevaluated at fair value for the portion of risk being hedged, with offsetting entry in the statement of income.

Cross-currency swaps may be presented both as foreign exchange hedges and interest rate hedges depending on the characteristics of the derivative.

Commodity hedges

The Group also purchases commodity derivatives including forward purchase contracts, swaps and options to hedge price risks on all or part of its forecast future purchases. Under IFRS 9, these qualify as cash flow hedges. These instruments are recognized in the balance sheet at fair value at the period-end (mark to market). The effective portion of the hedge is recognized separately in equity (under "Other reserves") and then recognized in income (gross margin) when the underlying hedge affects consolidated income. The effect of this hedging is then incorporated in the cost price of the products sold.

1.24 – Revenue recognition

The Group's revenues primarily include transactional sales and revenues from services, and system contracts (projects).

Some contracts may include the supply to the customer of distinct goods and services (for instance contracts combining build followed by operation and maintenance). In such situations, the contract is analyzed and segmented into several components ("performance obligations"), each component being accounted for separately, with its own revenue recognition method and margin rate. The selling price is allocated to each performance obligation in proportion to the specific selling price of the underlying goods and services. This allocation should reflect the share of the price to which Schneider Electric expects to be entitled in exchange for the supply of these goods or services.

Revenue associated with each performance obligation identified within a contract is recognized when the obligation is satisfied, i.e. when the control of the promised goods or services is transferred to the customer.

The following revenue recognition methods can be applied:

Recognition of revenue at a point of time

Revenue from sales is recognized at a point of time, when the control of the promised goods or services is transferred to the customer. This method is applicable for all transactional sales and for specific services such as spare parts deliveries, or on-demand services.

Recognition of revenue over time

To demonstrate that the transfer of goods is progressive and recognize revenue over time, the following cumulative criteria are required:

- the goods sold have no alternative use, and
- enforceable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date exists, in the event of early termination for convenience by the customer.

When these criteria are fulfilled, revenue is recognized using the percentage-of-completion method, based on the percentage of costs incurred in relation to total estimated costs of the performance obligation. The cost incurred includes direct and indirect costs relating to the contracts.

Expected losses on contracts are fully recognized as soon as they are identified.

Penalties for late delivery or for the improper execution of a contract are recognized as a deduction from revenue.

This method is applicable for systems contracts (projects) as the constructed assets are highly customized, and thus the Group would incur significant economic losses to redirect the built solutions to other customers.

Revenue from most services contracts is recognized over time, as the customer simultaneously receives and consumes the benefits of the services provided. When costs incurred are stable over the contract's period, revenue is linearized over the contract's length.

Provisions for the discounts offered to distributors are accrued when the products are sold to the distributor and recognized as a deduction from revenue. Certain Group subsidiaries also offer cash discounts to distributors. These discounts and rebates are deducted from sales.

Consolidated revenue is presented net of these discounts and rebates.

Backlog and balance sheet presentation

Backlog (as disclosed in Note 3) corresponds to the amounts of the selling price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at closing date.

The cumulated amount of revenue accounted for, less progress payments and accounts receivable (presented on a dedicated line of the balance sheet) is determined on a contract-by-contract basis. If this amount is positive, the balance is recognized under "contract assets" in the balance sheet. If it is negative, the balance is recognized under "contract liabilities" (see Note16). Reserves for onerous contracts (so called reserves for loss at completion) are excluded from contract assets and liabilities and presented among the "provisions for customer risks" item.

1.25 – Earnings per share

Earnings per share are calculated in accordance with IAS 33 – *Earnings Per Share*.

Diluted earnings per share are calculated by adjusting profit attributable to equity holders of the parent and the weighted average number of shares outstanding for the dilutive effect of the exercise of stock options outstanding at the balance sheet date. The dilutive effect of stock options is determined by applying the "treasury stock" method, which consists of taking into account the number of shares that could be purchased, based on the average share price for the year, using the proceeds from the exercise of the rights attached to the options.

1.26 – Statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, net of bank overdrafts and facilities.

Note 2: Changes in the scope of consolidation

The list of main consolidated companies can be found in Note 29.

2.1 – Scope variations

Acquisitions & disposals of the period

Acquisitions

OSIsoft LLC.
As announced on March 19, 2021, Schneider Electric's majority-owned subsidiary, AVEVA Group Plc, has completed the acquisition of OSIsoft, for a consideration of EUR 4.5 billion (USD 5.1 billion). OSIsoft is fully consolidated since the acquisition date, and reports within the *Industrial Automation* reporting segment.

The consideration paid was funded by EUR 3.9 billion (USD 4.4 billion) of cash, and by a EUR 0.5 billion (USD 0.6 billion) issue of 13,655,570 ordinary shares from AVEVA Group Plc to Estudillo Holdings Corp.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2021. OSIsoft carrying value at acquisition date for net identifiable assets was EUR (1) million. The net adjustment of the opening balance sheet is EUR 1,460 million, resulting mainly from the booking of identifiable intangible assets (technology for EUR 998 million, customer relationship for EUR 288 million and trademark for EUR 150 million) and from a decrease in contract liabilities for EUR 71 million resulting from the remeasurement at fair value of the deferred revenue following the business combination under IFRS 3R. The preliminary goodwill recognized amounts to EUR 3,001 million at acquisition date.

ETAP
On June 28, 2021, the Group completed the transaction to purchase a controlling stake in Operation Technology Inc. ("ETAP"). As of June 30, 2021, the Group has acquired 80% of the capital of ETAP for a consideration of EUR 216 million, fully paid in cash. ETAP is consolidated within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 20% minority interests in 2025. The related debt has been recognised in "Other non-current liabilities".

The purchase accounting as per IFRS 3R is not completed as of December 31, 2021. ETAP carrying value at acquisition date for net identifiable assets was EUR 13 million. The net adjustment of the opening balance sheet is EUR 26 million, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark). The preliminary goodwill recognized amounts to EUR 260 million at acquisition date and includes the forward agreement for the acquisition of the remaining 20% minority interests in 2025.

Uplight Inc.
The Group completed the acquisition of 29.6% of Uplight Inc. on July 27, 2021 for a consideration of EUR 378 million. In October 2021, the Group subscribed to a capital increase EUR 20 million for the acquisition of Agentis by Uplight Inc., resulting in a dilution of the Group's interest to 29.4%. Uplight Inc. has been accounted for by the equity method since August 1, 2021.

I.G.E + X.A.O.
On November 24, 2021, the simplified tender offer for the shares of IGE+XAO, submitted to the AMF, has been closed. At the end of the tender offer, the Group owns 83.93% of IGE+XAO's share capital.

Qmerit
On December 20, 2021, the Group acquired 85.85% of the capital of Qmerit, fully consolidated in *Energy Management* reporting segment. Qmerit is accelerating the shift away from traditional fossil fuel-powered systems, toward more sustainable, resilient electric technologies. The Group holds an agreement to acquire the remaining 14.15% minority interests. The related debt has been recognised in "Other noncurrent liabilities". The purchase accounting as per IFRS 3R is not completed as of December 31, 2021.

Disposals
In 2021, the Group recorded a total amount of EUR 196 million of gain on business disposals, mainly related to the following:

Cable Support
On April 27, 2021, the Group announced the signing of the agreement to divest the Cable Support business which was consolidated within *Energy Management* reporting segment. The transaction was finalized, on June 30, 2021.

IMServ
On July 28, 2021, the Group completed the sale of IMServ, a provider of metering and data services to the energy market. It was consolidated within *Industrial Automation* reporting segment.

US Motion
On July 9, 2021, the Group completed the sale of the US Motion industrial, a manufacturer of motion control components for automation equipment. It was consolidated within *Industrial Automation* reporting segment.

Follow-up on acquisitions and divestments occurred in 2020 with significant effect in 2021

Acquisitions

RIB Software SE

On February 13, 2020, the Group announced its intention to launch a voluntary public tender for the acquisition of 100% of the shares of RIB Software SE for a total valuation of EUR 1.5 billion. On March 25, 2020, the Group acquired approximately 9.99% of the capital of the company, outside the takeover offer. On July 10, 2020, the Group announced the successful completion of the voluntary public takeover offer. As of December 31, 2020, the Group owned 87.64% of the capital of RIB Software, fully consolidated within *Energy Management* reporting segment. The Group held a put option agreement on 9.1% of minority interests, valued at EUR 137 million, with a maturity date in 2024.

On June 10, 2021, the Group purchased 9.1% of the non-controlling interests for a consideration of EUR 223 million. The previous put agreement and related debt have been cancelled.

On July 5, 2021, the Group submitted the formal request to RIB Software SE that the General Meeting of RIB Software SE shall resolve to transfer the shares of the remaining shareholders (minority shareholders) to Schneider Electric Investment AG for an appropriate cash compensation (so-called squeeze out under stock corporation law).

As of December 31, 2021, the squeeze out has been completed and the Group owns 100% of RIB Software SE.

The purchase accounting resulting from the acquisition is completed at the closing date. As of December 31, 2021, the purchase accounting adjustments amount to EUR 211 million, and resulted mainly in the identification of intangible assets (technologies, trademark and customer relationship). The Goodwill recognized amounts to EUR 1,128 million as of December 31, 2021.

Larsen & Toubro

On May 1st, 2018, Schneider Electric, partnering with Temasek, a global investment company headquartered in Singapore, reached an agreement to buy Larsen & Toubro's Electrical & Automation business.

On August 31, 2020, the Group completed the transaction to combine Schneider Electric India's Low Voltage and Industrial Automation Products business and Larsen and Toubro ("L&T") Electrical and Automation business, for a consideration paid of EUR 1,571 million.

Temasek took 35% stake in the combined business for EUR 530 million. The partnership with Temasek resulted in the dilution of the Group's interests within Schneider Electric India's Low Voltage and Industrial Automation Products business, and in the recognition of a gain of EUR 191 million in the Group's share of equity in 2020.

L&T is fully consolidated since September 1, 2020, and reports within both *Energy Management* and *Industrial Automation* reporting segments.

The purchase accounting as per IFRS 3R is completed as of December 31, 2021. At acquisition date, the net adjustment of the opening balance sheet is EUR 286 million. The main identifiable intangible assets recognized as of December 31, 2021 are technology for EUR 111 million, customer relationship for EUR 380 million and trademark for EUR 83 million. Contingent liabilities assumed mainly relates to environment, health and safety (EHS) risk for EUR 78 million as of December 31, 2021. The goodwill recognized amounts to EUR 1,117 million as of December 31,2021.

2.2 – Impact of changes in the scope of consolidation on the Group cash flow

Changes in the scope of consolidation at December 31, 2021, decreased the Group's cash position by a net EUR 4,231 million outflow, as described below:

(in millions of euros)	**Full Year 2021**	Full Year 2020
Acquisitions	(4,577)	(2,441)
of which OSISoft LLC	(3,534)	–
of which RIB Software SE	–	*(1,075)*
of which L&T	–	*(983)*
of which Uplight	*(398)*	–
of which ETAP	*(205)*	–
of which others	*(440)*	*(383)*
Disposals	346	48
FINANCIAL INVESTMENTS NET OF DISPOSALS	**(4,231)**	**(2,393)**

OSIsoft acquistion results in a net cash outflow for EUR 3,534 million including EUR 3,709 cash paid and a EUR 175 million net cash acquired for full year 2021. The remaining cash outflow is due to Qmerit and other individually unmaterial acquisitions. Cash inflows is mainly due to the disposals described in Note 2.1.

Note 3: Segment information

The Group is organized into two reporting segments as follows:

Energy Management leverages a complete end-to-end technology offering enabled by EcoStruxure™ and gathers three operating segments: *Low Voltage*, *Medium Voltage* and *Secure Power* that all share the same objective of managing efficiently and reliably the energy and have similar economic characteristics. The Group's go-to-market is oriented to address customer needs across its four end-markets of Buildings, Data Centers, Industry and Infrastructure, supported by a worldwide partner network.

Industrial Automation includes Industrial Automation and Industrial Control activities, across discrete, process & hybrid industries.

Expenses concerning General Management that cannot be allocated to a particular segment are presented under "Central functions & digital costs".

Operating and reporting segment data is identical to that presented to the board of directors, which has been identified as the main decision-making body for allocating resources and evaluating segment performance. Performance and decisions on the allocation of resources are assessed by the board of directors and are mainly based on Adjusted EBITA.

Share-based payment is presented under "Central functions & digital costs".

The board of directors does not review assets and liabilities by business.

The same accounting principles governing the consolidated financial statements apply to segment data.

Details are provided in the Management Report.

3.1 – Information by reporting segment

Full Year 2021

(in millions of euros)	**Energy Management**	**Industrial Automation**	**Central functions & digital costs**	**Total**
Backlog	9,088	2,688	–	**11,776**
Revenue	22,179	6,726	–	**28,905**
Adjusted EBITA	4,501	1,242	(756)	**4,987**
Adjusted EBITA (%)	*20.3%*	*18.5%*		**17.3%**

On December 31, 2021, the total backlog to be executed in more than a year amounted to EUR 640 million.

Full Year 2020

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	**Total**
Backlog	7,231	1,765	–	**8,996**
Revenue	19,344	5,815	–	**25,159**
Adjusted EBITA	3,634	992	(700)	**3,926**
Adjusted EBITA (%)	*18.8%*	*17.1%*		**15.6%**

On December 31, 2020, the total backlog to be executed in more than a year amounted to EUR 639 million.

3.2 – Information by region

The geographic regions covered by the Group are:

- Western Europe;
- North America (including Mexico);
- Asia-Pacific;
- Rest of the World (Eastern Europe, Middle East, Africa, South America).

Non-current assets include net goodwill, net intangible assets and net property, plant and equipment.

(in millions of euros)	**Western Europe**	***of which France***	**Asia-Pacific**	***of which China***	**North America**	***of which USA***	**Rest of the World**	**Total**
Revenue by country market	7,382	*1,749*	8,995	*4,701*	8,267	*7,148*	4,261	**28,905**
Non-current assets as of Dec. 31, 2021	12,779	*2,604*	5,866	*1,154*	15,094	*12,721*	1,296	**35,035**

(in millions of euros)	Western Europe	*of which France*	Asia-Pacific	*of which China*	North America	*of which USA*	Rest of the World	Total
Revenue by country market	6,636	*1,512*	7,509	*4,009*	7,241	*6,303*	3,773	**25,159**
Non-current assets as of Dec. 31, 2020	12,676	*1,889*	5,517	*960*	9,103	*6,651*	1,312	**28,608**

The increase in non-current assets in both North America and the USA in 2021 is mainly attributable to the acquisition of OSIsoft.

Moreover, the Group follows the share of new economies in revenue:

(in millions of euros)	**Full Year 2021**		Full Year 2020	
Revenue – Mature countries	16,590	*57%*	14,763	*59%*
Revenue – New economies	12,315	*43%*	10,396	*41%*
TOTAL	**28,905**	**100%**	**25,159**	**100%**

Mature countries gather mainly Western Europe and North American countries.

Note 4: Research and development

Research and development costs are as follows:

(in millions of euros)	**Full Year 2021**	Full Year 2020
Research and development costs in costs of sales	(377)	(378)
Research and development costs in R&D costs*	(855)	(718)
Capitalized development costs	(307)	(311)
TOTAL RESEARCH AND DEVELOPMENT COSTS**	**(1,539)**	**(1,407)**

* Including EUR 44 million of research and development tax credit in full year 2021 and EUR 50 million in full year 2020

** Excluding amortization of R&D costs capitalized

Amortization expenses of capitalized development booked in the cost of sales, amounted to EUR 239 million in 2021 and EUR 245 million in 2020.

Note 5: Impairment losses, depreciation and amortization expenses

(in millions of euros)	**Full Year 2021**	Full Year 2020
Depreciation and amortization included in cost of sales	(539)	(534)
Depreciation and amortization included in selling, general and administrative expenses	(486)	(469)
Amortization expenses of purchase accounting intangible assets	(389)	(207)
Impairment losses of purchase accounting intangible assets	(21)	–
IMPAIRMENT LOSSES, DEPRECIATION AND AMORTIZATION EXPENSES	**(1,435)**	**(1,210)**

The impairment booked in 2021 is mainly related to intangible assets (developed technology and customer relationships) associated with the announcement from AVEVA to retire its steel fabrication software in July 2021.

Note 6: Other operating income and expenses

Other operating income and expenses are as follows:

(in millions of euros)	**Full Year 2021**	Full Year 2020
Gains/(losses) on assets disposals	(11)	(4)
Gains/(losses) on business disposals & assets impairment	175	(13)
Costs of acquisitions and integrations	(166)	(169)
Others	(19)	(24)
OTHER OPERATING INCOME AND EXPENSES	**(21)**	**(210)**

In 2021, the costs of acquisitions and integrations are mainly related to the recent and ongoing acquisitions of the year. The gains on disposals mainly relate to the 2021 divestments described in Note 2.

Note 7: Other financial income and expenses

(in millions of euros)	**Full Year 2021**	Full Year 2020
Exchange gains and losses, net	(8)	(36)
Financial component of defined benefit plan costs	(39)	(47)
Dividends received	3	5
Fair value adjustment of financial assets	8	(3)
Financial interests – IFRS16	(38)	(37)
Other financial expenses, net	(7)	(48)
OTHER FINANCIAL INCOME AND EXPENSES	**(81)**	**(166)**

Note 8: Income tax expenses

Wherever the regulatory environment allows it, the Group entities file consolidated tax returns. Schneider Electric SE files a consolidated tax return with its French subsidiaries held directly or indirectly through Schneider Electric Industries SAS.

8.1 – Analysis of income tax expense

(in millions of euros)	**Full Year 2021**	Full Year 2020
Current taxes	(861)	(785)
Deferred taxes	(105)	147
INCOME TAX EXPENSE	**(966)**	**(638)**

8.2 – Tax reconciliation

(in millions of euros)	**Full Year 2021**	Full Year 2020
Profit attributable to owners of the parent	**3,204**	**2,126**
Income tax expense	(966)	(638)
Non-controlling interests	(69)	(112)
Share of profit of associates	84	66
Profit before tax	**4,155**	**2,810**
Geographical weighted average Group tax rate	23.1%	23.2%
Theoretical income tax expense	**(959)**	**(652)**
Reconciling items:		
Tax credits and other tax reductions	89	31
Impact of tax losses	(55)	8
Other permanent differences	(41)	(25)
INCOME TAX EXPENSE	**(966)**	**(638)**
EFFECTIVE TAX RATE	**23.2%**	**22.7%**

The Company's consolidated income from continuing operations being predominantly generated outside of France, theoretical tax expense from continuing operations is reconciled above from the Company's weighted-average global tax rate (rather than from the French domestic statutory tax rate).

Note 9: Goodwill

9.1 – Main items of goodwill

Group goodwill is broken down by CGUs as follows:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Energy Management:	**13,944**	**12,831**
Low Voltage	*8,496*	*7,981*
Medium Voltage	*2,245*	*1,780*
Secure Power	*3,203*	*3,070*
Industrial Automation	**10,779**	**7,125**
TOTAL GOODWILL	**24,723**	**19,956**

The Group performed the annual impairment test of all the Cash Generating Units (CGUs) using the same methodology as the one used on previous periods, and described in Note 1.11.

Impairment tests performed in 2021 did not trigger any impairment losses on the CGUs' assets.

The sensitivity analysis on the test hypothesis shows that no impairment losses would be recognized in each of the following scenarios, for each CGU:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease in the growth rate;
- a 0.5 point decrease in the margin rate.

9.2 – Movements during the year

The main movements during the year are summarized as follows:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Net goodwill at opening	**19,956**	**18,719**
Acquisitions	3,717	2,287
Disposals	(118)	–
Reclassifications	–	–
Translation adjustment	1,168	(1,050)
NET GOODWILL AT END OF PERIOD	**24,723**	**19,956**
including cumulative impairment	*(367)*	*(367)*

Acquisitions & Disposals

Movements from acquisitions and disposals are described in Note 2.1.

Other changes

Translation adjustments mainly concern goodwill in US dollar and UK pound sterling.

Note 10: Intangibles assets

10.1 – Change in intangible assets

Gross value

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	**Total**
Dec. 31, 2019	**2,590**	**918**	**3,315**	**2,691**	**202**	**9,716**
Acquisitions	–	19	311	–	2	**332**
Translation adjustments	(166)	(31)	(100)	(223)	(48)	**(568)**
Reclassifications	–	53	(64)	–	11	**–**
Changes in scope of consolidation and other	71	5	16	824	(1)	**915**
Dec. 31, 2020	**2,495**	**964**	**3,478**	**3,292**	**166**	**10,395**
Acquisitions	–	22	307	4	–	**333**
Translation adjustments	162	17	61	338	18	**596**
Reclassifications	41	19	(14)	(101)	28	**(27)**
Changes in scope of consolidation and other	163	19	(9)	1,253	4	**1,430**
Dec. 31, 2021	**2,861**	**1,041**	**3,823**	**4,786**	**216**	**12,727**

Amortization and impairment

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2019	**(420)**	**(801)**	**(2,111)**	**(1,538)**	**(199)**	**(5,069)**
Amortizations	(4)	(53)	(245)	(201)	(9)	**(512)**
Impairments	–	–	(8)	–	(9)	**(17)**
Translation adjustments	–	23	72	93	54	**242**
Reclassifications	–	–	–	–	–	–
Changes in scope of consolidation and other	–	(3)	–	(3)	–	**(6)**
Dec. 31, 2020	**(424)**	**(834)**	**(2,292)**	**(1,649)**	**(163)**	**(5,362)**
Amortizations	(30)	(59)	(241)	(353)	(5)	**(688)**
Impairments	–	–	(3)	(20)	–	**(23)**
Translation adjustments	(3)	(13)	(45)	(143)	(8)	**(212)**
Reclassifications	(29)	38	(74)	90	2	**27**
Changes in scope of consolidation and other	–	10	1	6	–	**17**
Dec. 31, 2021	**(486)**	**(858)**	**(2,654)**	**(2,069)**	**(174)**	**(6,241)**

Net value

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2019	**2,170**	**117**	**1,204**	**1,153**	**3**	**4,647**
Dec. 31, 2020	2,071	130	1,186	1,643	3	**5,033**
Dec. 31, 2021	**2,375**	**183**	**1,169**	**2,717**	**42**	**6,486**

In 2021, change in intangible assets is mainly related to the acquisitions of OSIsoft and ETAP.

The amortization expenses and impairment losses of intangible assets other than goodwill restated in statutory cash flow are as follows:

(in millions of euros)	**Full year 2021**	Full year 2020
Amortization expenses of intangibles assets other than goodwill	688	512
Impairments losses of intangible assets other than goodwill	23	17
TOTAL*	**711**	**529**

* Includes amortization & impairment of intangible assets from purchase price allocation for EUR 410 million for the year 2021 (EUR 207 million in 2020)

10.2 – Trademarks

At December 31, 2021, the main trademarks recognized were as follows:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
APC (Secure Power)	1,637	1,512
Clipsal (Low Voltage)	163	160
OSIsoft (Industrial Automation)	146	–
Asco (Low Voltage)	110	102
Aveva (Industrial Automation)	91	78
Invensys – Triconex and Foxboro (Industrial Automation)	49	45
L&T (Low Voltage/Medium Voltage/Industrial Automation)	65	58
Digital (Industrial Automation)	42	43
Other	72	73
TRADEMARKS	**2,375**	**2,071**

In 2021, the Group reviewed the value of the main trademarks in accordance with valuation model describe in Note 1.8 – Intangibles assets. Particularly, APC brand was tested using the royalty relief method. The future cash flows used are based on Group management's economic assumptions and operating forecasts presented in Secure Power's business plan, and then extrapolated based on a perpetuity growth rate of 2%.

Impairment tests carried out on main trademarks in 2021 did not show any impairment risk.

The sensitivity analysis on the test hypothesis shows that no impairment losses would be recognized in the following scenarios:

- a 0.5 point increase in the discount rate;
- a 1.0 point decrease in growth rate;
- a 0.5 point decrease in the royalty rate.

Note 11: Property, plant and equipment

Changes in property, plant and equipment in 2021 are mainly related to the scope changes mentioned in the Note 2 and include the impacts of IFRS 16 – *Leases*.

Gross value

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2019	**141**	**1,943**	**4,565**	**1,154**	**1,407**	**9,210**
Acquisitions	3	44	91	361	296	**795**
Disposals	(2)	(41)	(158)	(78)	(57)	**(336)**
Translation adjustments	(12)	(79)	(183)	(64)	(71)	**(409)**
Reclassifications	(2)	66	193	(262)	–	**(5)**
Changes in scope of consolidation and other	53	57	89	35	44	**278**
Dec. 31, 2020	**181**	**1,990**	**4,597**	**1,146**	**1,619**	**9,533**
Acquisitions	1	32	102	401	349	**885**
Disposals	(3)	(81)	(198)	(109)	(113)	**(504)**
Translation adjustments	7	64	170	52	61	**354**
Reclassifications	4	48	150	(234)	–	**(32)**
Changes in scope of consolidation and other	9	(10)	(26)	(3)	53	**23**
Dec. 31, 2021	**199**	**2,043**	**4,795**	**1,253**	**1,969**	**10,259**

Amortization and impairment

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2019	**(18)**	**(1,070)**	**(3,568)**	**(582)**	**(292)**	**(5,530)**
Depreciation and impairment	(1)	(85)	(245)	(67)	(306)	**(704)**
Reversals	1	29	137	46	4	**217**
Translation adjustments	(3)	29	130	25	16	**197**
Reclassifications	–	(4)	2	10	–	**8**
Changes in scope of consolidation and other	(2)	(21)	(49)	(24)	(6)	**(102)**
Dec. 31, 2020	**(23)**	**(1,122)**	**(3,593)**	**(592)**	**(584)**	**(5,914)**
Depreciation and impairment	(7)	(93)	(255)	(79)	(310)	**(744)**
Reversals	1	67	178	77	18	**341**
Translation adjustments	(1)	(35)	(125)	(23)	(14)	**(198)**
Reclassifications	1	2	26	(2)	–	**27**
Changes in scope of consolidation and other	1	14	30	11	(1)	**55**
Dec. 31, 2021	**(28)**	**(1,167)**	**(3,739)**	**(608)**	**(891)**	**(6,433)**

Net value

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2019	**123**	**873**	**997**	**572**	**1,115**	**3,680**
Dec. 31, 2020	**158**	**868**	**1,004**	**554**	**1,035**	**3,619**
Dec. 31, 2021	**171**	**876**	**1,056**	**645**	**1,078**	**3,826**

Reclassifications primarily correspond to assets put into use.

The cash impact of purchases of property, plant and equipment in 2021 was as follows:

(in millions of euros)	**Full year 2021**	Full year 2020
Increase in property, plant and equipment	(885)	(795)
Of which non-cash impact related to IFRS 16	349	296
Changes in receivables and liabilities on property, plant and equipment	(7)	14
TOTAL	**(543)**	**(485)**

The depreciation and impairment of property, plant and equipment restated in the statement of cash flows were as follows:

(in millions of euros)	**Full year 2021**	Full year 2020
Depreciation of property, plant and equipment	726	698
Impairment of property, plant and equipment	18	6
TOTAL	**744**	**704**

Note 12: Investments in associates and joint ventures

Investments in associates and joint ventures can be analyzed as follows:

(in millions of euros)	Delixi Sub-Group	Uplight	Planon	Fuji Electrics	Electroshield Samara	Sunten Electric Equipments	Other	**Total**
% of interest								
Dec. 31, 2020	50.0%			36.8%	60.0%	25.0%		
Dec. 31, 2021	50.0%	29.4%	25.0%	36.8%	60.0%	25.0%		
CLOSING VALUE DEC. 31, 2019	**320**	**–**	**–**	**141**	**–**	**42**	**30**	**533**
Net Income/(loss)	73	–	–	5	(15)	4	(1)	66
Dividends distribution	(18)	–	–	(2)	–	–	(2)	(22)
Perimeter changes	–	–	–	–	33	–	3	36
Translation impacts & others	(8)	–	–	(4)	(8)	(2)	7	(15)
CLOSING VALUE DEC. 31, 2020	**367**	**–**	**–**	**140**	**10**	**44**	**37**	**598**
Net Income/(loss)	81	(7)	(1)	13	(4)	2	–	84
Dividends distribution	(22)	–	–	(2)	–	(2)	(3)	(29)
Perimeter changes	–	398	113	–	–	–	–	511
Translation impacts & others	38	(1)	–	–	1	(6)	38	70
CLOSING VALUE DEC. 31, 2021	**464**	**390**	**112**	**151**	**7**	**38**	**72**	**1,234**

In July 2021, Schneider Electric acquired a 29.6% strategic stake in Uplight for a consideration of EUR 378 million. In October 2021, Schneider Electric subscribed to a EUR 20 million increase in capital in order to finance the acquisition of Agentis by Uplight, leading to the dilution of Schneider Electric's stake to 29.4%.

12.1 – Main entities consolidated under the equity method:

Delixi Electric Ltd.

In 2007, Schneider Electric joined Delixi Group to establish a win-win partnership in a joint-venture, Delixi Electric Ltd., aka "Delixi Electric".

Delixi Electric is a specialist in manufacturing, retail and distribution of low voltage products.

The key financial indicators for the Delixi Electric subgroup (on a 100% basis) are as follows:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Non-current assets	895	690
Current assets	677	409
TOTAL ASSETS	**1,573**	**1,099**
Equity	586	408
Non-current liabilities	168	17
Current liabilities	819	675
TOTAL EQUITY AND LIABILITIES	**1,573**	**1,099**
Revenue	1,418	1,145
Adjusted EBITA	201	170
PROFIT FOR THE PERIOD	**162**	**145**
Dividends paid	45	36

Uplight

Schneider Electric acquired a strategic stake in Uplight as part of its digitization and growth strategy. Uplight offers a comprehensive digital platform for utility customer engagement and provides software and services to world's leading electric and gas utilities, mainly in the U.S., with the mission of motivating and enabling energy users and providers to transition to cleaner energy ecosystems.

Uplight's financial results are driven by the rate of growth of new customers and the extension of additional services to existing customers.

Note 13: Non-current financial assets

Non-current financial assets, primarily comprising investments, are detailed below:

(in millions of euros)	% of interest	Dec. 31, 2021 Acquisitions disposals	Fair value through P&L	Fair value through Equity	FX & others	Fair value	Dec. 31, 2020 Fair value
LISTED FINANCIAL ASSETS:							
Gold Peak Industries Holding Ltd	4.4%	–	–	–	–	2	2
Others (Unit gross value lower than EUR 3 million)		–	–	–	13	13	–
TOTAL LISTED FINANCIAL ASSETS		**–**	**–**	**–**	**13**	**15**	**2**
UNLISTED FINANCIAL ASSETS:							
Funds							
Foundries		98	22	29	(17)	278	146
FCPR Aster II (part A, B, C and D)	38.3%	2	(5)	–	–	33	36
Sensetime & Stalagnate Fund China	51.0%	–	–	–	4	44	40
FCPR SEV1	100.0%	(5)	(9)	–	–	6	20
SICAV SESS	63.1%		–	–	–	11	11
FCPI Energy Access Ventures Fund	28.6%	–	1	–	–	14	13
SICAV Livehoods Fund SIF	15.2%	1	(1)	–	–	3	3
Direct investments							
Planon	25.0%	–	–	–	(113)	–	113
Alpi	100.0%	–	–	–	(26)	–	26
Star Charge	1.5%	–	–	11	3	29	15
Raise Fundation	4.8%	–	–	–	–	9	9
Schneider Electric Energy Access	81.1%	1	–	–	–	5	4
Itris Automation	100.0%	–	–	–	(3)	–	3
Others (Unit gross value lower than EUR 3 million)		–	–	–	(6)	2	8
TOTAL UNLISTED FINANCIAL ASSETS		**97**	**8**	**40**	**(158)**	**434**	**447**
PENSIONS ASSETS		**17**	**(5)**	**193**	**19**	**370**	**146**
OTHER		**4**	**–**	**–**	**30**	**215**	**181**
TOTAL NON-CURRENT FINANCIAL ASSETS		**118**	**3**	**233**	**(96)**	**1 034**	**776**

The fair value of investments quoted in an active market corresponds to the stock price on the balance sheet date.

"Others" include mainly loans to non-consolidated companies, and security deposits.

Note 14: Deferred taxes by Nature

Deferred taxes by type can be analyzed as follows:

(in millions of euros)	Dec. 31, 2021	Dec. 31, 2020
Tax loss carryforwards (net)	689	738
Provisions for pensions and other post-retirement benefit obligations (net)	240	371
Non-deductible provisions and accruals (net)	515	405
Differences between tax and accounting depreciation on tangible assets (net)	10	37
Differences between tax and accounting amortization on intangible assets (net)	(1,040)	(934)
Differences on working capital (net)	187	171
Other deferred tax assets/(liabilities) (net)	222	279
TOTAL NET DEFERRED TAX ASSETS/(LIABILITIES)	**823**	**1,067**
of which total deferred tax assets	*1,820*	*1,984*
of which total deferred tax liabilities	*997*	*917*

Deferred tax assets recorded in respect of tax losses carried forward at December 31, 2021 essentially concern France (EUR 500 million). These deficits can be carried forward indefinitely, and have been activated using the rate of 25.83%, in accordance with the applicable rate in the expected consumption horizon of 7 years. Unrecognised deferred tax losses amount EUR 143 million as of December 31, 2021, and are mainly related to Spain.

Note 15: Inventories and work in progress

Inventories and work in progress changed as follows:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
COST:		
Raw materials	1,832	1,240
Production work in progress	295	235
Semi-finished and finished products	1,323	1,085
Finished goods	696	516
Solution work in progress	199	167
INVENTORIES AND WORK IN PROGRESS AT COST	**4,345**	**3,243**
IMPAIRMENT:		
Raw materials	(187)	(191)
Production work in progress	(9)	(6)
Semi-finished and finished products	(165)	(151)
Finished goods	(8)	(8)
Solution work in progress	(5)	(4)
IMPAIRMENT LOSS	**(374)**	**(360)**
NET:		
Raw materials	1,645	1,049
Production work in progress	286	229
Semi-finished and finished products	1,158	934
Finished goods	688	508
Solution work in progress	194	163
INVENTORIES AND WORK IN PROGRESS, NET	**3,971**	**2,883**

Note 16: Trade and other operating receivables

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Accounts receivable	5,141	4,482
Unbilled revenue	1,500	1,231
Notes receivable	510	308
Advances to suppliers	176	115
Accounts receivable at cost	**7,327**	**6,136**
Impairment	(498)	(510)
ACCOUNTS RECEIVABLE, NET	**6,829**	**5,626**
On time	*6,091*	*4,906*
Less than one month past due	*324*	*389*
One to two months past due	*163*	*150*
Two to three months past due	*79*	*85*
Three to four months past due	*100*	*46*
More than four months past due	*72*	*50*

Accounts receivable result from sales to end-customers, who are widely spread both geographically and economically. Consequently, the Group believes that there is no significant concentration of credit risk.

In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

Changes in provisions for impairment of short and long-term trade accounts receivable were as follows:

(in millions of euros)	**Full year 2021**	Full year 2020
Provisions for impairment on January 1	**(510)**	**(459)**
Additions	(82)	(141)
Utilizations	30	91
Reversal of surplus provisions	67	51
Translation adjustments	(25)	37
Changes in scope of consolidation and other	22	(89)
PROVISIONS FOR IMPAIRMENT ON DECEMBER 31	**(498)**	**(510)**

The contracts assets and liabilities, respectively reported within the "Trade and other operating receivables" and "Trade and other operating payables", are as follows:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Unbilled revenue (contract assets)	1,500	1,231
Contract liabilities	(1,570)	(1,193)
NET CONTRACT ASSETS	**(70)**	**38**

Note 17: Other receivables and prepaid expenses

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Other receivables	550	632
Other tax receivables	1,227	1,198
Derivative instruments	48	107
Prepaid expenses	173	157
OTHER RECEIVABLES AND PREPAID EXPENSES	**1,998**	**2,094**

Note 18: Cash and cash equivalents

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Marketable securities	551	1,942
Negotiable debt securities and short-term deposits	438	2,275
Cash	1,633	2,678
Total cash and cash equivalents	**2,622**	**6,895**
Bank overdrafts	(159)	(133)
NET CASH AND CASH EQUIVALENTS	**2,463**	**6,762**

Non-recourse factorings of trade receivables were realized in 2021 for a total amount of EUR 50 million, compared with EUR 100 million in 2020.

Note 19: Shareholder's equity

19.1 – Capital

Share capital

The company's share capital at December 31, 2021 amounted to EUR 2,276,133,768 represented by 569,033,442 shares with a par value of EUR 4, all fully paid up.

At December 31, 2021, a total of 595,320,658 voting rights were attached to the 569,033,442 issued shares. Schneider Electric's capital management strategy is designed to:

- ensure Group liquidity;
- optimize its financial structure;
- optimize the weighted average cost of capital.

The strategy must also ensure the Group has access to different capital markets under the best possible conditions. Factors taken into account for decision-making purposes include objectives expressed in terms of earnings per share, ratings or balance sheet stability.

Finally, decisions may be implemented depending on specific market conditions.

Changes in share capital and cumulative number of shares

Changes in share capital since December 31, 2019 were as follows:

(in number of shares and in euros)	Cumulative number of shares	Share capital
CAPITAL AT DEC. 31, 2019	**582,068,555**	**2,328,274,220**
Cancellation of own shares*	(15,000,000)	(60,000,000)
Employee share issue	–	–
CAPITAL AT DEC. 31, 2020	**567,068,555**	**2,268,274,220**
Cancellation of own shares	–	–
Employee share issue	1,964,887	7,859,548
CAPITAL AT DEC. 31, 2021	**569,033,442**	**2,276,133,768**

* Cancellation of 15 million treasury shares on May 31, 2020

On May 31, 2020, the Group decided to cancel 15 million of treasury shares, decreasing the share premium account by EUR 929 million. On November 24, 2020, the Group issued a sustainability-linked convertible bond (convertible into or exchangeable for a new or existing shares (OCEANEs)), with a nominal amount of EUR 650 million. This zero-coupon bond of maturity date in 2026 offers investors a premium (0.5% of nominal amount) in case the company underperforms sustainability objectives. The equity component of this convertible bonds has been valued at EUR 43 million and has been recognised in "Additional paid-in capital".

In 2021, the share premium account increased by EUR 208 million following the increases in capital.

19.2 – Earnings per share

	Full Year 2021		Full Year 2020	
(in thousands of shares and in euros per share)	**Basic**	**Diluted**	Basic	Diluted
Issued shares (Net of treasury shares and own shares)	556,432	556,432	553,767	553,767
Performance shares	–	4,566	–	135
Bonds convertible into shares	–	3,684	–	3,684
AVERAGE WEIGHTED NUMBER OF SHARES	**556,432**	**564,682**	**553,767**	**557,586**
Earnings per share before tax	7.47	7.36	5.07	5.04
EARNINGS PER SHARE	**5.76**	**5.67**	**3.84**	**3.81**

5.

19.3 – Dividends paid and proposed

In 2021, the Group paid out the 2020 dividend of EUR 2.60 per share, for a total of EUR 1,447 million.

At the Shareholders' Meeting of May 5, 2022, shareholders will be asked to approve a dividend of EUR 2.90 per share for fiscal year 2021. At December 31, 2021 Schneider-Electric SE had distributable reserves in an amount of EUR 2,856 million (versus EUR 4,126 million at the previous year-end), not including profit for the year.

19.4 – Share-based payments

Current stock grant plans

The Board of Directors of Schneider Electric SE and later the Management Board have set up performance shares plans for senior executives and certain employees of the Group. The main features of these plans were as follows at December 31, 2021:

Plan no.	Date of the Board Meeting	Vesting date	End of lock-up period	Number of shares initially granted	Grants cancelled because objectives not met
Plan 30	03/26/2018	03/26/2021	03/26/2022	25,800	2,808
Plan 31	03/26/2018	03/26/2021	03/26/2021	2,318,140	281,629
Plan 31 bis	10/24/2018	10/24/2021	10/24/2021	28,000	3,313
Plan 32	03/26/2019	03/28/2022	03/28/2023	25,800	4,983
Plan 33	03/26/2019	03/28/2022	03/29/2022	2,313,650	224,198
Plan 34	07/24/2019	07/25/2022	07/26/2022	87,110	6,390
Plan 35	10/23/2019	10/24/2022	10/25/2022	17,450	–
Plan 36	03/24/2020	03/24/2023	03/24/2024	18,000	–
Plan 37	03/24/2020	03/24/2023	03/27/2023	2,095,740	98,950
Plan 37 bis	10/21/2020	10/23/2023	10/24/2023	103,051	4,300
Plan 38	03/25/2021	03/25/2024	03/25/2025	11,371	–
Plan 39	03/25/2021	03/25/2024	03/25/2024	1,463,997	14,873
Plan 39 bis	07/29/2021	07/29/2024	07/29/2024	48,720	380
Plan 39 ter	10/26/2021	10/26/2024	10/26/2024	33,082	–
TOTAL				**8,589,911**	**641,824**

Rules governing the performance shares plans are as follows:

- to receive the shares, the grantee must generally be an employee or corporate officer of the Group. Vesting is also conditional on the achievement of performance criteria;
- the vesting period is three to four years;
- the lock-up period is zero or one year.

Outstanding shares

In respect of subscription vesting conditions for current performance shares plans, Schneider Electric SE has not created shares in 2021 and used existing treasury shares.

Changes in the number of outstanding number of shares in 2021 were as follows:

Plan no.	Number of performance shares at Dec. 31, 2020	Number of shares granted or to be granted	Number of shares cancelled in 2020	Number of performance shares at Dec. 31, 2021
Plan 30	23,417	(22,992)	(425)	–
Plan 31	2,086,639	(2,036,511)	(50,128)	–
Plan 31 bis	28,000	(24,687)	(3,313)	–
Plan 32	20,817	–	–	20,817
Plan 33	2,185,422	(1,800)	(94,170)	2,089,452
Plan 34	84,080	–	(3,370)	80,710
Plan 35	17,450	–	–	17,450
Plan 36	18,000	–	–	18,000
Plan 37	2,068,990	(800)	(71,400)	1,996,790
Plan 37 bis	102,861	–	(4,110)	98,751
Plan 38	–	11,371	–	11,371
Plan 39	–	1,463,997	(14,873)	1,449,124
Plan 39 bis	–	48,720	(380)	48,340
Plan 39 ter	–	33,082	–	33,082
TOTAL	**6,635,676**	**(529,620)**	**(242,169)**	**5,863,887**

For performance shares to vest, the grantee must be an employee or corporate officer of the Group. In addition, vesting of some performance shares is conditional on the achievement of annual objectives based on financial indicators.

Valuation of performance shares

In accordance with the accounting policies described in Note 1.20, the performance shares plans have been valued based on an average estimated life of 3 to 5 years using the following assumptions:

- a pay-out rate of between 2.2% and 3.5%;
- a discount rate of between (0.8)% and 1.0%, corresponding to a risk-free rate over the life of the plans (source: Bloomberg).

Based on these assumptions, the expense recorded under “Selling, general and administrative expenses” breaks down as follows:

(in millions of euros)	Full year 2021	Full year 2020
Plans 2016	–	11
Plans 2017	–	10
Plans 2018	6	41
Plans 2019	40	43
Plans 2020	37	28
Plans 2021	35	–
TOTAL	**118**	**133**

In 2021, the Group also recorded an additional expense of EUR 43 million, mostly relating to AVEVA subgroup’s performance shares plan for EUR 36 million, bringing the total Group expense to EUR 161 million.

Worldwide Employee Stock Purchase Plan

Every year, Schneider Electric gives its employees the opportunity to become group shareholders thanks to employee share issues. Employees in countries that meet legal and fiscal requirements have been proposed the classic plan.

Under the classic plan, employees may purchase Schneider Electric shares at a 15% discount to the price quoted for the shares on the stock market. Employees must then hold their shares for five years, except in certain cases provided for by law. The share-based payment expense recorded in accordance with IFRS 2 is measured by reference to the fair value of the discount on the locked-up shares. The lockup cost is determined on the basis of a two-step strategy that involves first selling the locked-up shares on the forward market and then purchasing the same number of shares on the spot market (i.e., shares that may be sold at any time) using a bullet loan.

This strategy is designed to reflect the cost the employee would incur during the lock-up period to avoid the risk of carrying the shares subscribed under the classic plan. The borrowing cost corresponds to the cost of borrowing for the employees concerned, as they are the sole potential buyers in this market. It is based on the average interest rate charged by banks for an ordinary, non-revolving personal loan with a maximum maturity of five years granted to a natural person with an average credit rating.

Year 2021

The table below summarizes the main characteristics of the 2021 plan, the amounts subscribed, the valuation assumptions and the plan's cost:

(in millions of euros)	Full Year 2021 %	Full Year 2021 Value
Plan characteristics:		
Maturity *(years)*		5
Reference price *(euros)*		129.64
Subscription price *(euros)*		110.19
Discount	15.0%	
Amount subscribed by employees		216.5
Total amount subscribed		216.5
Total number of shares subscribed *(million of shares)*		2
Valuation assumptions:		
Interest rate available to market participant *(bullet loan)**	2.4 %	–
Five-year risk-free interest rate *(euro zone)*	0,0%	–
Annual interest rate *(repo)*	1.0%	–
Value of discount (a)	**15.0%**	**38.2**
Value of the lock-up period for market participant (b)	**26.4%**	**44.6**
TOTAL EXPENSE FOR THE GROUP (a) - (b)		**–**
Sensitivity:		
decrease in interest rate for market participant**	(0.5)%	6.9

* Average interest rate charged on an ordinary, non-revolving personal loan, with a five-year maturity to an individual with an average credit rating.

** A decline in the interest rate for market participants reduces the lock-up cost and increases the expense booked by the issuer.

In 2021, Schneider Electric gave its employees the opportunity to purchase shares at a price of EUR 110.19 per share, as part of its commitment to employee share ownership, on April 19, 2021. This represented a 15% discount to the reference price of EUR 129.64 calculated as the average opening price quoted for the share during the 20 days preceding the Management Board's decision to launch the employee share issue.

Altogether, 2.0 million shares were subscribed, increasing the Company's capital by EUR 216 million as of July 6, 2021. Due to significant changes in valuation assumptions, specifically the interest rate available to market participant, the value of the lock-up cost is higher than the discount cost since 2012. Therefore, the Group did not recognize any cost related to the transaction.

Year 2020

On April 20, 2020, the Management Board took the exceptional decision to cancel this year employee share issues as part of its strategy to deal with the impacts of the COVID-19 pandemic.

19.5 – Schneider Electric SE shares

At December 31, 2021, the Group held 12,456,882 Schneider Electric shares in treasury stock, which have been recorded as a deduction from retained earnings.

The Group has repurchased 1,809,054 shares for a total amount of EUR 262 million in 2021.

19.6 – Income tax recorded in equity

Total income tax recorded in Equity amounts to EUR 130 million as of December 31, 2021 and can be analyzed as follows:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020	Change in tax
Cash-Flow hedges	23	30	(7)
Available-for-sale financial assets	(15)	(6)	(9)
Actuarial gains/(losses) on defined benefits obligations	125	230	(105)
Other	(3)	(3)	–
TOTAL	**130**	**251**	**(121)**

19.7 – Non-controlling interests

The main contributor is AVEVA subgroup's, for which 41% of the shares correspond to non-controlling interests for the Group. AVEVA, which remains a listed company, is publishing its financial statements on regular basis.

Note 20: Pensions and other post-employment benefit obligations

The Group has set up various post-employment benefit plans for employees covering pensions, termination benefits, healthcare, life insurance and other benefits, as well as long-term benefit plans for active employees.

Defined Benefit Pension Plans

The Group's main Defined Benefit pension plans are located in the United Kingdom (UK) and the United States (US). They respectively represent 62% (2020: 64%) and 22% (2020: 21%) of the Group's total Defined Benefit Obligations (DBO) on pensions. The majority of benefit obligations under these plans, which represent 93% of the Group's total commitment at December 31, 2021, are partially or fully funded through payments to external funds. These funds are never invested in Group assets.

United Kingdom

The Group companies operate several Defined Benefit pension plans in the UK. The main one is related to the Invensys Pension Scheme. Pensions payable to employees depend on average final salary and length of service within the Group. These plans are registered schemes under UK tax law and managed by independent Boards of Trustees. They are closed to new entrants, and for most of them, the vested rights were frozen as they have been replaced by Defined Contributions plans.

These plans are funded by employer contributions, which are negotiated every three years based on plan valuations carried out by independent actuaries, so that the long-term financing services are ensured.

In relation to risk management and asset allocation, the Board of Trustees' aims of each plan are to ensure that it can meet its obligations to the plan's beneficiaries both in the short and long-term. The Board of Trustees is responsible for the plan's long-term investment strategy and defines and manages long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

Following the agreement reached with the Trustee of the Invensys Pension Scheme on February 2014, Schneider Electric SE guaranteed all obligations of the Invensys subsidiaries which participate in the scheme, up to a maximum amount of GBP 1.75 billion. As of December 31, 2021, plan assets exceed the value of obligations subject to this guarantee and thus this guarantee cannot be called.

Schneider UK pension plans contain provisions of pension called Guaranteed Minimum Pension ("GMP"). GMPs were accrued for individuals who subscribed to the State Second Pension prior to April 6, 1997. Historically, there was an inequality in the benefits between male and female members concerning GMP.

A High Court case concluded on October 26, 2018, confirmed that all UK pension plans must equalize "GMPs" between men and women. In the light of these events and new information, the Group updated the related assumptions, leading to a net experience adjustment in "Other Comprehensive Income" of EUR 56 million. Following a further High Court ruling in November 2020, an additional net experience adjustment of EUR 7 million was recognized in other comprehensive income in 2020.

United States

The United States' subsidiaries operate several Defined Benefit pension plans. These plans are closed to new entrants, frozen to future accruals and have been replaced by Defined Contributions plans. Pensions payable to employees depend on the average final salary and the length of service within the Group.

Each year, the Group companies contribute a certain amount to the Defined Benefit pension plans. This amount is determined actuarially and is comprised of service costs, administrative expenses and payments toward any existing deficits. Since the plans are closed and frozen, there is generally no service cost component.

The companies delegate various responsibilities to Pension Committees. These committees define and manage long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change, resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

Assumptions

Actuarial valuations are generally performed each year. The assumptions used vary according to the economic conditions prevailing in the country concerned, as follows:

	Group weighted average rate		Of which United Kingdom		Of which United States	
	Dec. 31, 2021	Dec. 31, 2020	**Dec. 31, 2021**	Dec. 31, 2020	**Dec. 31, 2021**	Dec. 31, 2020
Discount rate	2.12%	1.57%	2.05%	1.40%	2.77%	2.42%
Rate of compensation increases	2.60%	2.52%	3.64%	3.46%	n.a.	n.a

The discount rate is determined based on the interest rate for investment-grade (AA) corporate bonds or, if a liquid market does not exist, government bonds with a maturity that matches the duration of the benefit obligation. In the United States, the average discount rate is determined based on a yield curve for AA and AAA investment-grade corporate bonds.

In the Euro zone, the discount rate currently stands at 0.80%.

20.1 – Changes in provisions for pensions and other post-employment benefit obligations

Annual changes in obligations, the market value of plan assets and the corresponding assets and provisions recognized in the financial statements can be analyzed as follows:

(in millions of euros)	Defined benefit obligations	Plan assets	Asset ceiling	Net Liability
Dec 31, 2019	**(10,065)**	**8,633**	**(123)**	**(1,555)**
Service cost	(54)	–	–	(54)
Past service cost	–	–	–	–
Curtailments and settlements	1	(1)	–	–
Interest cost	(204)	–	(2)	(206)
Interest income	–	159	–	159
Net impact in P&L, (expense)/profit	**(257)**	**158**	**(2)**	**(101)**
of which UK	*(119)*	*118*	*(2)*	*(3)*
of which US	*(69)*	*38*	–	*(31)*
Benefits paid	554	(500)	–	54
Plan participants' contributions	(6)	6	–	–
Employer contributions	–	106	–	106
Changes in the scope of consolidation	(8)	–	–	(8)
Actuarial gains/(losses) recognized in equity	(796)	621	52	(123)
Translation adjustment	562	(503)	6	65
Other changes	–	–	–	–
Dec. 31, 2020	**(10,016)**	**8,521**	**(67)**	**(1,562)**
of which UK	*(6,370)*	*6,459*	*(67)*	*22*
of which US	*(2,140)*	*1,535*	–	*(605)*
Service cost	(66)	–	–	(66)
Past service cost	2	–	–	2
Curtailments and settlements	25	(1)	–	24
Interest cost	(159)	–	(1)	(160)
Interest income	–	121	–	121
Net impact in P&L, (expense)/profit	**(198)**	**120**	**(1)**	**(79)**
of which UK	*(94)*	*86*	*(1)*	*(9)*
of which US	*(52)*	*30*	–	*(22)*
Benefits paid	532	(478)	–	54
Plan participants' contributions	(6)	6	–	–
Employer contributions	–	136	–	136
Changes in the scope of consolidation	9	–	–	9
Actuarial gains/(losses) recognized in equity	701	(117)	(133)	451
Translation adjustment	(631)	606	(9)	(34)
Other changes	(77)	77	–	–
Dec. 31, 2021	**(9,686)**	**8,871**	**(210)**	**(1,025)**
of which UK	*(6,017)*	*6,524*	*(184)*	*323*
of which US	*(2,170)*	*1,692*	–	*(478)*

The Group defined benefit obligations of EUR 9.686 million (2020: EUR 10.016 million) are broken down as EUR 9.470 million (2020: EUR 9.802 million) for post-employment benefits and EUR 216 million (2020: EUR 214 million) for other post-employment and long-term benefits.

The total present value of Defined Benefit Obligations breaks down as follows between wholly or partly funded plans and wholly unfunded plans:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Present value of wholly or partly funded benefit obligation	(9,052)	(9,356)
Fair value on plan assets	8,871	8,521
Effect of assets ceiling	(210)	(66)
Net position of wholly or partly funded benefit obligation	**(391)**	**(901)**
Present value of wholly or partly unfunded benefit obligation	**(634)**	**(661)**
NET LIABILITY FROM FUNDED AND UNFUNDED PLANS	**(1,025)**	**(1,562)**
Balance Sheet impact:		
*surplus of plans recognized as assets**	*370*	*146*
provisions recognized as liabilities	*(1,395)*	*(1,708)*

* The surplus of plans recognized as assets represents the assets in excess of the liabilities, generally assumed to be recoverable, and after applying any asset ceiling

Changes in gross items recognized in equity were as follows:

(in millions of euros)	**Full year 2021**	Full year 2020
Actuarial (gains)/losses on Defined Benefit Obligations arising from demographic assumptions	(121)	(6)
Actuarial (gains)/losses on Defined Benefit Obligations arising from financial assumptions	(522)	853
Actuarial (gains)/losses on Defined Benefit Obligations from experience effects	(58)	(51)
Actuarial (gains)/losses on plan assets	117	(621)
Effect of asset ceiling	133	(52)
TOTAL RECOGNIZED IN EQUITY DURING THE PERIOD	**(451)**	**123**
of which UK	*259*	*(111)*
of which US	*116*	*(5)*

Plans asset allocation:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Equity	6%	9%
Bonds	80%	80%
Others	14%	11%
TOTAL	**100%**	**100%**

20.2 – Sensitivity analysis

The effect of a ± 0.5% change in the discount rate on the 2021 Defined Benefit Obligations is as follows:

	Total		**United Kingdom**		**United States**		**Rest of the World**	
(in millions of euros)	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**
DBO Impact	(591)	660	(385)	431	(117)	129	(89)	100

Note 21: Provisions for contingencies and charges

(in millions of euros)	Economic risks	Customer risks	Products risks	Environmental risks	Restructuring	Other risks	Provisions
Dec. 31, 2019	**292**	**76**	**499**	**293**	**151**	**423**	**1,734**
of which long-term portion	*155*	*50*	*139*	*256*	*11*	*329*	**940**
Additions	35	33	322	8	324	128	**850**
Utilizations	(43)	(26)	(172)	(17)	(208)	(132)	**(598)**
Reversals of surplus provisions	(10)	–	(11)	(3)	(2)	(7)	**(33)**
Translation adjustments	(19)	(12)	(24)	(22)	(7)	(30)	**(114)**
Changes in the scope of consolidation and other	20	83	16	–	(8)	(20)	**91**
Dec. 31, 2020	**275**	**154**	**630**	**259**	**250**	**362**	**1,930**
of which long-term portion	*161*	*103*	*137*	*226*	*15*	*288*	**930**
Additions	52	12	206	8	130	126	**534**
Utilizations	(48)	(21)	(150)	(13)	(194)	(100)	**(526)**
Reversals of surplus provisions	(6)	–	(39)	–	(26)	(15)	**(86)**
Translation adjustments	13	9	31	23	5	21	**102**
Changes in the scope of consolidation and other	(16)	(7)	(3)	73	(5)	28	**70**
Dec. 31, 2021	**270**	**147**	**675**	**350**	**160**	**422**	**2,024**
of which long-term portion	*169*	*104*	*150*	*315*	*12*	*341*	**1,091**

Provisions are recognized following the principles described in Note 1.21.

Reconciliation with cash flow statement:

(in millions of euros)	**Full year 2021**	Full year 2020
Increase of provision	534	850
Utilization of provision	(526)	(598)
Reversal of surplus provision	(86)	(33)
Provision variance including tax provisions but excluding employee benefit obligation	**(78)**	**219**
Employee benefit obligation net variance contribution to plan assets	24	47
INCREASE/(DECREASE) IN PROVISIONS IN CASH-FLOW STATEMENT	**(54)**	**266**

Note 22: Total current and non-current financial liabilities

The breakdown of net debt is as follows:

millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Bonds	8,234	8,773
Other bank borrowings	51	32
Employee profit sharing	–	–
Short-term portion of bonds	(706)	(600)
Short-term portion of long-term debt	(25)	(9)
NON-CURRENT FINANCIAL LIABILITIES	**7,554**	**8,196**
Commercial paper	950	1,302
Accrued interest	38	43
Other short-term borrowings	317	173
Drawdown of funds from lines of credit	–	–
Bank overdrafts	159	133
Short-term portion of convertible and non-convertible bonds	706	600
Short-term portion of long-term debt	25	9
SHORT-TERM DEBT	**2,195**	**2,260**
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**9,749**	**10,456**
CASH AND CASH EQUIVALENTS	**(2,622)**	**(6,895)**
NET DEBT	**7,127**	**3,561**

22.1 – Breakdown by maturity

	Dec. 31, 2021		Dec. 31, 2020
(in millions of euros)	Nominal	Interests	Nominal
2021	–	–	2,260
2022	2,195	78	673
2023	1,325	58	1,295
2024	996	49	996
2025	1,045	41	1,045
2026	1,397	35	1,396
2027	1,240	19	1,240
2028 and beyond	1,551	2	1,551
TOTAL	**9,749**	**282**	**10,456**

22.2 – Breakdown by currency

(in millions of euros)	Dec. 31, 2021	Dec. 31, 2020
Euro	8,803	9,537
US Dollar	737	698
Brazilian Real	13	13
Indian Rupee	84	112
Algerian Dinar	22	23
Other	90	73
TOTAL	**9,749**	**10,456**

22.3 – Bonds

(in millions of euros)	Dec. 31, 2021	Dec. 31, 2020	Interest rate	Maturity
Schneider Electric SE 2021	–	600	2.500% fixed	September 2021
Schneider Electric SE 2022	706	651	2.950% fixed	September 2022
Schneider Electric SE 2023	499	498	0.000% fixed	June 2023
Schneider Electric SE 2023	798	797	1.500% fixed	September 2023
Schneider Electric SE 2024	997	996	0.250% fixed	September 2024
Schneider Electric SE 2025	746	745	0.875% fixed	March 2025
Schneider Electric SE 2025	300	300	1.841% fixed	October 2025
Schneider Electric SE 2026 (OCEANEs)	651	651	0.000% fixed	June 2026
Schneider Electric SE 2026	746	745	0.875% fixed	December 2026
Schneider Electric SE 2027	497	496	1.000% fixed	April 2027
Schneider Electric SE 2027	744	743	1.375% fixed	June 2027
Schneider Electric SE 2028	757	758	1.500% fixed	January 2028
Schneider Electric SE 2029	793	793	0.250% fixed	March 2029
TOTAL	**8,234**	**8,773**		

Schneider Electric SE has issued bonds on different markets:

- in the United States, through a private placement offering following SEC 144A rule, for USD 800 million worth of bonds issued in September 2012, at a rate of 2.95%, due in September 2022;
- as part of its Euro Medium Term Notes (EMTN) program, bonds traded on the Luxembourg stock exchange. Issues that had not yet matured as of December 31, 2021 are as follow:
  - EUR 500 million worth of bonds issued in June 2020, at a rate of 0.0%, maturing in June 2023;
  - EUR 800 million worth of bonds issued in September 2015 at a rate of 1.50%, maturing in September 2023;
  - EUR 800 million worth of bonds issued in September 2016, at a rate of 0.25%, maturing in September 2024;
  - EUR 200 million worth of bonds issued in July 2019, at a rate of 0.25%, maturing in September 2024;
  - EUR 750 million worth of bonds issued in March 2015, at a rate of 0.875%, maturing in March 2025;
  - EUR 200 million and EUR 100 million worth of Climate bonds issued successively in October and December 2015, at a rate of
  - 1.841%, maturing in October 2025;
  - EUR 750 million worth of bonds issued in December 2017, at a rate of 0.875%, maturing in December 2026;
  - EUR 500 million worth of bonds issued in April 2020, at a rate of 1.00%, maturing in April 2027;
  - EUR 750 million worth of bonds issued in June 2018, at a rate of 1.375%, maturing in June 2027;
  - EUR 500 million worth of bonds issued in January 2019 and EUR 250 million worth of bonds issued in May 2019, at a rate of 1.50%, maturing in January 2028;
  - EUR 800 million worth of bonds issued in March 2020, at a rate of 0.25%, maturing in March 2029.

In addition, the Group has issued a bond that is convertible into or exchangeable for a new or existing shares (OCEANEs) for EUR 650 million at a rate of 0.00%, maturing in June 2026. The OCEANE has a debt component, assessed on inception date on the basis of the market interest rate applied to an equivalent non-convertible bond, is recognized in non-current financial debts and an optional component recognized in equity. At end of December 2021, the debt component recorded amounts to EUR 651 million and the optional component to EUR 42 million.

The initial conversion and/or exchange ratio of the Bonds is one share per Bond with a nominal value set at EUR 176.44. According to Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to 0.50% of the face value.

The three key performance indicators from the 11 new Schneider Sustainability Impact (SSI) 2021-2025 indicators are the following:

- Climate: Deliver 800 megatons of saved and avoided CO_2 emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

The detailed rating methodology and approach are presented in the Group's Sustainability-Linked Financing Framework.

For all those transactions, issue premium and issue costs are amortized per the effective interest rate method.

22.4 – Reconciliation with cash flow statement

(in millions of euros)	Dec. 31, 2020	Cash variations	Non-cash variations: Scope impacts	Non-cash variations: Forex and others	Dec. 31, 2021
Bonds	8,773	(600)	–	61	8,234
Bank overdrafts and other borrowings	1,683	(8)	3	(163)	1,515
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**10,456**	**(608)**	**3**	**(102)**	**9,749**

22.5 – Other information

As of December 31, 2021, the Group had confirmed credit lines of EUR 2,550 million all maturing after December 2022, all unused.

Loan agreements and committed credit lines do not include any financial covenants or credit rating triggers in case of downgrading in the company's long-term debt.

Note 23: Classification of financial instruments

The Group uses financial instruments to manage its exposure to fluctuations in interest rates, exchange rates and metal prices. Financial assets and liabilities can be classified at the fair value following the hierarchy levels below:

1. Level 1: market value (non-adjusted) on active markets, for similar assets and liabilities, which the company can obtain on a given valuation date;
2. Level 2: data other than the market rate available for level 1, which are directly or indirectly observable on the market;
3. Level 3: data on the asset or liability that are not observable on the market.

23.1 – Balance sheet exposure and fair value hierarchy

	Dec. 31, 2021					
(in millions of euros)	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/ liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	15	–	15	–	15	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	111	111	–	–	111	Level 3
Other unlisted financial assets	323	79	244	–	323	Level 3
Other non-current financial assets	585	–	–	585	585	Level 2
TOTAL NON-CURRENT ASSETS	**1,034**	**190**	**259**	**585**	**1,034**	
Trade accounts receivables	6,829	–	–	6,829	6,829	Level 2
Current financial assets	4	–	4	–	4	Level 2
Marketable securities	551	551	–	–	551	Level 1
Negotiable debt securities and short-term deposits	438	438	–	–	438	Level 2
Cash	1,633	1,633	–	–	1,633	Level 2
Derivative instruments – foreign currencies	41	40	1	–	41	Level 2
Derivative instruments – interest rates	–	–		–	–	Level 2
Derivative instruments – commodities	7	–	7	–	7	Level 2
Derivative instruments – shares	–	–	–	–	–	Level 2
TOTAL CURRENT ASSETS	**9,503**	**2,662**	**12**	**6,829**	**9,503**	
LIABILITIES:						
Long-term portions of non-convertible bonds*	(6,877)	–	–	(6,877)	(7,126)	Level 1
Long-term portions of convertible bonds*	(651)	–	–	(651)	(636)	Level 2
Other long-term debt	(26)	–	–	(26)	(26)	Level 2
TOTAL NON-CURRENT LIABILITIES	**(7,554)**	**–**	**–**	**(7,554)**	**(7,788)**	
Short-term portion of bonds*	(706)	–	–	(706)	(719)	Level 1
Short-term debt	(1,489)	–	–	(1,489)	(1,489)	Level 2
Trade accounts payable	(5,715)	–	–	(5,715)	(5,715)	Level 2
Other	(63)	–	–	(63)	(63)	Level 2
Derivative instruments – foreign currencies	(104)	(55)	(49)	–	(104)	Level 2
Derivative instruments – interest rates	–	–	–	–	–	Level 2
Derivative instruments – commodities	–	–	–	–	–	Level 2
Derivative instruments – shares	–	–	–	–	–	Level 2
TOTAL CURRENT LIABILITIES	**(8,077)**	**(55)**	**(49)**	**(7,973)**	**(8,090)**	

* The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 8,234 million compared to EUR 8,481 million at fair value.

	Dec. 31, 2020					
(in millions of euros)	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	2	–	2	–	2	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	84	84	–	–	84	Level 3
Other unlisted financial assets	363	–	363		363	Level 3
Other non-current financial assets	327	–	–	327	327	Level 2
TOTAL NON-CURRENT ASSETS	**776**	**84**	**365**	**327**	**776**	
Trade accounts receivables	5,626	–	–	5,626	5,626	Level 2
Current financial assets	18	18	–	–	18	Level 2
Marketable securities	1,942	1,942	–	–	1,942	Level 1
Negotiable debt securities and short-term deposits	2,275	2,275	–	–	2,275	Level 2
Cash	2,678	2,678	–	–	2,678	Level 2
Derivative instruments – foreign currencies	84	60	24	–	84	Level 2
Derivative instruments – interest rates	–	–	–	–	–	Level 2
Derivative instruments – commodities	23	–	23	–	23	Level 2
Derivative instruments – shares	1	–	1	–	1	Level 2
TOTAL CURRENT ASSETS	**12,647**	**6,973**	**48**	**5,626**	**12,647**	
LIABILITIES:						
Long-term portions of non-convertible bonds*	(7,522)	–	–	(7,522)	(7,956)	Level 1
Long-term portions of convertible bonds*	(651)	–	–	(651)	(652)	Level 2
Other long-term debt	(23)	–	–	(23)	(23)	Level 2
TOTAL NON-CURRENT LIABILITIES	**(8,196)**	**–**	**–**	**(8,196)**	**(8,631)**	
Short-term portion of bonds*	(600)	–	–	(600)	(611)	Level 1
Short-term debt	(1,660)	–	–	(1,660)	(1,660)	Level 2
Trade accounts payable	(4,664)	–	–	(4,664)	(4,664)	Level 2
Other	(54)	–	–	(54)	(54)	Level 2
Derivative instruments – foreign currencies	(19)	(19)	–	–	(19)	Level 2
Derivative instruments – interest rates	–	–	–	–	–	Level 2
Derivative instruments – commodities	–	–	–	–	–	Level 2
Derivative instruments – shares	–	–	–	–	–	Level 2
TOTAL CURRENT LIABILITIES	**(6,997)**	**(19)**	**–**	**(6,978)**	**(7,008)**	

* The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 8,773 million compared to EUR 9,219 million at fair value.

23.2 – Derivative instruments

	Dec. 31, 2021							
(in millions of euros)	**Accounting qualification**	**Maturity**	**Nominal sales**	**Nominal purchases**	**Fair Value**	**Carrying amount in assets**	**Carrying amount in liabilities**	**Of which carrying amounts in OCI**
Forwards contracts	CFH	< 1 year	393	(305)	2	12	(10)	–
Forwards contracts	CFH	< 2 years	55	(24)	–	1	(1)	–
Forwards contracts	CFH	> 2 years	3	(3)	–	–	–	–
Forwards contracts	FVH	< 1 year	1,005	(539)	(22)	12	(34)	–
Forwards contracts	NIH	< 1 year	410	–	(10)	–	(10)	(10)
Forwards contracts	Trading	< 1 year	456	(2,402)	11	14	(3)	–
Cross currency swaps	CFH	< 1 year	88	(39)	(3)	2	(5)	1
Cross currency swaps	NIH	< 2 years	750	–	(41)	–	(41)	(39)
TOTAL FOREIGN CHANGE DERIVATIVES			**3,160**	**(3,312)**	**(63)**	**41**	**(104)**	**(48)**
Forwards contracts	CFH	< 1 year	–	(400)	7	7	–	7
Commodities derivatives			**–**	**(400)**	**7**	**7**	**–**	**7**
Options	CFH	< 1 year	–	–	–	–	–	–
Shares derivatives			**–**	**–**	**–**	**–**	**–**	**–**
TOTAL			**3,160**	**(3,712)**	**(56)**	**48**	**(104)**	**(41)**

	Dec. 31, 2020							
(in millions of euros)	Accounting qualification	Maturity	Nominal sales	Nominal purchases	Fair Value	Carrying amount in assets	Carrying amount in liabilities	Carrying amounts in OCI
Forwards contracts	CFH	< 1 year	242	(147)	1	10	(9)	1
Forwards contracts	CFH	< 2 years	19	(24)	–	1	(1)	–
Forwards contracts	CFH	> 2 years	7	(1)	–	–	–	–
Forwards contracts	FVH	< 1 year	997	(1,098)	25	30	(5)	1
Forwards contracts	NIH	< 1 year	1,102	–	21	21	–	22
Forwards contracts	Trading	< 1 year	536	(2,425)	7	11	(4)	–
Cross currency swaps	CFH	< 2 years	–	(159)	11	11	–	–
TOTAL FX DERIVATIVES			**2,903**	**(3,854)**	**65**	**84**	**(19)**	**24**
Forwards contracts	CFH	< 1 year	–	(249)	23	23	–	23
Commodities derivatives			**–**	**(249)**	**23**	**23**	**–**	**23**
Options	CFH	< 1 year	–	(1)	1	1	–	1
Shares derivatives			**–**	**(1)**	**1**	**1**	**–**	**1**
TOTAL			**2,903**	**(4,104)**	**89**	**108**	**(19)**	**48**

23.3 – Foreign currency hedges

Since a significant proportion of affiliates' transactions are denominated in currencies other than the affiliate's functional currency, the Group is exposed to currency risks. If the Group is not able to hedge these risks, fluctuations in exchange rates between the functional currency and other currencies can have a significant impact on its results and distort year-on-year performance comparisons. As a result, the Group uses derivative instruments to hedge its exposure to exchange rates mainly through FX forwards and natural hedges. Furthermore, some long-term loans and borrowings granted to the affiliates are considered as net investment in foreign operations according to IAS 21.

Schneider Electric's currency hedging policy is to protect its subsidiaries against risks on transactions denominated in a currency other than their functional currency. Hedging approaches are detailed in Note 1.23.

The breakdown of the nominal of foreign change derivatives related to operating and financing activities is as follows:

	Dec. 31, 2021		
(in millions of euros)	**Sales**	**Purchases**	**Net**
US Dollar	2,022	(685)	2,926
Chinese Yuan	4	(529)	656
Euro	264	(206)	859
Danish Crown	3	(120)	156
Singapore Dollar	383	(383)	599
Swedish Crown	16	(206)	152
Japanese Yen	14	(114)	53
Swiss Franc	4	(136)	253
UAE Dirham	1	(67)	77
Canadian Dollar	66	(15)	107
Australian Dollar	17	(65)	87
Saudi Riyal	11	(17)	46
Russian Ruble	82	(4)	68
Norwegian Krone	–	(14)	19
British Pound	15	(455)	202
South African Rand	38	(6)	48
Hong Kong Dollar	4	(34)	54
Others	216	(256)	470
TOTAL	**3,160**	**(3,312)**	**(152)**

23.4 – Interest rate hedges

Interest rate risk on borrowings is managed at the Group level, based on consolidated debt and taking into consideration market conditions to optimize overall borrowing costs. The Group uses derivative instruments to hedge its exposure to interest rates through swaps or cross-currency swaps. Cross-currency swaps may be presented both as foreign exchange hedges and interest rate hedges depending on the characteristics of the derivative.

The Group did not use any derivative instrument to hedge its exposure to interest rates during the fiscal year 2021.

	Dec. 31, 2021			Dec. 31, 2020		
(in millions of euros)	**Fixed Rates**	**Floating rates**	**Total**	Fixed Rates	Floating rates	Total
Total current and non-current financial liabilities	8,234	1,515	**9,749**	8,773	1,683	**10,456**
Cash and cash equivalent	–	(2,622)	**(2,622)**	–	(6,895)	**(6,895)**
NET DEBT BEFORE HEDGING	**8,234**	**(1,107)**	**7,127**	**8,773**	**(5,212)**	**3,561**
Impact of Hedges	–	–	–	–	–	–
NET DEBT AFTER HEDGING	**8,234**	**(1,107)**	**7,127**	**8,773**	**(5,212)**	**3,561**

5.

23.5 – Commodity hedges

The Group is exposed to fluctuations in energy and raw material prices, in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics. If the Group is not able to hedge, compensate for or pass on to customers any such increased costs, this could have an adverse impact on its results. The Group has, however, implemented certain procedures to limit exposure to rising non-ferrous and precious raw material prices. The Purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.

All commodities instruments are futures and options designated as cash flow hedge under IFRS standards, of which:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Carrying amount	7	23
Nominal amount	(400)	(249)

23.6 – Financial assets and liabilities subject to netting

In accordance with IFRS 7 standards, this section discloses financial instruments that are subject to netting agreements.

	Dec. 31, 2021				
(in millions of euros)	**Gross amounts**	**Gross amounts offset in the statement of financial position**	**Net amounts presented in the statement of financial position**	**Related amounts not offset in the statement of financial position**	**Net amounts as per IFRS 7**
Financial assets	48	–	48	17	31
Financial liabilities	104	–	104	17	87

	Dec. 31, 2020				
(in millions of euros)	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amounts as per IFRS 7
Financial assets	107	–	107	15	92
Financial liabilities	19	–	19	15	4

The Group trades over-the-counter derivatives with tier-one banks under agreements which provide for the offsetting of amounts payable and receivable in the event of default by one of the contracting parties. These conditional offsetting agreements do not meet the eligibility criteria within the meaning of IAS 32 for offsetting derivative instruments recorded under assets and liabilities. However, they do fall within the scope of disclosures under IFRS 7 on offsetting.

23.7 – Counterparty risk

Financial transactions are entered with carefully selected counterparties. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency.

Group policy consists of diversifying counterparty risks and periodic controls are performed to check compliance with the related rules. In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

23.8 – Financial risk management

Foreign currency risk arises from the Group undertaking a significant number of foreign currency transactions in the course of operations. These exposures arise from sales in currencies other than the Group's presentational currency of Euro.

The main exposure of the Group in terms of currency exchange risk is related to the US dollar, Chinese Yuan and currencies linked to the US dollar. In 2021, revenue in foreign currencies amounted to EUR 23.0 billion (EUR 20.1 billion in 2020), including around EUR 7.4 billion in US dollars and EUR 4.4 billion in Chinese yuan (respectively EUR 6.6 and EUR 3.7 billion in 2020).

The Group manages its exposure to currency risk to reduce the sensitivity of earnings to changes in exchange rates. The financial instruments used to hedge the Group's exposure to fluctuations in exchange rates are described above.

The table below shows the impact of a 10% change in the US dollar and the Chinese Yuan against the Euro on Revenue and Adjusted EBITA. It includes the impact from the translation of financial statements into the Group's presentation currency, and assumes no scope impact.

	Dec. 31, 2021		
(in millions of euros)	**Increase/ (decrease) in average rate**	**Revenue**	**Adj. EBITA**
US Dollar	10%	743	106
	(10)%	(676)	(97)
Chinese Yuan	10%	438	109
	(10)%	(398)	(99)

	Dec. 31, 2020		
(in millions of euros)	Increase/ (decrease) in average rate	Revenue	Adj. EBITA
US Dollar	10%	665	86
	(10)%	(604)	(78)
Chinese Yuan	10%	372	95
	(10)%	(338)	(87)

Note 24: Employees

24.1 – Employees

The Group average number of permanent and temporary employees is as follows:

(number of employees)	**Full year 2021**	Full year 2020
Production	91,519	81,470
Administration	74,506	73,996
TOTAL AVERAGE WORKFORCE	**166,025**	**155,466**
of which Europe, Middle East, Africa and South America	66,214	67,549
of which North America	34,427	32,633
of which Asia-Pacific	65,384	55,284

24.2 – Employee benefit expense

(in millions of euros)	**Full year 2021**	Full year 2020
Payroll costs	(8,207)	(7,082)
Profit-sharing and incentive bonuses	(66)	(57)
Stock options and performance shares	(161)	(145)
EMPLOYEE BENEFITS EXPENSE	**(8,434)**	**(7,284)**

24.3 – Benefits granted to senior executives

In 2021, the Group paid EUR 1.8 million in attendance fees to the members of its Board of directors. The total amount of gross remuneration, including benefits in kind, paid in 2021 by the Group to the members of Senior Management, excluding executive directors, totaled EUR 25.2 million, of which EUR 5.5 million corresponded to the variable portion.

During the last three financial years, 696,839 performance shares have been allocated, excluding Corporate Officers. No stock options have been granted during the last three financial years. In 2021, performance shares were allocated under the 2021 long-term incentive plan 39. Since December 16, 2011, 100% of performance shares are conditional on the achievement of performance criteria for members of the Executive Committee.

Net pension obligations with respect to members of Senior Management amounted to EUR 15 million at December 31, 2021 (EUR 17 million at December 31, 2020).

Please refer to Chapter 4 of the Universal Registration Document for more information regarding the members of Senior Management.

Note 25: Related party transactions

25.1 – Transactions with associates

Companies over which the Group has significant influence are accounted through the equity method. Transactions with these related parties are carried out on arm's length terms.

Related party transactions were not material in 2021.

25.2 – Transactions with key management personnel

No transactions were carried out during the year with members of the supervisory board or management board. Compensation and benefits paid to the Group's top senior executives are described in Note 24.

Note 26: Commitments and contingent liabilities

26.1 – Guarantees and similar undertakings

The following table discloses the maximum exposure on guarantees given and received:

(in millions of euros)	**Dec. 31, 2021**	Dec. 31, 2020
Market counter guarantees*	3,702	3,367
Pledges, mortgages and sureties**	81	117
Other commitments given	314	253
GUARANTEES GIVEN	**4,097**	**3,737**
Endorsements and guarantees received	64	54
GUARANTEES RECEIVED	**64**	**54**

* On certain contracts, customers require some commitments to guarantee that the contract will be fully executed by the subsidiaries of the Group. The risk linked to the commitment is assessed and a provision for contingencies is recorded when the risk is considered probable and can be reasonably estimated. Market counter guarantees also include the guaranteed obligations towards pension schemes.

** Some loans are secured by property, plant and equipment and securities lodged as collateral.

26.2 – Contingent liabilities

As part of its normal operations, the Group is exposed to a number of potential claims and litigations. Except for those for which it is probable that the Group will incur a liability and for which a provision is established for such outcome (see Note 21), the Group is not aware of other potentially material claims and litigations.

Investigations were conducted in September 2018 by the French judicial and antitrust authorities at Schneider Electric's head office and other premises concerning electrical distribution activities in France. Schneider Electric is cooperating with the French authorities. Such investigations could lead to formal proceedings against the Group for which the probability and the potential impact, which could be significant on the consolidated financial statements, cannot be determined at this time.

Note 27: Subsequent events

27.1 – IGE+XAO

Following the completion of a simplified public tender offer, the Group now holds 83.93% of the issued capital of IGE+XAO. In accordance with the Group's intentions as presented in the Information Note and the previously stated strategy to consolidate the various independent software entities within the Energy Management Software Division, the Group intends to implement a merger of IGE+XAO with Schneider Electric during fiscal year 2022.

The Boards of Directors of Schneider Electric and IGE+XAO have met on February 16, 2022 and approved the economic, financial and legal terms of the merger, including the merger parity of 5 Schneider Electric shares for 3 IGE+XAO shares. The merger agreement as well as the merger appraisers' reports will be available on the websites of Schneider Electric and IGE+XAO.

The Group will seek confirmation from the AMF that the merger would not require Schneider Electric to file a buy-out offer for the shares of IGE+XAO. In addition, the merger will be subject to the approval of the annual general shareholder meetings of the shareholders of IGE+XAO and Schneider Electric to be held on May 4 and 5, 2022 respectively.

Note 28: Statutory Auditors' fees

Fees paid by the Group to the statutory auditors and their networks:

	Full Year 2021				
(in thousands of euros)	**EY**	**%**	**Mazars**	**%**	**Total**
Statutory auditing	12,290	90%	9,602	96%	**21,892**
o/w Schneider Electric SE	*106*		*106*		**212**
o/w subsidiaries	*12,184*		*9,496*		**21,680**
Related audit services ("SACC")	1,368	10%	439	4%	**1,807**
o/w Schneider Electric SE	*317*				**317**
o/w subsidiaries	*1,051*		*439*		**1,490**
TOTAL FEES	**13,658**	**100%**	**10,041**	**100%**	**23,699**

	Full Year 2020				
(in thousands of euros)	EY	%	Mazars	%	**Total**
Statutory auditing	11,241	95%	9,061	95%	**20,302**
o/w Schneider Electric SE	*106*		*106*		**212**
o/w subsidiaries	*11,135*		*8,955*		**20,090**
Related audit services ("SACC")	540	5%	433	5%	**973**
o/w Schneider Electric SE	*241*		*–*		**241**
o/w subsidiaries	*299*		*433*		**732**
TOTAL FEES	**11,781**	**100%**	**9,494**	**100%**	**21,275**

Note 29: Consolidated companies

The main companies included in the Schneider Electric Group scope of consolidation are listed below:

(in % of interest)		**Dec. 31, 2021**	Dec. 31,2020
Europe			
Fully consolidated			
NXT Control GmbH	Austria	100	100
Schneider Electric Austria GmbH	Austria	100	100
Schneider Electric Power Drives GmbH	Austria	100	100
Schneider Electric Systems Austria GmbH	Austria	100	100
Schneider Electric Bel LLC	Belarus	100	100
Schneider Electric Belgium NV/SA	Belgium	100	100
Schneider Electric Energy Belgium SA	Belgium	100	100
Schneider Electric ESS BVBA	Belgium	100	100
Schneider Electric Services International SPRL	Belgium	100	100
Schneider Electric Bulgaria EOOD	Bulgaria	100	100
Schneider Electric d.o.o	Croatia	100	100
Schneider Electric a.s.	Czech Republic	98.3	98.3
Schneider Electric CZ sro	Czech Republic	100	100
Schneider Electric Systems Czech Republic sro	Czech Republic	100	100
Ørbaekvej 280 A/S	Denmark	100	100
Schneider Electric Danmark A/S	Denmark	100	100
Schneider Electric IT Denmark ApS	Denmark	100	100
Schneider Electric Eesti AS	Estonia	100	100
Schneider Electric Finland Oy	Finland	100	100
Schneider Electric Fire & Security OY	Finland	100	100
Schneider Electric Vamp Oy	Finland	100	100
Behar sécurité	France	100	100
Boissière Finance	France	100	100
Construction Electrique du Vivarais	France	100	100
Dinel	France	100	100
Eckardt	France	100	100
Eurotherm Automation	France	100	100
France Transfo	France	100	100
IGE+XAO SA *(sub-group)*	France	84.2	67.9
Merlin Gerin Alès	France	100	100
Merlin Gerin Loire	France	100	100
Muller & Cie	France	100	100
Newlog	France	100	100
Rectiphase	France	100	100
Sarel – Appareillage Electrique	France	99	99

(in % of interest)		**Dec. 31, 2021**	Dec. 31,2020
Scanelec	France	100	100
Schneider Electric Alpes	France	100	100
Schneider Electric Energy France	France	100	100
Schneider Electric France	France	100	100
Schneider Electric Industries SAS	France	100	100
Schneider Electric International	France	100	100
Schneider Electric IT France	France	100	100
Schneider Electric Manufacturing Bourguebus	France	100	100
Schneider Electric SE (Mother company)	France	100	100
Schneider Electric Solar France	France	100	100
Schneider Electric Systems France	France	100	100
Schneider Electric Telecontrol	France	100	100
Schneider Toshiba Inverter Europe SAS	France	60	60
Schneider Toshiba Inverter SAS	France	60	60
Société d'Appareillage Electrique Gardy	France	100	100
Société d'Application et d'Ingenierie Industrielle et Informatique SAS – SA3I	France	100	100
Société Electrique d'Aubenas	France	100	100
Société Française de Construction Mécanique et Electrique	France	100	100
Société Française Gardy	France	100	100
Systèmes Equipements Tableaux Basse Tension	France	100	100
Transfo Services	France	100	100
Transformateurs SAS	France	100	100
ABN GmbH	Germany	100	100
Eberle Controls GmbH	Germany	100	100
Merten GmbH	Germany	100	100
ProLeit AG *(sub-group)*	Germany	100	100
RIB GmbH *(sub-group)*	Germany	100	87.6
Schneider Electric Automation GmbH	Germany	100	100
Schneider Electric Holding Germany GmbH	Germany	100	100
Schneider Electric GmbH	Germany	100	100
Schneider Electric Investment AG	Germany	100	100
Schneider Electric Real Estate GmbH	Germany	100	100
Schneider Electric Sachsenwerk GmbH	Germany	100	100
Schneider Electric Systems Germany GmbH	Germany	100	100
Schneider Electric AEBE	Greece	100	100
Schneider Electric Energy Hungary LTD	Hungary	100	100
Schneider Electric Hungaria Villamossagi ZRT	Hungary	100	100
SE – CEE Schneider Electric Közep-Kelet Europai KFT	Hungary	100	100
Schneider Electric Ireland Ltd	Ireland	100	100
Schneider Electric IT Limited	Ireland	100	100
Schneider Electric IT Logistics Europe Ltd	Ireland	100	100
Validation technologies (Europe) Ltd	Ireland	100	100
Eliwell Controls S.r.l.	Italy	100	100
Eurotherm S.r.l.	Italy	100	100
Schneider Electric Industrie Italia Spa	Italy	100	100
Schneider Electric Spa	Italy	100	100
Schneider Electric Systems Italia Spa	Italy	100	100
Uniflair Spa	Italy	100	100
Lexel Fabrika SIA	Latvia	100	100
Schneider Electric Baltic Distribution Center	Latvia	100	100
Schneider Electric Latvija SIA	Latvia	100	100
UAB Schneider Electric Lietuva	Lithuania	100	100
Industrielle de Réassurance SA	Luxembourg	100	100
American Power Conversion Corporation (A.P.C.) BV	Netherlands	100	100
APC International Corporation BV	Netherlands	100	100
APC International Holdings BV	Netherlands	–	100
Clovis Systems B.V.	Netherlands	70	–
Schneider Electric Logistic Centre BV	Netherlands	100	100
Schneider Electric Manufacturing The Netherlands BV	Netherlands	–	100
Schneider Electric Systems Netherlands BV	Netherlands	100	100
Schneider Electric The Netherlands BV	Netherlands	100	100
ELKO AS	Norway	100	100
Eurotherm AS	Norway	100	100
Lexel Holding Norge AS	Norway	100	100
Schneider Electric Norge AS	Norway	100	100
Elda Eltra Elektrotechnika S.A.	Poland	100	100
Eurotherm Poland Sp. Z.o.o.	Poland	100	100
Schneider Electric Industries Polska Sp. Z.o.o.	Poland	100	100
Schneider Electric Polska Sp. Z.o.o.	Poland	100	100

(in % of interest)		Dec. 31, 2021	Dec. 31,2020
Schneider Electric Systems Sp. Z.o.o.	Poland	100	100
Schneider Electric Transformers Poland Sp. Z.o.o.	Poland	100	100
Schneider Electric Portugal LDA	Portugal	100	100
Schneider Electric Romania SRL	Romania	100	100
AO Schneider Electric	Russia	100	100
DIN Elektro Kraft OOO	Russia	100	100
FLISR LLC	Russia	100	100
OOO Potential	Russia	100	100
OOO Schneider Electric Zavod Electromonoblock	Russia	100	100
Schneider Electric Innovation center LLC	Russia	100	100
Schneider Electric Systems LLC	Russia	100	100
Schneider Electric URAL LLC	Russia	–	100
Schneider Electric DMS NS	Serbia	100	100
Schneider Electric Srbija doo Beograd	Serbia	100	100
Schneider Electric Slovakia Spol SRO	Slovakia	100	100
Schneider Electric Systems Slovakia SRO	Slovakia	100	100
Schneider Electric d.o.o.	Slovenia	100	100
Manufacturas Electricas SA	Spain	100	100
Schneider Electric Espana SA	Spain	100	100
Schneider Electric IT Spain, SL	Spain	100	100
Schneider Electric Systems Iberica S.L.	Spain	100	100
AB Crahftere 1	Sweden	100	100
AB Wibe	Sweden	–	100
Elektriska AB Delta	Sweden	100	100
Elko AB	Sweden	100	100
Eurotherm AB	Sweden	100	100
Lexel AB	Sweden	100	100
Schneider Electric Buildings AB	Sweden	100	100
Schneider Electric Distribution Centre AB	Sweden	100	100
Schneider Electric Sverige AB	Sweden	100	100
Telvent Sweden AB	Sweden	100	100
Feller AG	Switzerland	83.7	83.7
Gutor Electronic GmbH	Switzerland	100	100
Schneider Electric (Schweiz) AG	Switzerland	100	100
Schneider Electric Ukraine	Ukraine	100	100
Andromeda Telematics Ltd	United Kingdom	100	100
Aveva Group plc *(sub-group)*	United Kingdom	59	61.4
Avtron Loadbank Worldwide Co., Ltd	United Kingdom	100	100
BTR Property Holdings Ltd	United Kingdom	100	100
CBS Group Ltd	United Kingdom	100	100
Eurotherm Ltd	United Kingdom	100	100
Imserv Europe Ltd	United Kingdom	–	100
Invensys Holdings Ltd	United Kingdom	100	100
M&C Energy Group Ltd	United Kingdom	100	100
N.J. Froment & Co. Limited	United Kingdom	100	100
Samos Acquisition Company Ltd	United Kingdom	100	100
Schneider Electric (UK) Ltd	United Kingdom	100	100
Schneider Electric Buildings UK Ltd	United Kingdom	100	100
Schneider Electric Controls UK Ltd	United Kingdom	100	100
Schneider Electric IT UK Ltd	United Kingdom	100	100
Schneider Electric Ltd	United Kingdom	100	100
Schneider Electric Systems UK Ltd	United Kingdom	100	100
Serck Control and Safety Ltd	United Kingdom	100	100
Accounted for by equity method			
Aveltys	France	51	51
Delta Dore Finance SA (sub-group)	France	20	20
Energy Pool Development	France	25	25
Schneider Lucibel Managed Services SAS	France	47	47
Planon Beheer B.V.	Netherlands	25	–
Möre Electric Group A/S	Norway	34	34
Custom Sensors & Technologies Topco Limited	United Kingdom	30	30
AO Gruppa Kompaniy “Electroshield” – TM Samara	Russia	60	60
North America			
Fully consolidated			
Power Measurement Ltd.	Canada	100	100
Schneider Electric Canada Inc.	Canada	100	100
Schneider Electric Solar Inc.	Canada	100	100
Schneider Electric Systems Canada Inc.	Canada	100	100
Viconics Technologies Inc.	Canada	100	100

(in % of interest)		**Dec. 31, 2021**	Dec. 31,2020
Electronica Reynosa, S. de R.L. de C.V.	Mexico	100	100
Industrias Electronicas Pacifico, S.A. de C.V.	Mexico	100	100
Invensys Group Services Mexico S.C.	Mexico	–	100
Schneider Electric IT Mexico, S.A. de C.V.	Mexico	–	100
Schneider Electric Mexico, S.A. de C.V.	Mexico	100	100
Schneider Electric Systems Mexico, S.A. de C.V.	Mexico	100	100
Schneider Industrial Tlaxcala, S.A. de C.V.	Mexico	100	100
Schneider Mexico, S.A. de C.V.	Mexico	100	100
Schneider R&D, S.A. de C.V.	Mexico	100	100
Square D Company Mexico, S.A. de C.V.	Mexico	100	100
Telvent Mexico, S.A. de C.V.	Mexico	100	100
Adaptive Instruments Corp.	United States	100	100
American Power Conversion Holdings Inc.	United States	100	100
ASCO Power GP, LLC	United States	–	100
ASCO Power Services, Inc.	United States	100	100
ASCO Power Technologies, L.P.	United States	100	100
Charge Holdings, LLC	United States	85.9	–
Echo HoldCo LLC	United States	90.8	–
ETAP Automation Inc. *(sub-group)*	United States	80	–
Foxboro Controles S.A.	United States	100	100
Invensys LLC	United States	100	100
Lee Technologies Puerto Rico, LLC	United States	–	100
OSISoft *(sub-group)*	United States	59	–
Power Measurement, Inc.	United States	–	100
Pro-Face America, LLC	United States	100	100
Schneider Electric Buildings Americas, Inc.	United States	100	100
Schneider Electric Buildings Critical Systems, Inc.	United States	100	100
Schneider Electric Buildings, LLC	United States	100	100
Schneider Electric Digital, Inc.	United States	100	100
Schneider Electric Engineering Services, LLC	United States	100	100
Schneider Electric Grid Automation, Inc.	United States	100	100
Schneider Electric Holdings, Inc.	United States	100	100
Schneider Electric IT America Corp.	United States	–	100
Schneider Electric IT Corporation	United States	100	100
Schneider Electric IT Mission Critical Services, Inc.	United States	100	100
Schneider Electric IT USA, Inc.	United States	–	100
Schneider Electric Motion USA, Inc.	United States	–	100
Schneider Electric Solar Inverters USA, Inc.	United States	100	100
Schneider Electric Systems USA, Inc.	United States	100	100
Schneider Electric USA, Inc.	United States	100	100
SE Vermont Ltd	United States	100	100
Siebe Inc.	United States	100	100
SNA Holdings Inc.	United States	100	100
Square D Investment Company	United States	100	100
Stewart Warner Corporation	United States	100	100
Summit Energy Services, Inc.	United States	100	100
Veris Industries LLC	United States	100	100
Accounted for by equity method			
Uplight Inc.	United States	29.4	–
Asia-Pacific			
Fully consolidated			
Clipsal Australia Pty Ltd	Australia	100	100
Clipsal Technologies Australia Pty Limited	Australia	100	100
Nu-lec Industries Pty. Limited	Australia	100	100
Scada Group Pty Limited	Australia	100	100
Schneider Electric (Australia) Pty Limited	Australia	100	100
Schneider Electric Australia Holdings Pty Ltd	Australia	100	100
Schneider Electric IT Australia Pty Ltd	Australia	100	100
Schneider Electric Solar Australia Pty Ltd	Australia	100	100
Schneider Electric Systems Australia Pty Ltd	Australia	100	100
Serck Controls Pty Limited	Australia	100	100
Tamco Electrical Industries Australia Pty Ltd	Australia	65	65
Beijing Leader & Harvest Electric Technologies Co. Ltd	China	100	100
CITIC Schneider Electric Smart Building Technology (Beijing) Co. Ltd	China	51	51
Clipsal Manufacturing (Huizhou) Ltd	China	–	100
FSL Electric (Dongguan) Limited	China	54	54
Proface China International Trading (Shanghai) Co. Ltd	China	100	100
Schneider (Beijing) Medium & Low Voltage Co., Ltd	China	95	95
Schneider (Beijing) Medium Voltage Co. Ltd	China	95	95

(in % of interest)		Dec. 31, 2021	Dec. 31,2020
Schneider (Shaanxi) Baoguang Electrical Apparatus Co. Ltd	China	70	70
Schneider (Suzhou) Drives Company Ltd	China	90	90
Schneider (Suzhou) Enclosure Systems Co Ltd	China	100	100
Schneider (Suzhou) Transformers Co. Ltd	China	100	100
Schneider Automation & Controls Systems (Shanghai) Co., LTD	China	100	100
Schneider Busway (Guangzhou) Ltd	China	95	95
Schneider Electric (China) Co. Ltd	China	100	100
Schneider Electric (Xiamen) Switchgear Co. Ltd	China	100	100
Schneider Electric (Xiamen) Switchgear Equipment Co., Ltd	China	100	100
Schneider Electric Equipment an Engineering (X'ian) Co., Ltd	China	100	100
Schneider Electric IT (China) Co., Ltd	China	100	100
Schneider Electric IT (Xiamen) Co., Ltd.	China	100	100
Schneider Electric Low Voltage (Tianjin) Co. Ltd	China	75	75
Schneider Electric Manufacturing (Chongqing) Co. Ltd	China	100	100
Schneider Electric Manufacturing (Wuhan) Co. Ltd	China	100	100
Schneider Great Wall Engineering (Beijing) Co. Ltd	China	100	100
Schneider Shanghai Apparatus Parts Manufacturing Co. Ltd	China	100	100
Schneider Shanghai Industrial Control Co. Ltd	China	80	80
Schneider Shanghai Low Voltage Term. Apparatus Co. Ltd	China	75	75
Schneider Shanghai Power Distribution Electric Apparatus Co. Ltd	China	80	80
Schneider Smart Technology., Ltd	China	100	100
Schneider South China Smart Technology (Guangdong) Co. Ltd.	China	100	100
Schneider Switchgear (Suzhou) Co, Ltd	China	58	58
Schneider Wingoal (Tianjin) Electric Equipment Co. Ltd	China	100	100
Shanghai ASCO Electric Technology Co., Ltd	China	100	100
Shanghai Foxboro Co., Ltd	China	100	100
Shanghai Invensys Process System Co., Ltd	China	100	100
Shanghai Schneider Electric Power Automation Co. Ltd	China	100	100
Shanghai Tayee Electric Co., LTD	China	74.5	74.5
Wuxi Proface Co., Ltd	China	100	100
Zircon Investment (Shanghai) Co., Ltd	China	74.5	74.5
Clipsal Asia Holdings Limited	Hong Kong	100	100
Clipsal Asia Limited	Hong Kong	100	100
Fed-Supremetech Limited	Hong Kong	54	54
Himel Hong Kong Limited	Hong Kong	100	100
Schneider Electric (Hong Kong) Limited	Hong Kong	100	100
Schneider Electric Asia Pacific Limited	Hong Kong	100	100
Schneider Electric IT Hong Kong Limited	Hong Kong	100	100
Eurotherm India Private Ltd	India	100	100
Luminous Power Technologies Private Ltd	India	100	100
Schneider Electric India Private Ltd	India	65	65
Schneider Electric Infrastructure Limited	India	75	75
Schneider Electric IT Business India Private Ltd	India	100	100
Schneider Electric President Systems Ltd	India	79.5	79.5
Schneider Electric Private Limited	India	100	100
Schneider Electric Solar India Private Limited	India	100	100
Schneider Electric Systems India Private Limited	India	100	100
PT Schneider Electric Indonesia	Indonesia	100	100
PT Schneider Electric IT Indonesia	Indonesia	100	100
PT Schneider Electric Manufacturing Batam	Indonesia	100	100
PT Schneider Electric Systems Indonesia	Indonesia	95	95
PT Tamco Indonesia	Indonesia	65	65
Schneider Electric Japan Holdings Ltd.	Japan	100	100
Schneider Electric Japan, Inc.	Japan	100	100
Schneider Eletcric Solar Japan Inc.	Japan	100	100
Schneider Electric Systems Japan Inc.	Japan	100	100
Toshiba Schneider Inverter Corp.	Japan	60	60
Eurotherm Korea Co., Ltd.	Korea	100	100
Schneider Electric Korea Ltd.	Korea	100	100
Schneider Electric Systems Korea Limited	Korea	100	100
Clipsal Manufacturing (M) Sdn. Bhd.	Malaysia	100	100
Gutor Electronic Asia Pacific Sdn. Bhd.	Malaysia	100	100
Henikwon Corporation Sdn Bhd	Malaysia	65	65
Huge Eastern Sdn. Bhd.	Malaysia	100	100
Schneider Electric (Malaysia) Sdn. Bhd.	Malaysia	30	30
Schneider Electric Industries (M) Sdn. Bhd.	Malaysia	100	100
Schneider Electric IT Malaysia Sdn. Bhd.	Malaysia	100	100
Schneider Electric Systems (Malaysia) Sdn. Bhd.	Malaysia	100	100
Tamco Switchgear (Malaysia) Sdn Bhd	Malaysia	65	65

(in % of interest)		**Dec. 31, 2021**	Dec. 31,2020
Schneider Electric (NZ) Limited	New Zealand	100	100
Schneider Electric Systems New Zealand Limited	New Zealand	100	100
American Power Conversion Land Holdings Inc.	Philippines	100	100
Clipsal Philippines, Inc.	Philippines	100	100
Schneider Electric (Philippines) Inc.	Philippines	100	100
Schneider Electric IT Philippines Inc.	Philippines	100	100
Schneider Electric Asia Pte. Ltd.	Singapore	100	100
Schneider Electric Export Services Pte Ltd	Singapore	100	100
Schneider Electric IT Logistics Asia Pacific Pte. Ltd.	Singapore	100	100
Schneider Electric IT Singapore Pte. Ltd.	Singapore	100	100
Schneider Electric JV2 Holdings Pte. Ltd.	Singapore	65	65
Schneider Electric Overseas Asia Pte Ltd	Singapore	100	100
Schneider Electric Singapore Pte. Ltd.	Singapore	100	100
Schneider Electric South East Asia (HQ) Pte. Ltd.	Singapore	100	100
Schneider Electric Systems Singapore Pte. Ltd.	Singapore	100	100
Schneider Electric Lanka (Private) Limited	Sri Lanka	100	100
Schneider Electric Systems Taiwan Corp.	Taiwan	100	100
Schneider Electric Taiwan Co., Ltd.	Taiwan	100	100
Pro-Face South-East Asia Pacific Co., Ltd.	Thailand	–	100
Schneider (Thailand) Limited	Thailand	100	100
Schneider Electric CPCS (Thailand) Co., Ltd.	Thailand	100	100
Schneider Electric Solar Thailand	Thailand	100	100
Schneider Electric Systems (Thailand) Co. Ltd.	Thailand	100	100
Clipsal Vietnam Co. Ltd	Viet Nam	100	100
Invensys Vietnam Ltd	Viet Nam	100	100
Schneider Electric IT Vietnam Limited	Viet Nam	100	100
Schneider Electric Manufacturing Vietnam Co., Ltd	Viet Nam	100	100
Schneider Electric Vietnam Co. Ltd	Viet Nam	100	100
Accounted for by equity method			
Delixi Electric LTD (sub-group)	China	50	50
Sunten Electric Equipment Co., Ltd	China	25	25
Fuji Electric FA Components & Systems Co., Ltd (sub-group)	Japan	36.8	36.8
Foxboro (Malaysia) Sdn. Bhd.	Malaysia	49	49
Rest of the World			
Fully consolidated			
Himel Algerie	Algeria	–	100
Schneider Electric Algerie	Algeria	100	100
Schneider Electric Argentina S.A.	Argentina	100	100
Schneider Electric Systems Argentina S.A.	Argentina	100	100
Eurotherm Ltda.	Brazil	100	100
Schneider Electric Brasil Automação de Processos Ltda.	Brazil	100	100
Schneider Electric Brasil Ltda.	Brazil	100	100
Schneider Electric IT Brasil Industria e Comercio de Equipamentos Eletronicos Ltda.	Brazil	100	100
Steck da Amazonia Industria Electrica Ltda.	Brazil	100	100
Steck Industria Electrica Ltda.	Brazil	100	100
Telseb Serviços de Engenharia e Comércio de Equipamentos Eletrônicos e Telecomunicações Ltda	Brazil	100	100
Inversiones Schneider Electric Uno Limitada	Chile	100	100
Marisio S.A.	Chile	100	100
Schneider Electric Chile S.A.	Chile	100	100
Schneider Electric Systems Chile Limitada	Chile	100	100
Schneider Electric de Colombia S.A.S.	Colombia	100	100
Schneider Electric Systems Colombia Ltda.	Colombia	100	100
Schneider Electric Centroamerica Limitada	Costa Rica	100	100
Invensys Engineering & Service S.A.E.	Egypt	51	51
Schneider Electric Distribution Company	Egypt	87.4	87.4
Schneider Electric Egypt SAE	Egypt	91.9	91.9
Schneider Electric Systems Egypt S.A.E	Egypt	60	60
L&T Electricals & Automation FZE	United Arab Emirates	65	65
Schneider Electric DC MEA FZCO	United Arab Emirates	100	100
Schneider Electric FZE	United Arab Emirates	100	100
Schneider Electric Systems Middle East FZE	United Arab Emirates	100	100
Schneider Electric (Kenya) Ltd	Kenya	100	100
Kana Controls General Trading & Contracting Company W.L.L	Kuwait	31.9	31.9
Schneider Electric Services Kuweit	Kuwait	49	49
Schneider Electric East Mediterranean SAL	Lebanon	96	96
Delixi Electric Maroc SARL AU	Morocco	100	100
Schneider Electric Maroc	Morocco	100	100
Schneider Electric CFC	Morocco	100	–

(in % of interest)		**Dec. 31, 2021**	Dec. 31,2020
Schneider Electric Free Zone Enterprise	Nigeria	100	100
Schneider Electric Nigeria Ltd	Nigeria	100	100
Schneider Electric Systems Nigeria Ltd	Nigeria	100	100
Schneider Electric O.M LLC	Oman	100	100
Schneider Electric Pakistan (Private) Limited	Pakistan	–	80
Schneider Electric Peru S.A.	Peru	100	100
Schneider Electric Systems del Peru S.A.	Peru	100	100
Electrical & Automation Saudi Arabian Manufacturing Company (LLC)	Saudi Arabia	65	65
Schneider Electric Saudi Arabia Limited	Saudi Arabia	100	100
Schneider Electric Saudi Arabia For Solutions & Services Co	Saudi Arabia	–	100
Schneider Electric System Arabia Co., LTD	Saudi Arabia	100	100
Schneider Electric South Africa (Pty) Ltd	South Africa	74.9	74.9
Uniflair South Africa (Pty) Ltd	South Africa	100	100
Gunsan Elektrik	Turkey	100	100
Himel Elektric Malzemeleri Ticaret A.S	Turkey	100	100
Schneider Elektrik Sanayi Ve Ticaret A.S	Turkey	100	100
Schneider Enerji Endustrisi Sanayi Ve Ticaret A.S	Turkey	100	100
Schneider Electric Uganda Ltd	Uganda	–	100
Schneider Electric Systems de Venezuela, C.A.	Venezuela	100	100
Schneider Electric Venezuela, S.A.	Venezuela	93.6	93.6

5.6 Statutory auditors' report on the consolidated financial statements

To the Annual General Meeting of Schneider Electric S.E.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Schneider Electric S.E. for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the audit and risks committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with with independence requirement rules required by the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors for the period from January 1st, 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill

Notes 1.3, 1.8, 1.11, 5 and 9 to the consolidated financial statements

Risk identified	As at December 31, 2021, the carrying amount of goodwill is M€ 24,723, totaling 45% of the group consolidated assets. As described in note 1.11 "Impairment of assets" to the consolidated financial statements, the Cash Generating Units (CGUs), to which the goodwill is allocated, are tested for impairment at least once a year and whenever there is an indication of impairment risk. The group's CGUs are Low Voltage, Medium Voltage, Industrial Automation, and Secure Power, and correspond to the smallest identifiable groups of assets generating cash inflows that are largely independent from the cash inflows from other assets or groups of assets. The recoverable value of a CGU is defined as the highest value between its value in use and its fair value less costs to sell. The value in use of a CGU is determined by discounting future cash flows that will be generated by its underlying assets and which are based on the Group management's economic assumptions and operating forecasts. An impairment loss is recognized when the recoverable value of a CGU is lower than its book value, for the excess amount of the book value over the recoverable value. When the tested CGU comprises goodwill, any impairment loss is primarily deducted there from.

Risk identified *continued*	We considered the measurement of goodwill to be a key audit matter as these assets account for a large part of the group's consolidated balance sheet and because of the level of management's judgment required to: • define the CGUs, as an improper mapping could lead your group to not recognize or under-estimate an impairment of goodwill; • determine the assumptions used for the impairment tests of goodwill, particularly the discount rates, perpetuity growth rates and the expected margin rates or royalty rates.
Our response	Our audit work consisted in: • assessing the group's definition of the CGUs in light of the applicable accounting standards; • comparing the carrying amount of assets tested with the accounting data; • assessing the procedures implemented by the group to evaluate the future discounted cash flows underlying the determination of the value in use of each CGU and check their consistency with the business plans/cash flow projections; • comparing the business forecasts underlying the future cash flows with actual performance; • with the assistance of our valuation experts, assessing the assumptions used such as discount rates, perpetuity growth rates and expected margin rates, as well as the sensitivity of tests results to a variation of these assumptions; • reconciling the sensitivity analyses performed by the group with our sensitivity calculations; • verifying the arithmetical accuracy of the computations underlying the impairment tests. Finally, we verified that the notes to the consolidated financial statements contain the appropriate information.

Activation and measurement of development costs
Notes 1.3, 1.8, 4 and 10 to the consolidated financial statements

Risk identified	As at December 31, 2021, the group's consolidated balance sheet includes capitalized development costs recognized as intangible assets for M€ 1,169. As described in note 1.8 to the consolidated financial statements, the costs the Group incurs as part of its new projects are capitalized when certain criteria are strictly met and, in particular, when it is probable that future economic benefits attributable to the project will flow to the group. Development-related assets are amortized from the commercial launch and over the lifespan of the underlying technology. Development-related assets which are not amortized yet are tested for impairment at least on an annual basis and whenever there is an indication of impairment risk. As for development-related assets, which are in the amortization period, they are tested for impairment when an impairment risk has been identified. The group recognizes an impairment loss when the recoverable amount of a development-related asset is lower than the corresponding capitalized costs. The capitalization and the measurement of development costs are considered to be a key audit matter due to their materiality when compared to the consolidated assets of the group, and to the management's judgment exercised when initially determining whether such development costs should be accounted for as intangible assets and when subsequently carrying out impairment tests.
Our response	Our work consisted, for the development projects that we selected on the basis of qualitative and quantitative criteria, in: • ensuring the criteria for recognizing an intangible asset, as set out in IAS 38, were met and consistently applied; • reconciling, the costs capitalized as at December 31, 2021 with the underlying supporting documentation; • assessing the data and assumptions used by the group when testing development-related assets for impairment, mainly sales and profitability forecasts and discount rates, by inquiring of management and by comparing future cash flows to past performance for capitalized projects for which the group is already generating revenues; • comparing the sensitivity analyses performed by the group to our sensitivity calculations; • verifying the arithmetical accuracy of these impairment tests. Finally, we verified that the notes to the consolidated financial statements contain the appropriate information.

Recognition and recoverability of deferred tax assets related to tax losses carried forward
Notes 1.3, 1.16 and 14 to the consolidated financial statements

Risk identified	As at December 31, 2021, the deferred tax assets recognized in the group's balance sheet, with regards to tax losses carried forward, amount to M€ 689 and are mainly related to France for M€ 500. As described in note 1.16 to the consolidated financial statements, the group recognizes future tax benefits, arising from the utilization of tax losses carried forward, to the extent they can reasonably be expected to be achieved, including when such amounts can be indefinitely carried forward. Management assesses at year-end the recoverability by the group of its deferred tax assets on tax losses carried forward. The recognition and appropriate estimation of deferred tax assets relies on the Group's ability to accurately forecast its future taxable income. We considered the initial recognition and the subsequent recoverability of deferred tax assets on tax losses carried forward to be a key audit matter due to the judgment exercised by management.
Our response	In considering the group's capacity to benefit from its deferred tax assets on tax losses carried forward by offsetting them with future taxable income, our audit approach consisted, with the assistance of our tax specialists when necessary, in: • inquiring about the consumption plans of tax losses carried forward for the subsidiaries or tax consolidation groups at stake; • assessing the data and assumptions underlying the consumption plans of tax losses carried forward supporting the recognition and the measurement of related deferred tax assets by the group. Finally, we verified that the notes to the consolidated financial statements contain the appropriate information.

Fair valuation of assets acquired and liabilities assumed following the acquisitions of Larsen & Toubro EA and OSIsoft
Notes 1.3, 1.5, 1.8 and 2.1 to the consolidated financial statements

Risk identified	As specified in note 2.1: **Acquisition of Larsen and Toubro "Electrical & Automation"** On August 31, 2020, the group completed the transaction to combine Schneider Electric India's Low Voltage and Industrial Automation Products business and Larsen and Toubro ("L&T EA") Electrical and Automation business, for a consideration paid of EUR 1,571 million. Temasek took 35% stake in the new entity combining L&T EA and the group's Low Voltage and Industrial Automation activities in India, for a consideration of M€ 530. L&T EA has been fully consolidated by the group since the date of acquisition. The group has determined the fair value of the identifiable assets acquired and liabilities assumed from L&T EA in accordance with IFRS 3R. The acquisition resulted in the recognition of intangible assets and liabilities assumed for a net amount of M€ 286 and final goodwill of M€ 1,117. The purchase price allocation is final as of December 31, 2021. **Acquisition of OSISoft** On March 19, 2021, the group announced, through its subsidiary AVEVA group Plc, that it had completed the acquisition of OSIsoft for a consideration of M€ 4,500. OSIsoft has been fully consolidated by the group since the date of acquisition. The group has determined the fair value of the identifiable assets acquired and liabilities assumed from OSIsoft in accordance with IFRS 3R for a net amount of M€ 1,460, mainly relating to the recognition of intangible assets. The resulting provisional goodwill at December 31, 2021 amounts to M€ 3,001. The determination of the fair value of the assets acquired and liabilities assumed in these two acquisitions is a key audit matter due to the significant amounts at stake and the level of judgment exercised by management.

Our response	As part of our audit, we obtained the legal documentation, as well as the reports issued by the external valuation experts engaged by the group to assist the management with the identification of assets and liabilities recognized within the scope of these two acquisitions. The opening balance sheets of L&T EA and OSIsoft as their respective dates of acquisition of control have been audited covering the main acquired entities included in the scope of consolidation. Regarding the identification and assessment of the fair value of the assets and liabilities recognized in connection with these acquisitions, with the involvement of valuation experts in our audit team, our work consisted in: • assessing the appropriateness of the approach used to identify liabilities, contingent liabilities and intangible assets acquired, corroborating them with our discussions with management and our understanding of the acquired business; • analyzing the valuation methods used by management to measure the fair value of assets and liabilities acquired; • analyzing the valuation assumptions used by comparing them to the source data and sector market data; • performing arithmetic controls on the various valuations carried out; • analyzing the consistency of the purchase price allocation taken as a whole, and of the resulting residual goodwill. Finally, we verified that the notes to the consolidated financial statements contain the appropriate information.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the group's information given in the management report of the Board of Directors.

We have no matter to report as to its fair presentation and its consistency with the consolidated financial statements.

We certify that the consolidated statement of non-financial performance provided for in Article L. 225-102-1 of the French Commercial Code (*code de commerce*) is included in the information pertaining to the group provided in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, the information contained in this statement has not been verified by us as to its accuracy or consistency with the consolidated financial statements and must be the subject of a report by an independent third-party body.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standards applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in article L451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Schneider Electric S.E. by the annual general meetings held on May 6, 2004 for MAZARS and on June 25, 1992 for ERNST & YOUNG et Autres.

As at December 31, 2021, MAZARS was in the eighteenth year of its engagement without interruption and ERNST & YOUNG et Autres in the thirtieth year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The audit and risks committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the audit and risks committee

We submit a report to the audit and risks committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit and risks committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the audit and risks committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the audit and risks committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 11, 2022

The Statutory Auditors
French original signed by

MAZARS		**ERNST & YOUNG et Autres**
Loïc Wallaert	Mathieu Mougard	Alexandre Resten

5.7 Extract of the management report for the year ended December 31, 2021

Consolidated financial statements

Business and Statement of Income highlights

Acquisitions & disposals of the period

Acquisitions

OSIsoft LLC.
As announced on March 19, 2021, Schneider Electric's majority-owned subsidiary, AVEVA Group Plc, has completed the acquisition of OSIsoft, for a consideration of EUR 4.5 billion (USD 5.1 billion). OSIsoft is fully consolidated since the acquisition date, and reports within the *Industrial Automation* reporting segment.

The consideration paid was funded by EUR 3.9 billion (USD 4.4 billion) of cash, and by a EUR 0.5 billion (USD 0.6 billion) issue of 13,655,570 ordinary shares from AVEVA Group Plc to Estudillo Holdings Corp.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2021. OSIsoft carrying value at acquisition date for net identifiable assets was EUR (1) million. The net adjustment of the opening balance sheet is EUR 1,460 million, resulting mainly from the booking of identifiable intangible assets (technology for EUR 998 million, customer relationship for EUR 288 million and trademark for EUR 150 million) and from a decrease in contract liabilities for EUR 71 million resulting from the remeasurement at fair value of the deferred revenue following the business combination under IFRS 3R. The preliminary goodwill recognized amounts to EUR 3,001 million at acquisition date.

ETAP
On June 28, 2021, the Group completed the transaction to purchase a controlling stake in Operation Technology Inc. ("ETAP"). As of June 30, 2021, the Group has acquired 80% of the capital of ETAP for a consideration of EUR 216 million, fully paid in cash. ETAP is consolidated within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 20% minority interests in 2025. The related debt has been recognised in "Other non-current liabilities".

The purchase accounting as per IFRS 3R is not completed as of December 31, 2021. ETAP carrying value at acquisition date for net identifiable assets was EUR 13 million. The net adjustment of the opening balance sheet is EUR 26 million, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark). The preliminary goodwill recognized amounts to EUR 260 million at acquisition date and includes the forward agreement for the acquisition of the remaining 20% minority interests in 2025.

Uplight Inc.
The Group completed the acquisition of 29.6% of Uplight Inc. on July 27, 2021 for a consideration of EUR 378 million. In October 2021, the Group subscribed to a capital increase EUR 20 million for the acquisition of Agentis by Uplight Inc., resulting in a dilution of the Group's interest to 29.4%. Uplight Inc. has been accounted for by the equity method since August 1, 2021.

I.G.E + X.A.O.
On November 24, 2021, the simplified tender offer for the shares of IGE+XAO, submitted to the AMF, has been closed. At the end of the tender offer, the Group owns 83.93% of IGE+XAO's share capital.

Qmerit
On December 20, 2021, the Group acquired 85.85% of the capital of Qmerit, fully consolidated in *Energy Management* reporting segment. Qmerit is accelerating the shift away from traditional fossil fuel-powered systems, toward more sustainable, resilient electric technologies. The Group holds an agreement to acquire the remaining 14.15% minority interests. The related debt has been recognised in "Other noncurrent liabilities". The purchase accounting as per IFRS 3R is not completed as of December 31, 2021.

Disposals
In 2021, the Group recorded a total amount of EUR 196 million of gain on business disposals, mainly related to the following:

Cable Support
On April 27, 2021, the Group announced the signing of the agreement to divest the Cable Support business which was consolidated within *Energy Management* reporting segment. The transaction was finalized, on June 30, 2021.

IMServ
On July 28, 2021, the Group completed the sale of IMServ, a provider of metering and data services to the energy market. It was consolidated within *Industrial Automation* reporting segment.

US Motion
On July 9, 2021, the Group completed the sale of the US Motion industrial, a manufacturer of motion control components for automation equipment. It was consolidated within *Industrial Automation* reporting segment.

Follow-up on acquisitions and divestments occurred in 2020 with significant effect in 2021

Acquisitions

RIB Software SE

On February 13, 2020, the Group announced its intention to launch a voluntary public tender for the acquisition of 100% of the shares of RIB Software SE for a total valuation of EUR 1.5 billion. On March 25, 2020, the Group acquired approximately 9.99% of the capital of the company, outside the takeover offer. On July 10, 2020, the Group announced the successful completion of the voluntary public takeover offer. As of December 31, 2020, the Group owned 87.64% of the capital of RIB Software, fully consolidated within *Energy Management* reporting segment. The Group held a put option agreement on 9.1% of minority interests, valued at EUR 137 million, with a maturity date in 2024.

On June 10, 2021, the Group purchased 9.1% of the non-controlling interests for a consideration of EUR 223 million. The previous put agreement and related debt have been cancelled.

On July 5, 2021, the Group submitted the formal request to RIB Software SE that the General Meeting of RIB Software SE shall resolve to transfer the shares of the remaining shareholders (minority shareholders) to Schneider Electric Investment AG for an appropriate cash compensation (so-called squeeze out under stock corporation law).

As of December 31, 2021, the squeeze out has been completed and the Group owns 100% of RIB Software SE.

The purchase accounting resulting from the acquisition is completed at the closing date. As of December 31, 2021, the purchase accounting adjustments amount to EUR 211 million, and resulted mainly in the identification of intangible assets (technologies, trademark and customer relationship). The Goodwill recognized amounts to EUR 1,128 million as of December 31, 2021.

Larsen & Toubro

On May 1st, 2018, Schneider Electric, partnering with Temasek, a global investment company headquartered in Singapore, reached an agreement to buy Larsen & Toubro's Electrical & Automation business.

On August 31, 2020, the Group completed the transaction to combine Schneider Electric India's Low Voltage and Industrial Automation Products business and Larsen and Toubro ("L&T") Electrical and Automation business, for a consideration paid of EUR 1,571 million.

Temasek took 35% stake in the combined business for EUR 530 million. The partnership with Temasek resulted in the dilution of the Group's interests within Schneider Electric India's Low Voltage and Industrial Automation Products business, and in the recognition of a gain of EUR 191 million in the Group's share of equity in 2020.

L&T is fully consolidated since September 1, 2020, and reports within both *Energy Management* and *Industrial Automation* reporting segments.

The purchase accounting as per IFRS 3R is completed as of December 31, 2021. At acquisition date, the net adjustment of the opening balance sheet is EUR 286 million. The main identifiable intangible assets recognized as of December 31, 2021 are technology for EUR 111 million, customer relationship for EUR 380 million and trademark for EUR 83 million. Contingent liabilities assumed mainly relates to environment, health and safety (EHS) risk for EUR 78 million as of December 31, 2021. The goodwill recognized amounts to EUR 1,117 million as of December 31,2021.

Exchange rate changes

Fluctuations in the euro exchange rate in 2021 led to an impact of EUR (273) million on consolidated revenue and of EUR (40) million on adjusted EBITA mainly due to the devaluation of the U.S. dollar against Euro.

5.7 Management report for the year ended December 31, 2021

Results of Operations

The following table sets forth our results of operations for 2021 and 2020:

(in millions of euros except for earnings per share)	**Full Year 2021**	Full Year 2020	Variance
Revenue	**28,905**	**25,159**	**14.9%**
Cost of sales	(17,062)	(15,003)	13.7%
Gross profit	**11,843**	**10,156**	**16.6%**
% Gross profit	**41.0%**	**40.4%**	
Research and development	(855)	(718)	19.1%
Selling, general and administrative expenses	(6,001)	(5,512)	8.9%
EBITA adjusted*	**4,987**	**3,926**	**27.0%**
% EBITA adjusted	**17.3%**	**15.6%**	
Other operating income and expenses	(21)	(210)	(90.0)%
Restructuring costs	(225)	(421)	(46.6)%
EBITA**	**4,741**	**3,295**	**43.9%**
% EBITA	**16.4%**	**13.1%**	
Amortization and impairment of purchase accounting intangibles	(410)	(207)	98.1%
Operating income	**4,331**	**3,088**	**40.3%**
% Operating income	**15.0%**	**12.3%**	
Interest income	4	14	(71.4)%
Interest expense	(99)	(126)	(21.4)%
Finance costs, net	**(95)**	**(112)**	**(15.2)%**
Other financial income and expense	(81)	(166)	(51.2)%
Net financial income/(loss)	**(176)**	**(278)**	**(36.7)%**
Profit from continuing operations before income tax	**4,155**	**2,810**	**47.9%**
Income tax expense	(966)	(638)	51.4%
Share of profit/(loss) of associates	84	66	27.3%
PROFIT FOR THE YEAR	**3,273**	**2,238**	**46.2%**
attributable to owners of the parent	*3,204*	*2,126*	*50.7%*
attributable to non-controlling interests	*69*	*112*	*(38.4)%*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	5.76	3.84	50.0%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	5.67	3.81	48.8%

* Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles). Adjusted EBITA corresponds to operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.

** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles). EBITA corresponds to operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

Revenue

Consolidated revenue totaled EUR 28,905 million for the period ended December 31, 2021, up 14.9% on a reported basis.

Organic growth was positive for 12.7%, acquisitions and disposals accounted for 3.5% and the currency effect for (1.3)%.

Evolution of revenue by reporting segment

The following table sets forth our revenue by business segment for years ended December 31, 2021 and 2020:

(in millions of euros)	**Energy Management**	**Industrial Automation**	**Total**
Full Year 2021	22,179	6,726	**28,905**
Full Year 2020	19,344	5,815	**25,159**

Energy Management generated revenues of EUR 22,179 million, equivalent to 77% of the Group's revenues and was up 13.3% organically, with double-digit growth across all regions. Sales growth was supported by price actions taken throughout the year, though impacted by supply chain pressures mainly in the second half of the year. Residential buildings remained one of the group's strongest markets. Demand for the Group's offers in non-residential buildings also remained strong, including recovery in hotels and commercial offices. Data centers & networks showed double-digit growth with continued strong demand. *Energy Management* benefited from cross-sells offers into Infrastructure and Industry end-markets. The Group benefited throughout the year from execution on a large project in Egypt. In industrial end-markets, growth was strongest in discrete automation, particularly in OEMs. Later cycle industrial markets remained challenged although with positive demand trends including in Metal, Mining and Minerals (MMM) and Oil and Gas (O&G).

Industrial Automation generated revenues of EUR 6,726 million, equivalent to 23% of the Group's revenues and was up 10.7% organically, with performance contrasted between strong growth from sales into Discrete automation markets and continued weaker sales into Process & Hybrid markets, although with strong demand recovery towards the end of the year. Sales growth was supported by price actions taken throughout the year, although impacted by supply chain pressures. Discrete automation markets saw strong demand with growth in many markets including packaging and material handling and across all regions. Sales into Process & Hybrid markets remained challenged, impacted by a slower recovery in mid-to-late cycle industries, although second semester saw a strong evolution in demand trends including in Consumer Packaged Goods (CPG) and O&G.

Gross profit

Gross profit was up 12.5% organic with Gross margin reaching 41.0% in 2021 (down 10 bps organically) mainly driven by the pricing actions, positive mix and industrial productivity, notwithstanding additional costs incurred due to raw material inflation and continued pressures on global supply chains.

Support Function costs: Research and development and selling, general and administrative expenses

Research and development expenses, net of capitalized development costs and excluding research and development costs booked in costs of sales, increased by 19.1% from EUR 718 million for 2020 to EUR 855 million for 2021. As a percentage of revenues, the net cost of research and development increased slightly to 3.0% in 2021 (2.9% for 2020).

Total research and development expense, including capitalized development costs and development costs reported as cost of sales (see Note 4 to the Consolidated Financial Statements) increased by 9.4% from EUR 1,407 million for 2020 to EUR 1,539 million for 2021. As a percentage of revenues, total research and development expenses decreased slightly to 5.3% for 2021 (5.6% for 2020).

In 2021, the net effect of capitalized development costs and amortization of capitalized development costs amounts to EUR 68 million on operating income (EUR 66 million in 2020).

Selling, general and administrative expenses increased by 8.9% to EUR 6,001 million for 2021 (EUR 5,512 million for 2020). As a percentage of revenues, selling, general and administrative expenses decreased slightly to 20.8% for 2021 (21.9% for 2020).

Combined, total support function costs, that is, research and development expenses together with selling, general and administrative costs, totaled EUR 6,856 million for 2021 compared to EUR 6,230 million for 2020, an increase of 10.0%. Support functions costs to sales ratio decreases at 23.7%.

Other operating income and expenses

For 2021, other operating income and expenses amounted to a net expense of EUR 21 million. This is mainly due to gains on disposal of business for EUR 196 million being partially compensated by costs of acquisitions and integrations for EUR 166 million. The main scope changes of the year are described in the 2021 highlights.

Restructuring costs

For 2021, restructuring costs amounted to EUR 225 million compared to EUR 421 million for 2020. In 2020, these costs were mainly attributed to initiatives to decrease support function costs.

EBITA and Adjusted EBITA

EBITA is defined as earnings before interest, taxes and amortization of purchase accounting intangibles. EBITA comprises operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment. Adjusted EBITA is adjusted as EBITA before restructuring costs and before other operating income and expenses, which includes acquisition, integration and separation costs.

Adjusted EBITA amounted to EUR 4,987 million for 2021, compared to EUR 3,926 million for 2020, an organic increase of 23.2%. As a percentage of revenues, adjusted EBITA increased at 17.3% with margin improving 140 bps organically.

EBITA increased from EUR 3,295 million for 2020 to EUR 4,741 million in 2021. As a percentage of revenues, EBITA increases at 16.4% in 2021 (13.1% for 2020).

Adjusted EBITA by business segment

The following table sets out EBITA and adjusted EBITA by business segment:

	Full Year 2021			
(in millions of euros)	**Energy Management**	**Industrial Automation**	**Central functions & digital costs**	**Total**
Backlog	9,088	2,688	–	**11,776**
Revenue	22,179	6,726	–	**28,905**
Adjusted EBITA	4,501	1,242	(756)	**4,987**
Adjusted EBITA (%)	*20.3%*	*18.5%*		**17.3%**

On December 31, 2021, the total backlog to be executed in more than a year amounts to EUR 640 million.

5.7 Management report for the year ended December 31, 2021

	Full Year 2020			
(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	7,231	1,765	–	**8,996**
Revenue	19,344	5,815	–	**25,159**
Adjusted EBITA	3,634	992	(700)	**3,926**
Adjusted EBITA (%)	*18.8%*	*17.1%*		**15.6%**

On December 31, 2020, the total backlog to be executed in more than a year amounted to EUR 639 million.

Energy Management generated an adjusted EBITA of EUR 4,501 million, i.e. 20.3% of its revenues, up c. 140 bps organic (up 150 bps on a reported basis and up c. 170 bps organically compared to 2019), mainly driven by the increase in volume, a good level of industrial productivity, and a positive impact from mix.

Industrial Automation generated an adjusted EBITA of EUR 1,242 million, i.e. 18.5% of its revenues, up c. 90 bps organic (up 140 bps on a reported basis and up c. 60 bps organically compared to 2019), due mainly to the increase in volume and positive net pricing, despite a dilutive effect on mix from the lesser growth of AVEVA.

Central functions & digital costs in 2021 amounted to EUR 756 million (EUR 700 million in 2020), reducing slightly as a proportion of revenue to 2.6%. Investment in the Group's strategic priorities increased year-over-year, while the Corporate cost element continued to be an area of focus and remained under tight control, decreasing to around 0.7% of Group revenues in 2021.

Amortization and impairment of purchase accounting intangibles

The amortization and impairment of purchase accounting intangibles amounted to EUR 410 million compared with EUR 207 million last year. The increase is mostly driven by additional amortization linked with acquisitions completed in the second semester 2020 and the first semester 2021 (mainly RIB Software SE, Larsen & Toubro and OSIsoft LLC).

Operating income (EBIT)

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 3,088 million for 2020 to 4,331 million for 2021, an increase of 40.3%.

Net financial income/loss

Net financial loss amounted to EUR 176 million for 2021, compared to EUR 278 million for 2020. Financial result has been improved significantly, thanks to the decrease of the cost of net financial debt (from EUR 112 million in 2020 to EUR 95 million in 2021), as well as a reduced impact from forex exchange fluctuations (from EUR 36 million in 2020 to EUR 8 million in 2021).

Income tax expense

The effective tax rate was 23.2% for 2021, and 22.7% for 2020. The corresponding income tax expense increased from EUR 638 million for 2020 to EUR 966 million for 2021.

Share of profit/ (loss) of associates

The share of associates was a EUR 84 million profit for 2021, compared to EUR 66 million profit for 2020.

Non-controlling interests

Non-controlling interests in net income for 2021 totaled EUR 69 million, compared to EUR 112 million for 2020. This represents the share in net income attributable to the non-controlling interests, mainly coming from the Group Chinese subsidiaries and AVEVA subgroup.

Profit for the year (attributable to owners of the parent)

Profit for the year attributable to the equity holders of our parent company amounted to EUR 3,204 million for 2021, compared to EUR 2,126 million profit for 2020.

Earnings per share

Basic Earnings per share amounted to EUR 5.76 per share for 2021 and EUR 3.84 per share for 2020.

Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for 2021 and 2020:

(in millions of euros)	Note	**Full Year 2021**	Full Year 2020
Profit for the year		**3,273**	**2,238**
Share of (profit)/losses of associates		(84)	(66)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	726	698
Amortization of intangible assets other than goodwill	10	688	512
Impairment losses on non-current assets		34	54
Increase/(decrease) in provisions	21	(54)	266
Losses/(gains) on disposals of business and assets		(184)	(10)
Difference between tax paid and tax expense		(38)	(137)
Other non-cash adjustments		108	96
Net cash provided by operating activities		**4,469**	**3,651**
Decrease/(increase) in accounts receivables		(577)	326
Decrease/(increase) in inventories and work in progress		(955)	(153)
(Decrease)/increase in accounts payable		418	344
Decrease/(increase) in other current assets and liabilities		261	267
Change in working capital requirement		**(853)**	**784**
TOTAL I – CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**3,616**	**4,435**
Purchases of property, plant and equipment	11	(543)	(485)
Proceeds from disposals of property, plant and equipment		59	55
Purchases of intangible assets	10	(333)	(332)
Net cash used by investment in operating assets		**(817)**	**(762)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(4,231)	(2,393)
Other long-term investments		16	11
Increase in long-term pension assets		(136)	(106)
Sub-total		**(4,351)**	**(2,488)**
TOTAL II – CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(5,168)**	**(3,250)**
Issuance of bonds	22	–	2,444
Repayment of bonds	22	(600)	(500)
Sale/(purchase) of own shares		(262)	(50)
Increase/(decrease) in other financial debt		(444)	1,032
Increase/(decrease) of share capital	19	216	43
Transaction with non-controlling interests*	2	(418)	1,141
Dividends paid to Schneider Electric's shareholders	19	(1,447)	(1,413)
Dividends paid to non-controlling interests		(138)	(112)
TOTAL III – CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(3,093)**	**2,585**
TOTAL IV – NET FOREIGN EXCHANGE DIFFERENCE		**346**	**(403)**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I +II +III +IV		**(4,299)**	**3,367**
Net cash and cash equivalents, beginning of the year	18	6,762	3,395
Increase/(decrease) in cash and cash equivalents		(4,299)	3,367
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	18	**2,463**	**6,762**

* In 2020, the Group received EUR 1,141 million of cash from AVEVA's minority interests, following the increase of capital realized by the latter, to finance the acquisition of OSIsoft (Note 2).

* In 2021, transactions with non-controlling interests mainly relates to RIB Software SE (Note 2).

Operating Activities

Net cash provided by operating activities before changes in working capital requirement reached EUR 4,469 million for 2021, increasing compared to EUR 3,651 million for 2020. It represented 15.5% of revenues for 2021 (14.5% of revenues from 2020).

Change in working capital requirement consumed EUR 853 million in cash in 2021, compared to a positive contribution of EUR 784 million in 2020.

In all, net cash provided by operating activities decreased from EUR 4,435 million in 2020 to EUR 3,616 million in 2021.

Investing Activities

Net capital expenditure, which includes capitalized development projects, increased, at EUR 817 million for 2021, compared to EUR 762 million for 2020, and representing 2.8% of sales in 2021 compared to 3.0% in 2020.

Free cash-flow (cash provided by operating activities net of net capital expenditure) amounted to EUR 2,799 million in 2021 versus EUR 3,673 million in 2020.

Cash conversion rate (free cash-flow over net income attributable to the equity holders of the parent company on continuing operations) was 87% in 2021 versus 173% in 2020.

The acquisitions net of disposals represented a cash out of EUR 4,231 million (net of acquired cash) for 2021, compared with EUR 2,393 million for 2020. Those amounts correspond mainly to the acquisitions and disposals described in Notes 2.1 and 2.2 of the Consolidated Financial Statements (Chapter 5).

Financing Activities

Net cash outflow from financing activities amounted to EUR 3,093 million during the year 2021, compared to cash inflow of EUR 2,585 million during the year 2020, mainly due to changes in net debt and to the cash received from AVEVA's minority interests in 2020, following the increase of capital realized by the latter, to finance the acquisition of OSISoft.

The net cash outflow from other financial debts amounted to EUR 444 million in 2021, compared to a net cash inflow of EUR 1,032 million in 2020. The 2020 inflow is mainly due to a net commercial paper issuance of EUR 1,302 million.

The dividend paid by Schneider Electric was EUR 1,447 million in 2021, compared with EUR 1,413 million in 2020.

Electricity is the most efficient and best vector for decarbonization; combined with circular economy approach solutions, we will achieve climate-positive impact as part of the United Nations Sustainable Development Goals.

6 Parent Company Financial Statements

6.1 Balance sheet

Assets

(in thousands of euros)	Notes	Gross	A. & D. or Prov.	**Dec. 31, 2021 Net**	Dec. 31, 2020 Net
NON-CURRENT ASSETS					
Intangible assets	1.1				
Intangible rights		27,429	(27,429)	–	–
Property, plant and equipment	1.2				
Land		2,784	–	2,784	2,785
Buildings		48	(48)	–	–
Other		1,221	–	1,221	1,226
Total intangible assets and property, plant and equipment		**31,483**	**(27,477)**	**4,006**	**4,011**
Financial investments					
Shares in subsidiaries and affiliates	2.1	5,377,099	(19,468)	5,357,631	5,346,631
Other investment securities	2.2	637,409	–	637,409	457,964
Advances to subsidiaries and affiliates	2.3	3,218,096	–	3,218,096	3 982,656
Other		10	–	10	10
Total financial investments		**9,232,615**	**(19,468)**	**9,213,146**	**9,787,261**
Total non-current assets		**9,264,097**	**(46,945)**	**9,217,153**	**9,791,272**
CURRENT ASSETS					
Accounts receivable					
Accounts receivable – trade		351,799	–	351,799	574,675
Other	3	136,480	–	136,480	129,770
Total accounts receivable		**488,279**	**–**	**488 279**	**704,445**
Marketable securities and cash					
Marketable securities	4	348,250	–	348,250	389,727
Advances to the Group cash pool	5	6,878,822	–	6,878,822	6,522,060
Other		306	–	306	207
Total marketable securities and cash		**7,227,378**	**–**	**7,227,378**	**6,911,993**
Total current assets		**7,715,657**	**–**	**7,715,657**	**7,616,439**
PREPAYMENTS AND OTHER ASSETS					
Prepaid expenses	6.1	1,151	–	1,151	1,280
Deferred expenses	6.2	17,021	–	17,021	21,933
Call premiums	6.3	21,246	–	21,246	26,894
Translation losses	9	84,928	–	84,928	30,533
TOTAL ASSETS		**17,104,101**	**(46,945)**	**17,057,156**	**17,488,350**

The notes form an integral part of these parent company financial statements.

Equity and liabilities

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
EQUITY	7		
Share capital	7.1	2,276,134	2,268,274
Additional paid-in capital	7.2	2,411,613	2,203,758
Reserves			
Legal reserve		243,027	243,027
Retained earnings	7.3	444,780	1,922,675
Net income for the financial year		1,498,235	(31,273)
Untaxed provisions		2	2
Total equity		**6,873,791**	**6,606,463**
PROVISIONS FOR CONTINGENCIES:	8		
Provisions for contingencies		350,596	391,880
Total provisions for contingencies and expenses		**350,596**	**391,880**
LIABILITIES			
Convertible bond	9	650,000	650,000
Bonds	9	7,700,665	8,246,269
Other borrowings	10	80,249	84,814
Amounts payable to subsidiaries and affiliates		–	–
Borrowings and financial liabilities	11	1,150,000	1,302,000
Accounts payable – trade		31	680
Accrued taxes and payroll costs		109,426	107,252
Other		5,998	5,677
Total liabilities		**9,696,369**	**10,396,692**
Deferred income		–	40
Call premiums	6.3	51,472	62,743
Translation gains	2.3	84,928	30,533
TOTAL EQUITY AND LIABILITIES		**17,057,156**	**17,488,350**

The notes form an integral part of these parent company financial statements.

6.2 Statement of income

(in thousands of euros)	Notes	**Full year 2021**	Full year 2020
Sales of services and other		–	325
Reversals of provisions, depreciation and amortization and expense transfers		–	–
Operating revenues		**–**	**325**
Purchases and external expenses		(11,317)	(9,666)
Taxes other than on income		(2,014)	(2,604)
Payroll expenses		(1,922)	(2,606)
Depreciation and provision expense		(4,943)	–
Other operating expenses and joint-venture losses		(2,127)	(2,000)
Operating expenses		**(22,322)**	**(16,875)**
Operating profit/(loss)		**(22,322)**	**(16,550)**
Dividend income	14	1,500,363	1,553
Interest income		41,008	48,010
Reversals of impairment provisions for long-term receivables and other		–	–
Financial income		**1,541,371**	**49,563**
Interest expense		(87,130)	(112,516)
Provision expense		5,358	(6,766)
Financial expenses		**(81,772)**	**(119,282)**
Net financial income/(loss)	14	**1,459,598**	**(69,719)**
Current result before tax		**1,437,276**	**(86,269)**
Proceeds from fixed asset disposals		267	138,894
Reinvoicing performance share		82,245	121,013
Provision reversals and expense transfers		149,627	280,004
Other		154	23,197
Non-recurring income		**232,293**	**563,107**
Carrying amount of fixed asset disposals		(1)	(219,983)
Provisions, depreciation and amortization		(97,153)	(134,516)
Other		(126,522)	(185,901)
Non-recurring expenses		**(223,676)**	**(540,400)**
Net non-recurring income/(loss)	15	**8,617**	**22,708**
Net income tax benefit	16	**52,342**	**32,287**
NET INCOME		**1,498,235**	**(31,273)**

The notes form an integral part of these parent company financial statements.

6.3 Notes to the financial statements

(All amounts are in thousands of euros unless otherwise indicated)

6.3.1 Significant events of the financial year

During the financial year, Schneider Electric SE carried out (i) a capital increase through the issue of company shares reserved for employees participating in the PEG and (ii) a capital increase through the issue of shares reserved for Group employees based outside France and for entities within the framework of employee shareholding or saving programs:

i. 0.55 million shares issued with a par value of 4 euros each, representing a capital increase of EUR 2.2 million and a share premium of EUR 58.5 million (shares subscribed at 110.19 euros each);

ii. 1.41 million shares issued with a par value of 4 euros each, representing a capital increase of EUR 5.7 million and a share premium of EUR 150.1 million (shares subscribed at 110.19 euros each).

The company redeemed a bond issue maturing in September 2021 for EUR 600 million.

In May 2021, the 2020 dividend was paid in the amount of EUR 1,447 million.

The company also proceeded to buy back 1.8 million of its own shares for EUR 262 million.

Finally, during 2021, share plans 30, 31 and 31bis expired, the company decided to serve 2.1 million shares for an amount of EUR 124 million re-invoiced to the group companies concerned.

As of December 31, 2021, the company decided to fund some of its current share plans by using existing shares and to re-invoice the related expense to the various entities of the Group. As a consequence, the provision for expenses on shares distribution has been adjusted to EUR 348 million.

6.3.2 Accounting principles

As in the prior financial year, the financial statements for the financial year ended December 31, 2021 have been prepared in accordance with French generally accepted accounting principles and with the ANC no. 2014-03 code updated by ANC no. 2016-07 code on Nov. 04, 2016.

Non-current assets

Non-current assets of all types are stated at historical cost.

Intangible assets

Intangible rights are amortized over a maximum of 5 years.

Property, plant and equipment

Amortizable Items of property, plant and equipment are depreciated on a straight- line basis over their estimated useful lives, ranging from 3 to 10 years. Lands are not depreciated.

Shares in subsidiaries and affiliates

Shares in subsidiaries and affiliates are stated at acquisition cost.

Provisions for impairment may be funded where the carrying amount is higher than the estimated value in use at the end of the financial year. This estimate is primarily determined on the basis of the underlying net assets, earnings outlook and economic forecasts. For listed securities, the average stock price over the month before the closing is used.

Provisions may be reversed if the estimated value becomes higher than the carrying amount.

Unrealized gains resulting from such estimates are not recognized.

Own shares

Treasury stocks are assessed by category (shares in subsidiaries and affiliates, marketable securities), according to the FIFO. method "*first-in, first-out*".

The accounting classification of treasury stocks depends on the purpose for which they are held:
- own shares are classified in marketable securities if they are the object of an explicit allocation to cover performance share distribution plans or if they are bought to regulate the share price of the Group;
- own shares are classified in long-term investments if they are not the object of an explicit allocation to cover a performance share or if they are bought with the aim of their use within the context of a liquidity contract by an investment services provider, or of their later cancellation within the framework of a capital reduction.

The accounting of an impairment of own shares depends on the purpose for which they are held:
- when own shares are allocated to cover of performance share distribution plans, there is no reason to record a provision for impairment;
- in other cases, it is necessary to book an impairment if the average stock market price of the month before the closing is lower than the weighted average cost.

Pension obligations

The present value of termination benefits is determined using the projected unit credit method. Provisions are funded for the supplementary pension benefits provided by the company on the basis of the contractual terms of top-hat agreements, granting a level of benefits exceeding the general regimes. The company applies the corridor method to actuarial gains and losses arising from changes in estimates. Under this method, the portion of net cumulative actuarial gains and losses exceeding 10% of the projected benefit obligation is amortized over 10 years.

Currency risk

When necessary, a contingency provision is put in place for unrealized exchange losses. However, when there are unrealized exchange gains and losses on back-to-back transactions in the same currency and with the same maturity, the amount of the provision is then limited to the net loss.

Bonds

Issue costs are amortized over the life of the bonds and are booked under "deferred expenses".Issuance premiums are booked under "Call premiums" & amortized over the duration of the bonds.

In the case of convertible bond (OCEANE), at conversion, the bond will be reclassified as equity for its nominal conversion amount.

6.3.3 Notes

Note 1: Non-current assets

1.1 – Intangible assets

This item primarily consists of share issue and merger expenses, which are fully amortized.

1.2 – Property, plant and equipment

(in thousands of euros)

Property, plant and equipment	Dec. 31, 2020	Additions	Disposals	**Dec. 31, 2021**
Cost	4,301	–	(247)	4,054
Depreciation	(290)	–	242	(48)
NET	**4,011**	**–**	**(5)**	**4,006**

Property, plant and equipment are mainly comprised of land not built.

Note 2: Investments

2.1 – Shares in subsidiaries and affiliates

(in thousands of euros)

Shares in subsidiaries and affiliates	Dec. 31, 2020	Additions	Disposals	**Dec. 31, 2021**
Cost	5,377,099	–	–	5,377,099
Provisions	(30,468)	–	11,000	(19,468)
NET	**5,346,631**	**–**	**11,000**	**5,357,631**

During the financial year, the company reversed part of the provision of Schneider Electric Japan Holding for EUR 4 million and Muller SA for EUR 7 million.

The main investments at December 31, 2021 were as follows:

Shares in subsidiaries and affiliates	**Carrying value**
Schneider Electric Industries SAS	5,343,544
Schneider Electric Japan Holding	6,049
Muller SAS	8,038
TOTAL	**5,357,631**

2.2 – Other investment securities

(in thousands of euros)

Other investment securities	Dec. 31, 2020	Increases	Decreases	**Dec. 31, 2021**
Schneider Electric SE shares	457,964	261,660	(82,215)	637,409
Other	–	–	–	–
Provisions for other Shares and own shares	–	–	–	–
NET	**457,964**	**261,660**	**(82,215)**	**637,409**

Other investment securities primarily include Schneider Electric SE shares acquired for allocation of performance share distribution plans.

In compliance with the decision adopted by the Board of Director dated July 29, 2021, the company bought back 1,809,054 of its own shares for a total of EUR 262 million.

In compliance with the Board's decisions of February 2021, March 2021, April 2021 and July 2021 fund the performance shares of plans 30, 31, 31bis, 33 and 39 with Schneider Electric treasury shares, 1,521,169 shares for a total amount of EUR 97 million have been classified as marketable securities. 238,101 shares for EUR 15 million were reclassified from marketable securities to "Other investment securities" following the departure of the beneficiaries.

2.3 – Advances to subsidiaries and affiliates

(in thousands of euros)

Advances to subsidiaries and affiliates	Dec. 31, 2020	Increases	Decreases	**Dec. 31, 2021**
Cost	3,982,656	54,868	(819,428)	3,218,096
NET	**3,982,656**	**54,868**	**(819,428)**	**3,218,096**

At December 31, 2021, this item mainly consisted of a loan of EUR 2,500 million granted to Schneider Electric Industries SAS with a maturity date of 2022, a loan granted in 2012 to Boissière Finance for a total amount of USD 800 million valued at EUR 706 million at the end of 2021 and with a maturity date of 2022, and accrued interests for a total amount of EUR 12 million.

During the financial year, a loan granted to Schneider Electric Investment AG for a total amount of EUR 819 million matured on March 5, 2021.

The revaluation of USD loan resulted in a translation gain of EUR 85 million.

Note 3: Accounts receivables

(in thousands of euros)

	Dec. 31, 2021	Dec. 31, 2020
Trade receivables	351,799	574,675
Other	136,480	129,770
NET	**488,279**	**704,445**

Trade receivables mainly include the reinvoicing of the performance shares to SEISAS.

At December 31, 2021, the “Other receivables” are mainly composed of tax receivables and R&D tax credits.

Note 4: Marketable securities

	Dec. 31, 2020		Acquisitions	Disposals	Dec. 31, 2021	
(in thousands of euros)	Number of shares	Value	Value	Value	Value	Number of shares
TREASURY SHARES						
Gross	6,381,401	389,727	97,153	(138,630)	348,250	5,570,816
Provisions	–	–		–	–	–
TOTAL NET	**–**	**389,727**	**97,153**	**(138,630)**	**348,250**	**–**

Marketable securities primarily represent own shares held by the company for allocation to future performance shares plans and, if appropriate, stock-options.

In 2021, following the decision of the board to fund the performance share distribution plans 30, 31, 31bis, 33 and 39 with existing shares. 1,521,169 shares for a total amount of EUR 97 million has been transferred into marketable securities. The performance shares plans, 30, 31 and 31bis have expired, the company has distributed 2 million shares for a total amount of EUR 124 million re-invoiced to the concerned Group entities.

Following the loss of the rights of employees who left the group, the company switched back 238,101 shares for a total amount of EUR 15 million to “Other investment securities”.

Note 5: Cash and cash equivalent group

This item consists of interest-bearing advances by Schneider Electric SE to the Group cash pool (Boissière Finance) that are immediately recoverable on demand.

Note 6: Prepayment and other assets

6.1 – Prepaid expenses

The prepaid expenses relates mainly on insurance costs and fees.

6.2 – Bond issue expenses

(in thousands of euros)

Bond issue expenses	Dec. 31, 2020	Increases	Decreases	Dec. 31, 2021
Sep. 27, 2012 due 2022 (USD 800 million)	576	–	(450)	126
Sep. 6, 2013 due 2021 (EUR 600 million)	235	–	(235)	–
Mar. 11, 2015 due 2025 (EUR 750 million)	1,353	–	(317)	1,036
Sep. 8, 2015 due 2023 (EUR 800 million)	1,111	–	(408)	703
Oct. 13, 2015 due 2025 (EUR 200 million)	468	–	(95)	373
Oct. 13, 2015 due 2025 (EUR 100 million)	190	–	(39)	151
Sep. 9, 2016 due 2024 (EUR 800 million)	1,653	–	(445)	1,208
Dec. 13, 2017 due 2026 (EUR 750 million)	1,762	–	(294)	1,468
June. 21, 2018 due 2027 (EUR 750 million)	1,644	–	(254)	1,390
Sept. 9, 2019 due 2024 (EUR 200 million)	503	–	(136)	367
Jan. 15, 2019 due 2028 (EUR 250 million)	630	–	(89)	541
Jan. 15, 2019 due 2028 (EUR 500 million)	1,413	–	(200)	1,213
Mar. 11, 2020 due 2029 (EUR 800 million)	2,212	–	(270)	1,942
Apr. 9, 2020 due 2027 (EUR 500 million)	1,388	–	(221)	1,167
Jun. 12, 2020 due 2023 (EUR 500 million)	1,027	–	(412)	615
Nov. 24, 2020 due 2026 (EUR 650 million)	5,767	–	(1,046)	4,721
TOTAL	**21,933**	**–**	**(4,912)**	**17,021**

6.3 – Issuance premiums

(in thousands of euros)

Issuance premiums	Dec. 31, 2020	Increases	Decreases	Dec. 31, 2021
Sep. 27, 2012 due 2022 (USD 800 million)	216	–	(200)	16
Sep. 6, 2013 due 2021 (EUR 600 million)	141	–	(141)	0
Mar. 11, 2015 due 2025 (EUR 750 million)	3,808	–	(894)	2,914
Sep. 8, 2015 due 2022 (EUR 800 million)	1,549	–	(568)	981
Oct. 13, 2015 due 2025 (EUR 100 million)	(730)	–	148	(582)
Sep. 9, 2016 due 2024 (EUR 800 million)	3,752	–	(1,011)	2,741
Dec. 13,2017 due 2026 (EUR 750 million)	3,446	–	(579)	2,867
June 21,2018 due 2027 (EUR 750 million)	5,230	–	(808)	4,422
Sept. 9, 2019 due 2024 (EUR 200 million)	(2,164)	–	585	(1,579)
Jan. 15, 2019 due 2028 (EUR 250 million)	(10,408)	–	1,479	(8,929)
Jan. 15, 2019 due 2028 (EUR 500 million)	98	–	(14)	84
Mar. 11, 2020 due 2029 (EUR 800 million)	5,090	–	(621)	4,469
Apr. 9, 2020 due 2027 (EUR 500 million)	2,585	–	(412)	2,173
Jun. 12, 2020 due 2023 (EUR 500 million)	979	–	(400)	579
Nov. 24, 2020 due 2026 (EUR 650 million)	(49,441)	–	9,059	(40,382)
TOTAL	**(35,849)**	**–**	**5,623**	**(30,226)**

Note 7: Shareholders' equity and retained earnings

(in millions of euros)	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income for the year	Regulated provisions	Total
December 31, 2019 before allocation of net income for the year	**2,328**	**3,133**	**3,489**	**57**	**–**	**9,007**
Change in share capital	–	–	–	–	–	–
Allocation of 2019 net income	–	–	57	(57)	–	–
2019 dividend	–	–	(1,413)	–	–	(1,413)
Cancellation of own shares	(60)	(929)	–	–	–	(989)
Reimbursement withholding tax 2003	–	–	33	–	–	33
2020 net income	–	–	–	(31)	–	(31)
December 31, 2020 before allocation of net income for the year	**2,268**	**2,204**	**2,166**	**(31)**	**–**	**6,607**
Change in share capital	8	209	–	–	–	217
Allocation of 2019 net income	–	–	(31)	31	–	–
2020 dividend	–	–	(1 447)	–	–	(1,447)
Charges on WESOP 2021	–	(1)	–	–	–	(1)
2021 net income	–	–	–	1 498	–	1,498
DECEMBER 31, 2021 BEFORE ALLOCATION OF NET INCOME FOR THE YEAR	**2,276**	**2,412**	**688**	**1,498**	**–**	**6,874**

7.1 – Capital

Share capital

The company's share capital at December 31, 2021 amounted to EUR 2,276,133,768 consisting of 569,033,442 shares with a par value of EUR 4, all fully paid up.

Changes in share capital

The increase in share capital of EUR 8 million recorded over the year corresponding to a (i) EUR 2.2 million capital increase through the issue of company shares reserved for employees participating in the PEG and (ii) a EUR 5.65 million capital increase through the issue of shares reserved for Group employees based outside France and for entities participating in employee shareholding or savings programs.

Own shares

At the reporting date, the total number of own shares held is 12,455,824 for a total net value of EUR 638 million

7.2 – Additional paid-in capital

Additional paid-in capital decreased by EUR 208 million over the financial year, coming from increase capital.

7.3 – Allocation of previous year net income

Pursuant to the 3rd resolution of the Ordinary and Extraordinary Shareholders' Meeting of April 28, 2021, the 2020 gain of EUR 31 million was allocated to retained earnings. EUR 1,474 million of dividends were distributed and EUR 27 million not distributed corresponding to SE own treasury shares.

Note 8: Provisions for contingencies and expenses

(in thousands of euros)	Dec. 31, 2020	Increases	Decreases	**Dec. 31, 2021**
PROVISIONS FOR CONTINGENCIES				
Provision for fees on own shares distribution	389,727	97,154	(138,600)	348,281
Other	2,153	162		2,315
TOTAL	**391,880**	**97,316**	**(138,600)**	**350,596**

Management is confident that overall the balance sheet provisions for disputes of which it is currently aware and in which the company is involved should be sufficient to ensure that these disputes do not have a material impact on its financial position or income.

A provision for risk of EUR 348 millions was booked to cover the decision of the board to allocate performance shares plans with SESE own shares.

Note 9: Bonds

	Share capital			
(in thousands of euros)	**Dec. 31, 2021**	Dec. 31, 2020	Interest rate	Maturity
Schneider Electric SE 2019	94,325	94,325	Euribor + 0.60% Floating	July 23, 2022
Schneider Electric SE 2022	706,340	651,944	2.95% Fixed	Sep. 27, 2022
Schneider Electric SE 2021	–	600,000	2.50% Fixed	Sep. 06, 2021
Schneider Electric SE 2025	750,000	750,000	0.875% Fixed	Mar. 11, 2025
Schneider Electric SE 2023	800,000	800,000	1.50% Fixed	Sep. 08, 2023
Schneider Electric SE 2025	200,000	200,000	1.841% Fixed	Oct. 13, 2025
Schneider Electric SE 2025	100,000	100,000	1.841% Fixed	Oct. 13, 2025
Schneider Electric SE 2024	800,000	800,000	0.25% Fixed	Sep. 09, 2024
Schneider Electric SE 2024	200,000	200,000	0.25% Fixed	Sep. 09, 2024
Schneider Electric SE 2026	750,000	750,000	0.875% Fixed	Dec. 13, 2026
Schneider Electric SE 2027	750,000	750,000	1.375% Fixed	June 21, 2027
Schneider Electric SE 2028	500,000	500,000	1.5% Fixed	Jan. 15, 2028
Schneider Electric SE 2028	250,000	250,000	1.5% Fixed	Jan. 15, 2028
Schneider Electric SE 2029	800 000	800,000	0.25% Fixed	Mar. 11, 2029
Schneider Electric SE 2027	500 000	500,000	1% Fixed	Apr. 09, 2027
Schneider Electric SE 2023	500,000	500,000	0% Fixed	Jun. 12, 2023
TOTAL	**7,700,665**	**8,246,269**		

Fixed: fixed rate.
Floating: floating rate.

The revaluation of USD bonds Schneider Electric SE 2022 resulted in a translation loss of EUR 85 million

Convertible bonds (OCEANE)

	Share capital			
(in thousands of euros)	**Dec. 31, 2021**	Dec. 31, 2020	Interest rate	Maturity
Schneider Electric SE 2026	650,000	650,000	0%	Jun. 15, 2026
TOTAL	**650,000**	**650,000**		

Schneider Electric SE has issued bonds during past years on different markets:
- in the United States, through a private placement offering following (SEC 144A rule) for USD 800 million worth of bonds issued in September 2012, at a rate of 2.950%, due in September 2022;
- as part of its Euro Medium-Term Notes (EMTN) program, for which bonds are traded on the Luxembourg stock exchange.

During the year, the company reimbursed one bond amounting EUR 600 million matured on September 6, 2021.

The Group has issued in November 2020 a bond that is convertible into or exchangeable for a new or existing shares (OCEANEs) for EUR 650 million at a rate of 0.00%, maturing in June 2026.

The initial conversion and/or exchange ratio of the Bonds is one share per Bond with a nominal value set at EUR 176. According to Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to 0.50% of the face value.

The three key performance indicators from the 11 new Schneider Sustainability Impact (SSI) 2021-2025 indicators are the following:
- Climate: Deliver 800 megatons of saved and avoided C02 emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

The detailed rating methodology and approach are presented in the Group's Sustainability-Linked Financing Framework.
For all those transactions, issue premium and issue costs are amortized per the effective interest rate method.

At December 31, 2021, the other remaining bonds are as follows:
- EUR 100 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR 800 million worth of 0.25% bonds issued in September 2016 and maturing on September 9, 2024 and described above;
- EUR 200 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR 800 million worth of 1.50% bonds issued in September 2015 and maturing on September 8, 2023;
- EUR 750 million worth of 0.875% bonds issued in March 2015 and maturing on March 11, 2025;
- EUR 750 million worth of 0.875% bonds issued in December 2017 and maturing on December 13, 2026;
- EUR 750 million worth of 1.375% bonds issued in June 2018 and maturing on June 21, 2027;
- EUR 200 million worth of 0.25% bonds issued in September 2019 and maturing on August 09, 2024;
- EUR 500 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028;
- EUR 800 million worth of 0.25% bonds issued in March 2020 and maturing on March 11, 2029;
- EUR 500 million worth of 1% bonds issued in April 2020 and maturing on April 9, 2027;
- EUR 500 million worth of 0% bonds issued in June 2020 and maturing on June 12, 2023;
- EUR 94 million worth of Euribor 0,60% bonds issued in July 2020 and maturing on July 23, 2022;
- EUR 250 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028.

The issue premiums and issuance costs are amortized in line with the effective interest method.

Note 10: Other borrowings

Other borrowings at December 31, 2021 included accrued interest on bonds and other debt issued by the company.

Accrued interest amounted to EUR 38 million, compared to EUR 43 million at end-2020.

Other debt issued by the company correspond to an intercompany loan amounted to EUR 42 million.

Note 11: Borrowings and financial liabilities

Interest-bearing liabilities *(in thousands of euros)*	Dec. 31, 2020	Increase	Decrease	**Dec. 31, 2021**
Commercial paper	1,302,000	6,454,000	(6,806,000)	950,000
Borrowings	–	200,000		200,000
Overdrafts	–	–	–	–
Other	–	–	–	–
NET	**1,302,000**	6,654,000	(6,806,000)	**1,150,000**

During the financial year, the company took out a conventional loan with HSBC on December 9, 2021 for EUR 200 million, maturing on January 10, 2022.

Note 12: Maturities of receivables and payables

(in thousands of euros)	Total	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
NON-CURRENT ASSETS				
Advances to subsidiaries and affiliates	3,218,096	3 218,096		
CURRENT ASSETS				
Accounts receivable – trade	351,799	351,799	–	–
Other receivables	136,480	104,754	31,726	–
Marketable securities	348,250	348,250	–	–
Prepaid expenses	1,151	1,151	–	–
DEBT				
Bonds	8,350,865	706,340	4,844,525	2,800,000
Other borrowings	80,249	80,249	–	–
Commercial paper	1,150,000	1,150,000	–	–
Accounts payable – trade	31	31	–	–
Accrued taxes and payroll costs	112,569	112,569	–	–
Other	5,998	5,998	–	–
Deferred income	–	–	–	–

Invoices received and issued during the period have not been subject to late payment.

Note 13: Related-party transactions (minimum 10% stake)

(in thousands of euros)	Gross	**Net**
Shares in subsidiaries and affiliates	5,377,099	5,357,631
Advances to subsidiaries and affiliates	3,218,096	3,218,096
Accounts receivable	351,799	351,799
Cash and cash equivalents	6,878,936	6,878,936
Revenues:		
• rebilled performance shares		82,245
• interest		1,541,212

Note 14: Net financial income/(loss)

(in thousands of euros)	**Full year 2021**	Full year 2020
Dividends	1,500,362	1,553
Net interest income (expense)	(46,122)	(64,355)
Other	5,358	(6,917)
NET FINANCIAL INCOME/(LOSS)	**1,459,598**	**(69,719)**

In 2021, the company receive EUR 1,500 million of dividends from Schneider Electric Industries SAS. In 2020, dividends received from Schneider Electric Japan Holding Ltd were EUR 1.6 million.

Note 15: Net non-recurring income/(loss)

(in thousands of euros)	**Full year 2021**	Full year 2020
Net gains/(losses) on fixed asset disposals	35	(81,089)
Provisions net of reversals	11,000	80,897
Other non-recurring income/(expense)	(2,418)	22,900
NET NON-RECURRING INCOME/(LOSS)	**8,617**	**22,708**

As a reminder, the company received EUR 23 million of interest relative to reimbursement of withholding tax at December 31, 2020

Note 16: Net income tax benefit

The “income tax expense” line item in the statement of income mainly consists of the Group tax relief recorded by the tax group headed by Schneider Electric SE, net of 2021 income tax due, for EUR 54 million.

Schneider Electric SE is the parent company of the tax group comprising all French subsidiaries that are over 95%-owned. Tax loss carry forwards available to the company in this capacity totaled EUR 1,939 million at December 31, 2021.

Note 17: Pension benefit commitment

The company had taken commitments towards its executives, active managers and retirees. In 2015, the company closed the top-hat executive pension plans. Since 2015, there is no more active beneficiary. The company has outsourced to AXA France VIE the commitments towards the retires beneficiaries the top-hat executive pension plans.

Note 18: Off-balance sheet commitments

18.1 – Partnership obligations

The share of liabilities of “SC” non-trading companies attributable to Schneider Electric SE as partner is not material.

The share of liabilities of “SNC” flow-through entities attributable to Schneider Electric SE as partner is not material.

18.2 – Guarantees given and received

Commitments given
Counter-guarantees of bank guarantees: None.

Other guarantees given: EUR 2,127 million, mainly to Group companies.

Commitments received
Bank counter-guarantees: None.

18.3 – Financial instruments

Schneider Electric Group hedging transactions, exchange guarantees and the establishment of financial instruments are carried out by the manager of the Group cash pool, Boissière Finance, a wholly- owned subsidiary of Schneider Electric Industries SAS, which in turn is wholly-owned by Schneider Electric SE.

Schneider Electric SE does not hold any hedging instruments at December 31, 2021.

Note 19: Contingencies

As part of its normal operations, the Group is exposed to a number of potential claims and litigations. Except for those for which it is probable that the Group will incur a liability and for which a provision is established for such outcome, the Group is not aware of other potentially material claims and litigations.

Investigations were conducted in September 2018 by the French judicial and antitrust authorities at Schneider Electric's head office and other premises concerning electrical distribution activities in France. Schneider Electric is cooperating with the French authorities. Such investigations could lead to formal proceedings against the Group for which the probability and the potential impact, which could be significant on the financial statements of Schneider Electric SE, cannot be determined at this time.

Note 20: Other information

20.1 – Workforce

The average number of employees is 1 over 2021.

20.2 – Consolidated financial statements

Schneider Electric SE is the parent company of the Group and accordingly publishes the consolidated financial statements of the Schneider Electric Group.

20.3 – Subsequent events

Trademark Schneider Electric
As the temporary transfer of usufruct for the Schneider Electric trademark made by Schneider Electric SE in 2007 to the Belgian company Schneider Electric Services International ends contractually on 31 December 2021, Schneider Electric SE once again holds full ownership of the Schneider Electric trademark. Consequently, as of 1 January 2022, the royalties for the Schneider Electric trademark will be invoiced to all group companies by Schneider Electric SE.

IGE+XAO
Following the completion of a simplified public tender offer, the Group now holds 83.93% of the issued capital of IGE+XAO. In accordance with the Group's intentions as presented in the Information Note and the previously stated strategy to consolidate the various independent software entities within the Energy Management Software Division, the Group intends to implement a merger of IGE+XAO with Schneider Electric during fiscal year 2022.

The Boards of Directors of Schneider Electric and IGE+XAO have met on February 16, 2022 and approved the economic, financial and legal terms of the merger, including the merger parity of 5 Schneider Electric shares for 3 IGE+XAO shares. The merger agreement as well as the merger appraisers' reports will be available on the websites of Schneider Electric and IGE+XAO.

The Group will seek confirmation from the AMF that the merger would not require Schneider Electric to file a buy-out offer for the shares of IGE+XAO. In addition, the merger will be subject to the approval of the annual general shareholder meetings of the shareholders of IGE+XAO and Schneider Electric to be held on May 4 and 5, 2022 respectively.

6.4 Statutory auditors' report on the annual financial statements

To the Annual General Meeting of Schneider Electric S.E.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Schneider Electric S.E. for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the audit and risks committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of rules required by the French Commercial Code (*code de commerce*) and the French Code of ethics (*code de déontologie*) for statutory auditors for the period from January 1st, 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments in subsidiaries and affiliates and advances to subsidiaries and affiliates

Paragraph "Shares in subsidiaries and affiliates" of the section "Accounting principles" and note 2 "Investments" of the notes to the parent company financial statements

Risk identified	As at December 31, 2021, investments in subsidiaries and affiliates and the related advances amount to M€ 5,358 and M€ 3,218 respectively in the balance sheet of Schneider Electric SE, net of any impairment loss. As described in the paragraph *"Shares in subsidiaries and affiliates" of the section "*Accounting principles" of the notes to the financial statements, investments are recognized at their acquisition cost and impaired, should their carrying amount exceed their estimated value in use at closing date. The estimated value in use of investments is determined primarily based on the subsidiaries' and affiliates' net assets as well as on their earnings outlook and the underlying economic forecasts. Regarding listed securities, the average stock price over the month before the closing is used. Due to the judgment exercised by management as part of these estimates, especially when relying on forecasts, we considered the valuation of investments in subsidiaries and affiliates, as well as the valuation of related advances, to be a key audit matter.

Our response	As part of our audit, we analyzed the procedures implemented by your Company to determine the value in use of investments in subsidiaries and affiliates. Our work consisted in: • comparing the shares in the subsidiaries' and affiliates' net assets, when used as a proxy for their value in use, with their underlying accounting data, which were subject to an audit or to analytical procedures; • assessing the appropriateness of the valuation method used to determine the value in use when based on forecasts; • assessing the reasonableness of key assumptions used to estimate values in use, mainly the long-term growth rate and the discount rate, with the assistance of our experts, when needed; • verifying the arithmetical accuracy of the computations performed by your Company. We also assessed the recoverability of advances to subsidiaries and affiliates, based on the impairment tests results of the corresponding investments.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information provided in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders
We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

6.

In accordance with French law, we report to you that the information relating to payment times referred to in Article D. 441-6 of the French Commercial Code (*code de commerce*) is fairly presented and consistent with the financial statements.

Information relating to corporate governance
We attest that the Board of Directors' section of the management report devoted to corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 et L.22-10-9 of the French Commercial Code (*code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled companies which are part of its consolidation perimeter. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (code de commerce), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information
In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report
We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors
We were appointed as statutory auditors of Schneider Electric S.E. by the Annual General Meetings held on May 6, 2004 for MAZARS and on June 25, 1992 for ERNST & YOUNG et Autres.

As at December 31, 2021, MAZARS was in the eighteenth year of its engagement without interruption and ERNST & YOUNG et Autres in the thirtieth year.

6.4 Statutory auditors' report on the annual financial statements

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The audit and risks committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach
Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the audit and risks committee
We submit a report to the audit and risks committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit and risks committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the audit and risks committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the audit and risks committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 11, 2022

The Statutory Auditors
French original signed by

MAZARS
Loïc Wallaert Mathieu Mougard

ERNST & YOUNG et Autres
Alexandre Resten

6.5 List of securities held at December 31, 2021

Number of securities *(in thousands of euros)*	Company	Carrying amount of securities
A. MAJOR INVESTMENTS		
(Carrying amounts over EUR 5 million)		
58,018,657	Schneider Electric Industries SAS	5,343,544
2,497	Muller SAS	8,038
6,885,008	Schneider Electric SE own shares	637,409
		5,988,991
B. OTHER INVESTMENTS		
(Carrying amounts under EUR 5 million)		–
C. INVESTMENTS IN REAL ESTATE COMPANIES		**–**
D. INVESTMENTS IN FOREIGN COMPANIES		**6,049**
Total		**5,995,040**
MARKETABLE SECURITIES		
5,570,816	Schneider Electric SE own shares	348,250
TOTAL		**6,343,290**

6.6 Subsidiaries and affiliates

Company *(in thousands of euros)*	Capital	Reserves and retained earnings & retained earnings prior to appropriation of earnings*	Share interest held (%)
I. DETAILED INFORMATION ON SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT OF OVER 1% OF THE SHARE CAPITAL OF SCHNEIDER ELECTRIC SE			
A. Subsidiaries (at least 50% owned)			
Schneider Electric Industries SAS 35, rue Joseph-Monier 92500 Rueil-Malmaison, France	928,299	6,112,705	100.00
B. Affiliates (10 to 50%-owned)			
II. OTHER SUBSIDIARIES AND AFFILIATES			
A. Subsidiaries not included in Section I: (+50%)			
a) French subsidiaries (aggregate)	38	8,217	99.84
b) Foreign subsidiaries (aggregate)	–	–	–
B. Affiliates not included in Section I: (0-50%)			
a) French companies (aggregate)	–	–	–
b) Foreign companies (aggregate)	766	136,217	4.8

* Including income or loss in prior financial year.

Gross value	Net value	Loans and advances provided by the company and still outstanding	Amount of guarantees given by the company	2021 Revenues (ex. VAT)	2021 Profit or loss (-)	Dividends received by the company during 2021
5,343,544	5,343,544	2,506,319	–	3,939,530	1,688,631	1,500,362
12,305	8,038	–	–	–	(29,251)	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
21,249	6,048	–	–	–	20,847	–

6.7 The company's financial results over the last 5 years

Description	2021	2020	2019	2018	2017
FINANCIAL POSITION AT DECEMBER 31					
Share capital *(in thousands of euros)*	2,276,134	2,268,274	2,328,274	2,316,675	2,387,665
Number of shares in issue	569,033,442	567,068,555	582,068,555	579,168,769	596,916,242
Number of convertible bonds in issue	3,683,972	3,683,972			
Maximum number of shares to be created:					
• through conversion of bonds	–	–	–	–	–
• through exercise of rights	–	–	–	8,371	8,271
RESULTS OF OPERATIONS					
(in thousands of euros)					
Sales (ex. VAT)	–	450	2,385	174	170
Investment revenue, interest income and other revenue	1,500,362	1,553	49,896	4,551,232	147,031
Earnings before tax, depreciation, amortization and provisions	1,392,930	(201,902)	(18,659)	4,412,483	(22,861)
Income tax	52,342	32,287	71,684	1,215	55,213
Earnings after tax, depreciation, amortization and provisions	1,498,235	(31,273)	57,108	4,457,994	121,488
Dividends paid(1) excluding tax credit and withholdings	1,650,197(2)	1,474,378	1,413,455	1,361,047	1,313,216
RESULTS OF OPERATIONS PER SHARE					
(in euros)					
Earnings before depreciation, amortization and provisions	2.54	(0.30)	0.09	7.62	0.05
Earnings after tax, depreciation, amortization and provisions	2.63	(0.06)	0.1	7.70	0.20
Net dividend per share	2.90(2)	2.60	2.55	2.35	2.20
EMPLOYEES					
Average number of employees during the financial year	1	1	1	1	2
Total payroll for the financial year (in thousands of euros)	1,130	1,961	3,693	2,544	1,670
Total of employee benefits paid over the financial year	–	–	–	–	–
(Social security, other benefits, etc.) *(in thousands of euros)*	795	916	944	1,010	796

(1) For 2021, estimate based on existing shares at December 31, 2021, including treasury shares.
(2) Pending approval by the Annual Shareholders' Meeting of May 5, 2022.

6.8 Extract of the management report for the year ended December 31, 2021

Review of the parent company financial statements

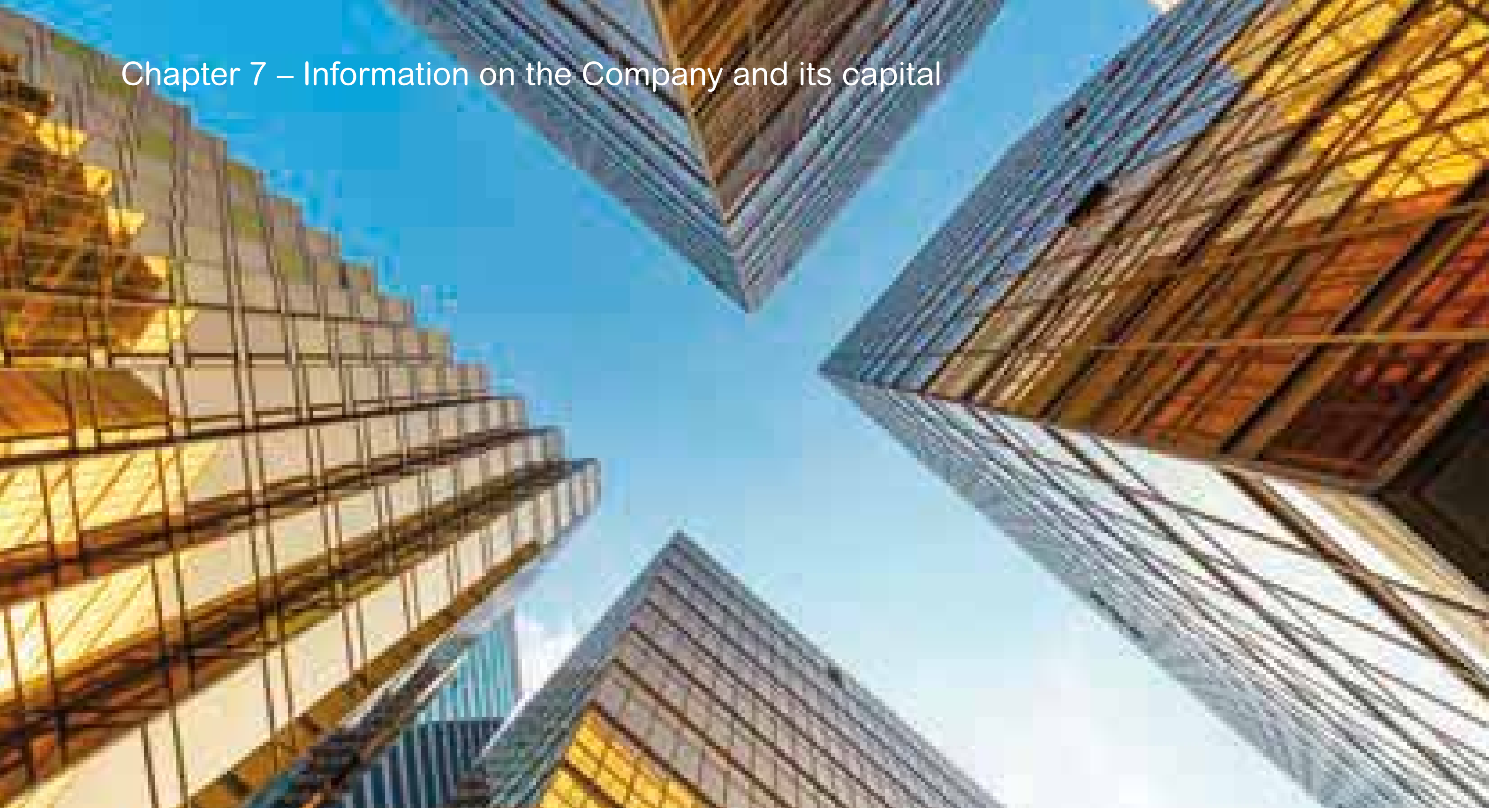
In 2021, Schneider Electric SE reported an operating loss of EUR 22 million compared with EUR 17 million the previous year.

Interest expense net of interest income amounted to EUR 46 million versus EUR 65 million the previous year.

Income from ordinary activities before tax stood at EUR 1,437 million in 2021 compared with a loss of EUR 86 million in 2020, mainly due to the dividends of EUR 1,500 million received in 2021.

The net income stood at EUR 1,498 million in 2021 compared with EUR (31) million in 2020.

Net equity amounted to EUR 6,874 million at December 31, 2021 versus EUR 6,606 million at the previous year-end, after taking into account 2021 profit and dividend payments of EUR 1,447 million.



Our integrated solutions are built with safety, reliability and cybersecurity for your homes, buildings, data centers, infrastructures and industries.

7 Information on the Company and its capital

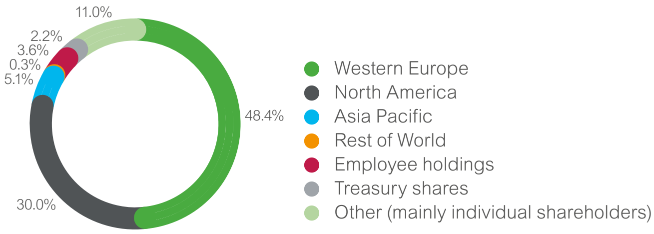
This chapter includes elements of the Board of Directors' Corporate Governance Report.

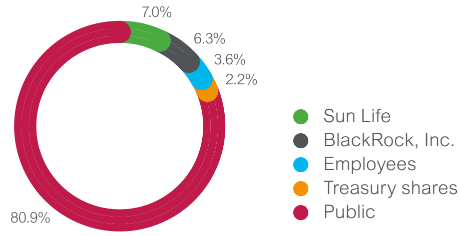
The table of section 7.2.3 (Pending delegations relating to share capital increase and decrease), sections 7.4.1 (Annual Shareholders' Meetings), 7.4.2 (Voting rights), 7.4.8 (Publication of information of Article L. 22-10-11 of the French Commercial Code), and Chapter 4 constitute the Board of Directors' Corporate Governance Report prepared in accordance with Article L. 225-37 of the French Commercial Code. They are indicated with a special mention.

7.1 Shareholding

7.1.1 Ownership structure

Major Shareholders at 12/31/21[(1)]





(1) Charts lists ownership stakes to the best of the Company's knowledge.

Three-year summary of changes in capital[(2)]

At December 31, 2021, the share capital of Schneider Electric was €2,276,133,768, divided into 569,033,442 common shares, to which 595,320,658 theoretical voting rights are attached. The following table presents, to the best of the Company's knowledge, changes in the distribution of the Company's share capital and voting rights over the last three years.

	Dec. 31, 2021				Dec. 31, 2020		Dec. 31, 2019	
	Capital %	**Number of shares**	**Voting rights %**	**Number of voting rights**	Capital %	Voting rights %	Capital %	Voting rights %
Sun Life Financial, Inc.[(3)]	**7.0**	**39,681,766**	**6.8**	**39,681,766**	8.3	7.9	8.5	8.1
BlackRock, Inc.	**6.3**	**35,703,751**	**6.1**	**35,703,751**	6.4	7.7	6.2	6.0
Employees[(4)]	**3.6**	**20,321,627**	**6.3**	**36,557,595**	3.7	6.1	3.7	6.3
Treasury shares	**2.2**	**12,456,882**	**–**	**–**	2.3	–	5.3	–
Public	**80.9**	**460,869,416**	**80.8**	**470,920,335**	79.3	78.3	76.2	79.6
TOTAL	**100.0**	**569,033,442**	**100.0**	**582,863,776[(5)]**	**100.0**	**100.0**	**100.0**	**100.0**

(2) Table lists ownership stakes that have breached 5% ownership voting rights threshold in the previous three years, to the best of the Company's knowledge.
(3) These shares are mainly held by funds managed by MFS Investment Management which is part of Sun Life Financial, Inc.
(4) The total number of shares held by employees include:
– 8,392,000 shares held by the FCPE Actionnariat (France), corresponding to 1.5% of capital and 2.9% of voting rights,
– 5,102,400 shares held by the FCPE Actionnariat Mondial (International), corresponding to 0.9% of capital and 1.6% of voting rights, and
– 6,827,227 shares held directly by employees, corresponding to 1.2% of capital and 1.8% of voting rights.
(5) Number of voting rights excluding shares deprived of voting rights.

Disclosure thresholds

To the best of the Company's knowledge, no shareholders other than Sun Life Financial, Inc. and BlackRock Inc., both listed above, hold, either directly or indirectly, more than 5% of Schneider Electric's capital or voting rights.

Changes in holdings (for stake equal to or greater than 5%)

To the best of the Company's knowledge, no additional shareholders have made a change in holding during 2021 that crosses 5% threshold for either capital or voting rights.

Control of the Company

At December 31, 2021, to the best of its knowledge, the Company was not controlled and has not been subject to any agreement binding on one or more shareholders or any other individual or legal entity, acting alone or in concert, concerning the direct or indirect holding of its capital or its control, or for which the implementation thereof might subsequently involve a change in the Company's control.

Shareholder pacts or agreements involving Schneider Electric shares

The Company has no knowledge of shareholder pacts or agreements, nor of shareholders acting in concert with regard to the shares comprising its share capital.

7.1.2 Employee shareholding

7.1.2.1 Profit-sharing plans

Most of the Group's French companies have profit-sharing and other profit-based incentive plans. The amounts paid by the Group's French entities over the last five years were:

	2021	2020	2019	2018	2017
Profit-based incentive plans and profit-sharing plans *(in millions of euros)*	**57.0**	57.0	59.3	66.9	71.7

In 2021, 60% of the total from incentives and profit-sharing was invested in the Schneider Electric shareholder fund and 13% was received by employees in cash.

7.1.2.2 The "Schneider Electric" employee shareholding

The Worldwide Employee Share Ownership Plan (WESOP) is one of the Group's recurring key annual reward programs, offering employees across the world an opportunity to become owners of the Company, at preferred conditions.

Through the WESOP, Schneider Electric shares Company value creation with employees, thus aligning both Company and employees' interests. In countries where regulations permit, Schneider Electric offers its employees the opportunity to invest during share capital increases reserved for its employees.

In 2021 the Group reintroduced WESOP in 40 countries, after cancelling 2020 operation due to the COVID-19 crisis. Success has been confirmed for this 25th campaign achieving 59% subscription rate; a higher rate than in 2019 at 50%.

On December 31, 2021, Group employees were holding a total of 20.3 million Schneider Electric SE shares either directly, through the corporate mutual funds (FCPE), or through Performance Share plans, representing 3.6% of the share capital and 6.3% of the voting rights, taking into account double voting rights.

Voting rights attached to shares held by corporate mutual funds are exercised by the supervisory boards of these corporate mutual funds.

The Group's employee shareholders are spread across over 50 countries, as follows: 23% in France, 13% in China, 15% in India, 10% in the United States, and 39% elsewhere. Approximately 60% of all employees are shareholders of the Group.

7.2 Capital

7.2.1 Share capital and voting rights

The Company's share capital at December 31, 2021 amounted to EUR 2,276,133,768 represented by 569,033,442 shares with a par value of EUR 4, all fully paid up. 595,320,658 voting rights were attached to the 569,033,442 outstanding shares as at December 31, 2021.

7.2.2 Potential capital

At December 31, 2021, the potential capital consisted of:

- 293,071 Performance shares part of which remains subject to the achievement of performance conditions (plans 32, 34, 37*bis*, 38, 39*bis* and 39*ter* which delivery either in existing shares or shares to be issued have not been determined yet by the Board). If all Performance Shares were vested, this would lead to the issuance of 293,071 shares. Schneider Electric SE capital would be composed of 569,326,513 ordinary shares *i.e.* a 0.05% increase of the number of shares as of December 31, 2021; and of
- 3,683,972 OCEANEs. If all OCEANEs were exercised, this would lead to the issuance of 3,683,972 shares. Schneider Electric SE capital would be composed of 572,717,414 ordinary shares *i.e.* a 0.65% increase of the number of shares as of December 31, 2021.

7.2.3 Authorizations to issue and cancel shares

Table summarizing the outstanding delegations relating to share capital increase and decreases granted by the Annual Shareholders' Meeting

This table is part of the Board of Directors' Corporate Governance Report.

	Maximum par value of authorized capital increases (in euros)	Number of shares	Authorization date/authorization expiration date	Use of the resolution (number of shares whose issuance has been authorized)	Amount available (in number of shares)
Issues with preferential subscription rights					
Issuance of ordinary shares or securities giving access to share capital of the Company **(16th resolution of the AGM of April 28, 2021)**	800 million(1)	200,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	200,000,000(3)
Capitalizing additional paid-in capital, reserves or earnings other **(21st resolution of the AGM of April 28, 2021)**	800 million(1)	200,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	200,000,000(3)
Issues without preferential subscription rights					
Issuance, in cash or in compensation of listed securities, shares or other securities giving access immediately or in the future to the capital **(17th resolution of the AGM of April 28, 2021)**	224 million(1)(2)	56,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	56,000,000(3)
Issuance of shares and other securities through an offer referred to in Article L. 411-2 1° of the French Monetary and Financial Code **(18th resolution of the AGM of April 28, 2021)**	120 million(1)	30,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	56,000,000
Issuance of shares and other securities as consideration for unlisted securities **(20th resolution of the AGM of April 28, 2021)**	224 million(1)(2)	56,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	56,000,000
Overall limits on issuance made under the above resolutions	**800 million(1)**	**200,000,000**	**Apr. 28, 2021/ Jun. 27, 2023**	**None**	**200,000,000(3)**

	Maximum par value of authorized capital increases (in euros)	Number of shares	Authorization date/authorization expiration date	Use of the resolution (number of shares whose issuance has been authorized)	Amount available (in number of shares)
Employee share issues					
Company Savings Plan **(22nd resolution of the AGM of April 28, 2021)**	46 million(6)	11,500,000	Apr. 28, 2021/ Jun. 27, 2023		7,800,000(3)
Share issues to promote share ownership among employees in foreign companies of the Group **(23rd resolution of the AGM of April 28, 2021)**	24 million(4)(6)	6,000,000	Apr. 28, 2021/ Oct. 27, 2022		2,300,000(3)
Free shares or Performance Shares **(21st resolution of the AGM of April 25, 2019)**	46 million(7)	11,584,000	Apr. 25, 2019/ Jun. 24, 2022	3,725,241	7,858,759(5)

	Maximum amount of the authorized cancellation (in euros)	Number of shares	Authorization date/ authorization expires	Amount available (in number of shares)
Reduction in capital through cancellation of shares				
Cancellation of own shares **(24th resolution of the AGM of April 28, 2021)**	224 million per 24-month period	56,000,000	Apr. 28, 2021/ Apr. 27, 2023	56,000,000

(1) The overall ceiling for issues is capped at EUR 800 million in aggregate.
(2) All issuance made without preference right (17th, 18th, and 20th resolutions) are globally limited to EUR 224 million.
(3) The 20th resolution of the AGM held on April 23, 2020 specifies that any issuance based this resolution will be deducted from the limit set by the 15th resolution of the AGM held on April 25, 2019. Using the authorization of the 20th resolution of the AGM held on April 23, 2020 and the delegation of the Board of Directors granted on December 14, 2020, 550,918 shares were issued in 2021 for French employees participating in a company savings plan. At its meeting of December 15, 2021, the Board of Directors authorized capital increases within a limit of 3.7 million shares, *i.e.* 0.65% of the capital.
(4) Issuances of shares reserved for employees in non-French subsidiaries will be deducted from the ceiling for capital increases reserved for employees participating in a company savings plan.
(5) At the Board of Directors' meeting of March 24, 2020, 2,113,740 shares were granted under the 2020 Long-term incentive plan. At the Board of Directors' meeting of October 21, 2020, 103,051 shares were granted under the 2020 Long-term incentive plan. At the Board of Directors' meeting of March 25, 2021, 1,475,368 shares were granted under the 2021 Long-term incentive plan. At the Board of Directors' meeting of October 26, 2021, 33,082 shares were granted under the 2021 Long-term incentive plan.
(6) On the date of the 2021 Annual Shareholders' Meeting, the share capital was EUR 2,268 million.
(7) On the date of the 2019 Annual Shareholders' Meeting, the share capital was EUR 2,317 million.

7.2.4 Three-year summary of changes in capital

The following table shows changes in Schneider Electric SE's share capital and additional paid-in-capital since December 31, 2018 through capital increases/decreases and the exercise of stock options:

	Number of shares issued or cancelled	Cumulative number of shares	Total amount of the capital (in EUR)
Capital as of Dec. 31, 2018(1)		579,168,769	2,316,675,076
Employee share issue	2,676,018		
Exercise of stock options and Performance Shares issued	223,768		
Capital as of Dec. 31, 2019(2)		582,068,555	2,328,274,220
Decrease in capital	15,000,000		
Performance Shares issued	–		
Capital as of Dec. 31, 2020(3)		567,068,555	2,268,274,220
Employee share issue	1,964,887		
Performance Shares issued	–		
CAPITAL AS OF DEC. 31, 2021(4)		**569,033,442**	**2,276,133,768**

(1) Decrease in share capital (EUR 71 million) and in additional paid-in-capital (EUR 2,171 million).
(2) Increase in share capital (EUR 11.6 million), increase in additional paid-in-capital (EUR 156.2 million).
(3) Decrease in share capital (EUR 60 million) and in additional paid-in-capital (EUR 929.4 million).
(4) Increase in share capital (EUR 7.86 million) and in additional paid-in-capital (EUR 208.6 million).

7.2.5 Share buybacks

7.2.5.1 Current share buyback program

We remind you that on February 14, 2019 Schneider Electric initiated a new EUR 1.5 billion to EUR 2.0 billion share buyback program over the period 2019 – 2021. The program has been launched under the 15th resolution approved at the 2018 Annual Shareholders' Meeting and pursued under the 14th, 17th, and 15th resolutions approved respectively at the 2019, 2020, and 2021 Annual Shareholders' Meetings. These buybacks were part of a policy to neutralize the dilution resulting from capital increases reserved for employees or from Long-term Incentive Plans. All the shares acquired by the Company as part of the share buyback program are held to cover Long-term Incentive Plans.

At the beginning of 2021, due to the economic uncertainty, and considering the on-going acquisitions, the share buyback program remained on-hold after its suspension due to the COVID-19 crisis in 2020. The share buyback program re-started at the end of July 2021 with the time frame for completion extended by 12 months, to run until the end of 2022. Since the beginning of the program in 2019, a total of €577,499,243 of share buyback corresponding to 5,941,783 shares bought back by the Company had been completed including €261,659,633 of share buyback in 2021 corresponding to 1,809,054 shares bought back by the Company pursuant to the last authorizations.

7.2.5.2 Share buyback program to be submitted to the Annual Shareholders' Meeting of May 5, 2022

Details of this share buyback program are as follows:

Number of shares and percentage of share capital held directly and indirectly by Schneider Electric SE*	• own shares: 12,455,824 shares, *i.e.* 2.19% of share capital • treasury shares: 1,058 shares • total: 12,456,882 shares, *i.e.* 2.19% of share capital
Overview of purposes for which shares have been held*	• for all own shares* held: allocation of Performance Shares
Share buyback program objectives	• allotment to employees or Corporate Officers as a long-term compensation tool • delivery as a result of the exercise of rights attached to securities giving access to the Company's capital • cancellation • delivery in connection with external growth operations • disposal in the course of a share management agreement
Maximum number of shares that may be acquired	• 10% of the issued share capital at any moment: – on the basis of the issued share capital*: 56,903,344 Schneider Electric SE shares with a nominal value of €4 – taking into account treasury stock and own shares*: 44,446,462 shares or 7.80%
Maximum purchase price and maximum aggregate amount of share purchases	• the maximum purchase price is set at €250 per share, *i.e.* €14,225,836,000
Duration of the buyback program	• 18 months maximum, expiring on November 4, 2023
Transactions carried out pursuant to the program authorized by the Annual Shareholders' Meeting 2021 between April 29, 2021 and February 16, 2022	• Number of shares acquired: 1,809,954 • Average purchase price: €144.64 • Number of shares transferred: 27,287 • Average transfer price: €61.01

* As of January 31, 2022.

7.2.6 Pledge

Pledges on Schneider Electric SE shares

391,184 shares are pledged.

Pledges on subsidiaries' shares

Schneider Electric SE has not pledged any shares in significant subsidiaries.

7.3 General information on the Company

As a European Company (*Societas Europaea)* with a Board of Directors (since June 18, 2014), domiciled in France, Schneider Electric SE is governed by European Council Regulation (EC) No. 2157/2001 of October 8, 2001, governing the status of European Companies ("SE Regulation"). Issues not covered by the SE Regulation are governed by the provisions of the French Commercial Code *(Code de commerce)* applicable to limited-liability companies *(société anonyme)*, as well as by their Articles of Association. The provisions of the French Commercial Code regarding the management and governance of limited-liability companies are applicable to the European Company.

As of December 31, 2021, the Company's share capital was EUR 2,276,133,768. Its head office is located at 35, rue Joseph Monier, 92500 Rueil-Malmaison, France, telephone: +33 (0)1 41 29 70 00.

Schneider Electric SE is registered with the commercial court registry of Nanterre under No. 542 048 574, APE code (principal activity code) 7010Z, Legal Entity Identifier (LEI) 969500A1YF1XUYYXS284.

The Company was incorporated in 1871. It is due to expire on July 1, 2031. It was first called Spie Batignolles, then changed its name to Schneider SA when it merged with Schneider SA in 1995, and then to Schneider Electric SA in May 1999, before becoming Schneider Electric SE in 2014.

As stated in Article 2 of its Articles of Association, the Company has the following corporate purpose, directly or indirectly, in any form, in France and in all other countries:

(i) the design, development, and sale of products, equipment, and solutions related to the metering, management, and use of energy in all its forms and delivering reliability, efficiency, and productivity, in particular through engaging in, whether by creating, acquiring, or otherwise, all activities related to:
- electrical equipment manufacturing, electrical distribution, and secured power supply,
- building control, automation, and safety,
- industrial control and automation, including software,
- management of all types of data centers, networks, equipment, and other infrastructure;

(ii) the acquisition, purchase, sale, and use of any intellectual and/or industrial property rights relative to these industries; and

(iii) involvement, in any way, in any enterprise, company, or consortium, whatever the type, undertaking activities related to the Company's business or such as to encourage its industry and commerce, and, more generally, all industrial, commercial, and financial, asset and real estate operations related directly or indirectly in any way to the above objective.

The Company may enter into any transactions that fall within the scope of its objectives either alone for its own account or on behalf of third parties, either by having an interest in, or by the purchase, subscription, contribution, or exchange of company shares, partnership shares and the purchase of any company, irrespective of type, in pursuance of a similar or related purpose, or that promote its expansion or development.

The Articles of Association, minutes of Annual Shareholders' Meetings, statutory auditors' reports and other legal documents concerning the Company are available for consultation at the Company's head office (office of the Secretary to the Board of Directors) located at 35, rue Joseph Monier, 92500 Rueil-Malmaison, France.

The Articles of Association, regulated information, registration documents, sustainable development reports, notice of the Shareholders' Meeting, and other documents are also available on the Company's website (www.se.com).

7.4 Shareholders' rights and obligations

7.4.1 Annual Shareholders' Meetings (Article 19 of the Articles of Association)

This section is part of the Board of Directors' Corporate Governance Report.

Annual Shareholders' Meetings are called and run in accordance with the conditions prescribed by law.

The meetings are held at the head office or any other address provided in the call to meeting. The Board may decide, when each meeting is called, to organize the public transmission of all or part of the meeting by video conference and/or using teletransmission techniques.

All shareholders may attend meetings, in person or by proxy, after providing proof of identity and share ownership in accordance with applicable laws and regulations.

When the decision is made to call an Annual Shareholders' Meeting, the Board of Directors may also decide to allow shareholders to participate or vote at Annual Shareholders' Meetings using video conferencing facilities and/or any other telecommunication medium allowed under applicable legislation.

Remote voting procedures are governed by the applicable laws and regulations. In particular, shareholders may send proxy and mail ballot forms before Annual Shareholders' Meetings either in paper form or, if approved by the Board of Directors and stated in the meeting announcement and/or notice, electronically.

When the decision is made to call an Annual Shareholders' Meeting, the Board of Directors may authorize shareholders to fill out and sign these forms electronically through a secure site set up by the Annual Shareholders' Meeting organizer using a process that complies with applicable laws and regulations (Paragraph 2 of Article 1367 of the French Civil Code) and consisting of a username and password.

Proxies or votes so submitted electronically before the Annual Shareholders' Meeting, as well as the related acknowledgments of receipt, will be considered irrevocable and binding documents. However, in the event that shares are sold before the applicable record date (midnight Paris time two business days before the meeting date), the Company will cancel or amend, as appropriate, any related proxy or electronic votes submitted before the Annual Shareholders' Meeting.

Meetings shall be chaired by the Chairman of the Board of Directors or in his absence by the Vice-Chairman, or in his absence by a member of the Board of Directors specially appointed for that purpose by the Board of Directors. In the event that no chairman has been selected, the Annual Shareholders' Meeting elects its chairman.

The two shareholders present who hold the largest number of votes and who accept shall act as scrutineers. The Board appoints a secretary, who is not required to be a shareholder.

As required by law, a register of attendance is kept.

Copies or extracts of the meeting's minutes are certified either by the Chairman or Vice-Chairman of the Board of Directors, or the Annual Shareholders' Meeting's secretary.

7.4.2 Voting rights

This section is part of the Board of Directors' Corporate Governance Report.

7.4.2.1 Double voting rights (Article 20 of the Articles of Association)

Voting rights attached to shares are proportionate to the equity in the capital they represent, assuming that they all have the same nominal value. Each capital share or dividend share confers the right to one vote except where compulsory legal provisions limit the number of votes a shareholder may have. Notwithstanding the foregoing, double voting rights are attributed to fully paid-up shares registered in the name of the same holder for at least two years prior to the end of the calendar year preceding that in which the Annual Shareholders' Meeting takes place, subject to compliance with the provisions of the law. In the case of a bonus share issue paid up by capitalizing reserves, earnings, or additional issue premiums, each bonus share allotted in respect of shares carrying double voting rights will also have double voting rights.

The shares are stripped of their double voting rights if they are converted into bearer shares or transferred, except in the case of the transfer from one registered holder to another as part of an inheritance or family gift.

Double voting rights may also be stripped by a decision of the Extraordinary Annual Shareholders' Meeting after ratification by a Special Shareholders' Meeting of beneficiaries benefiting from double voting rights.

The minimum holding period to qualify for double voting rights was reduced from four to two years by decision of the Ordinary and Extraordinary Shareholders' Meeting of June 27, 1995.

7.4.2.2 Ceiling on voting rights (Article 20 of the Articles of Association)

At the Annual Shareholders' Meeting, no shareholder may exercise, either in person or through a proxy, by virtue of single voting rights conferred by the shares they hold directly and indirectly and by virtue of the proxy votes entrusted to them, more than 10% of the total number of the voting rights conferred by shares in the Company. However, if a shareholder also holds double voting rights directly or indirectly and/or as proxy, the limit set may be exceeded taking into consideration only the resulting additional voting rights, without the total voting rights thereby held exceeding 15% of the total number of the voting rights conferred by the shares in the Company.

To apply these provisions:
- the total number of voting rights allowed are calculated as of the date of the Annual Shareholders' Meeting and announced to the shareholders at the beginning of such Annual Shareholders' Meeting;
- the number of voting rights held directly and indirectly are understood to include those conferred by shares held personally by a shareholder, those conferred by shares held by a legal entity controlled by a shareholder as defined by Article L. 233-3 of the French Commercial Code, and those shares that are assimilated to the shares owned, as defined by the provisions of Articles L. 233-7 et seq. of the Code; and
- shareholders' proxies returned to the Company that do not appoint a representative are subject to the above ceilings. However, these ceilings do not apply to the meeting chairman voting on behalf of such proxies.

The above ceilings will no longer apply, without it being necessary to put the matter to the vote again by the Extraordinary Shareholders' Meeting, if any individual or legal entity, acting alone or jointly with one or other individuals or legal entities, acquires or increases its stake to at least two-thirds of the Company's capital through a public tender offer for all the Company's shares. The Board of Directors takes note of this nullity and undertakes the formalities necessary to amend the Articles of Association. The ceiling on voting rights was approved by the Ordinary and Extraordinary Shareholders' Meetings of June 27, 1995.

In accordance with Article L. 225-96, Paragraph 1 of the French Commercial Code, any amendment to the Articles of Association must be approved by the Extraordinary Shareholders' Meeting, by a majority of at least two-thirds of the voting rights represented by shareholders in attendance or participating by proxy.

7.4.3 Allocation of income (Article 22 of the Articles of Association)

Net income for the year less any losses brought forward from prior years is appropriated in the following order:
- 5% to the legal reserve (this appropriation is no longer required once the legal reserve represents one-tenth of the capital, provided that further appropriations are made in the case of a capital increase);
- to discretionary reserves, if appropriate, and to retained earnings; and
- to the payment of the balance in the form of a dividend.

The Shareholders' Meeting may decide to offer shareholders the opportunity to receive the dividend in cash or in the form of new shares. Dividends not claimed within five years from the date of payment are forfeited and paid to the government, in accordance with the law.

7.4.4 Holding of shares (Article 7 Paragraph 1 of the Articles of Association)

Shareholders may elect to hold their shares in registered or bearer form. To establish proof of ownership, the shares must be recorded in the shareholder's account in accordance with the procedures and conditions defined by current legislation and regulations.

7.4.5 Disclosure thresholds (Article 7 Paragraph 2 of the Articles of Association)

The Articles of Association stipulate that any individual or legal entity that owns or controls (as these terms are defined in Article L. 233-9 of the French Commercial Code) directly or indirectly, shares or voting rights representing at least 1% of the total number of shares or voting rights outstanding, or a multiple thereof, is required to disclose the total number of shares, voting rights and share equivalents held directly, indirectly or in concert to the Company by registered letter with return receipt requested, within five trading days of the disclosure threshold being crossed. In addition, effective November 1, 2009 the shareholder must notify the Company, in the disclosure letter, the number of existing shares it is entitled to acquire by virtue of agreements or financial instruments referred to in point b) of the third paragraph of Article L. 233-7 of the French Commercial Code and of the number of existing shares covered by any agreement or financial instrument referred to in point c) of said paragraph. Shareholders are also required to notify the Company if the number of shares or voting rights held falls below one of the thresholds defined above. In the case of failure to comply with these disclosure obligations, the shares in excess of the disclosure threshold will be stripped of voting rights at the request of one or several shareholders owning at least 2.5% of the share capital, subject to compliance with the relevant provisions of the law. These provisions are from the Ordinary and Extraordinary Shareholders' Meetings of June 27, 1995, May 5, 2000, and April 23, 2009.

7.4.6 Identifiable holders of bearer shares (Article 7 Paragraph 3 of the Articles of Association)

The Company may at any time request Euroclear to identify holders of bearer securities conferring immediate or future voting rights. This provision was adopted by the Ordinary and Extraordinary Shareholders' Meetings of June 30, 1988 and May 5, 2000.

7.4.7 Disposal of shares (Article 8 of the Articles of Association)

Shares in the Company are freely negotiable and transferable.

7.4.8 Publication of information of Article L. 22-10-11 of the French Commercial Code

This section is part of the Board of Directors' Corporate Governance Report.

Items that could have an impact in the event of a public tender offer include:

- agreements calling for payments to the Chairman & Chief Executive Officer (see section 4.2.3.1 of the Universal Registration Document) or to employees if they resign or are terminated without real cause or if their employment ends due to a public tender offer;
- certain financing arrangements with conditional provisions of anticipated reimbursement or cancellation in the event of change of control. Under these provisions, the debt holders may request for repayment or cancellation if a shareholder or shareholders acting together hold more than 50% of the Company's shares. As of December 31, 2021, back-up facilities with this type of condition amount EUR 2.5 billion, fully undrawn. Bonds include such a change of control event if the change of control triggers a down grading of the Company's rating. As of December 31, 2021, EUR 8.3 billion of bonds were subject to this type of conditions; and
- statutory restrictions in the Articles of Association on the exercise of voting rights (see section 7.4.2 of this Chapter of the Universal Registration Document) relating to the non-application of the ceiling on voting rights when a public tender offer is successfully completed.

7.5 Stock market data

In France, Schneider Electric is listed on Euronext Paris (sub-fund A), where it is traded on a per-share basis under ISIN code FR0000121972. Schneider Electric SE shares are included on the CAC 40 index established by Euronext.

18-month trading data in Paris

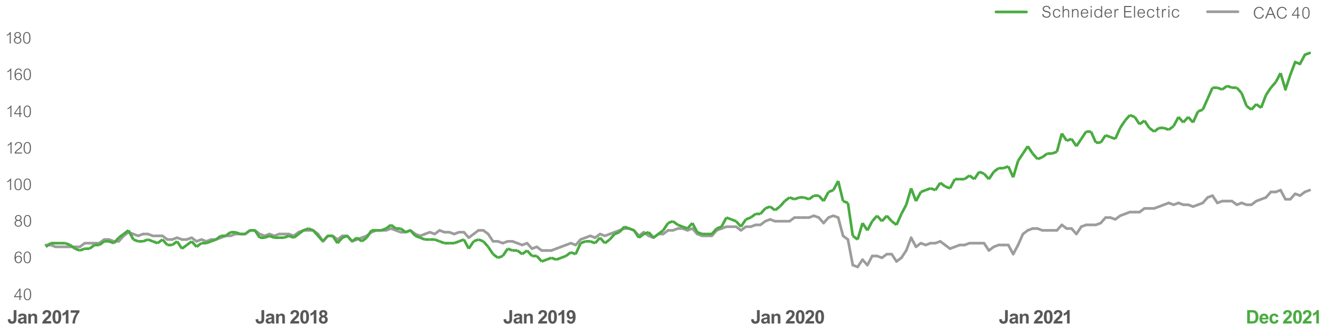
Year	Month	Number of securities traded (in thousands of shares)	Value (in millions of euros)	High[1]	Low[1]	Number of trading sessions
2020	July	26,036	2,584	104.70	95.34	23
	August	18,138	1,880	108.20	98.26	21
	September	25,932	2,726	108.90	100.65	22
	October	22,107	2,369	111.75	101.25	22
	November	28,820	3,364	121.80	104.20	21
	December	21,589	2,501	121.15	112.25	22
2021	January	21,484	2,665	128.15	119.10	20
	February	22,131	2,778	130.70	121.60	20
	March	24,085	3,029	130.50	121.40	23
	April	16,660	2,250	140.62	129.82	20
	May	17,862	2,314	135.36	124.42	21
	June	18,472	2,453	137.32	129.36	22
	July	17,368	2,368	143.10	130.48	22
	August	16,446	2,471	155.38	139.56	22
	September	20,232	3,048	159.30	142.10	22
	October	18,274	2,608	150.94	136.30	21
	November	19,723	3,066	163.44	148.44	22
	December	16,898	2,787	173.78	157.22	23
	Total 2021	**229,635**	**31,837**	**173.78**	**119.10**	**258**
2022	January	22,112	3,547	178.78	144.82	21

(1) Data corresponds to trading volumes on NYSE Euronext.

Five-year trading summary

	2021	2020	2019	2018	2017
Average daily trading volume on the Paris stock exchanges (NYSE Euronext):					
• Number of shares *(in thousands)*	**890.06**	1,426.11	1,347.22	1,608.40	1,317.91
• in millions of euros	**123.40**	134.90	100.98	110.98	91.37
High and low share prices *(in euros)*					
• high	**173.78**	121.80	94.58	78.56	75.94
• low	**119.10**	61.72	57.58	57.54	63.36
Year-end closing price *(in euros)*	**172.46**	118.30	91.50	59.72	70.86
Yield *(%)*	**1.68**	2.20	2.79	3.94	3.10

The Schneider Electric SE share results versus the CAC 40 index (rebased) over five years



Monep

Schneider Electric SE shares have been traded on the MONEP market since December 20, 1996.

Ordinary bonds

The information is disclosed in note 9 of the company financial statements (pages 420 and 421).

7.6 Investor relations

7.6.1 Person responsible for financial information

Hilary Maxson
Chief Financial Officer
35, rue Joseph Monier – CS 30323
92506 Rueil-Malmaison Cedex (France)
Tel: +33 (0)1 41 29 71 34

7.6.2 Contacts

Any information or document may be requested from:
Amit Bhalla – Head of Investor Relations

For institutional investors and financial analysts:
Tel: +44 (0)20 7592 8747

For individual investors:
- email: actionnaires@se.com or *via* the contact form available on institutional website www.se.com.

7.6.3 Shareholders' Advisory Committee

The Committee is the voice of Schneider Electric's individual shareholders. The Committee consists of eight to ten independent volunteers appointed by Schneider Electric.

The Shareholders' Advisory Committee meets three to four times a year to discuss various topics with a strong emphasis on the Company's strategy towards individual shareholders (enhancing communication material and defining dedicated events). The Committee also plays a role in the Annual Shareholders' Meeting as one of its members opens the Q&A session with the Chairman & CEO.

Shareholder documents

The Company provides the following documents to its shareholders:
- the annual report;
- newsletters to shareholders; and
- information on financial results, corporate governance and strategic updates through specific press releases, videos, and presentations available in a dedicated section on the corporate website: www.se.com.

We are advocates of open standards and partnership ecosystems to unleash infinite possibilities of a global, innovative community that is passionate about our shared Meaningful Purpose, Inclusive and Empowered values.

8 Annual Shareholders' Meeting

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

This section presents the draft resolutions that will be submitted to the Annual Shareholders' Meeting of the Company that will be convened on May 5, 2022 and the report of the Board of Directors (explanatory comments) for those resolutions. The Board of Directors' report and the draft resolutions are the one approved by the Board of Directors in its meeting of February 16, 2022. They may be subject to further amendments in the final Notice of Meeting to be published in the BALO official journal, where necessary, in order to take into account subsequent decisions of the Board of Directors.

Agenda

ORDINARY SHAREHOLDERS' MEETING:

Resolution 1

Approval of statutory financial statements for the 2021 fiscal year

Resolution 2

Approval of consolidated financial statements for the 2021 fiscal year

Resolution 3

Appropriation of profit for the fiscal year and setting the dividend

Resolution 4

Approval of regulated agreements governed by Article L. 225-38 *et seq.* of the French Commercial Code

Resolution 5

Reappointment of Mazars as statutory auditor; no reappointment and no replacement of Mr. Thierry Blanchetier as substitute statutory auditor

Resolution 6

Appointment of PricewaterhouseCoopers Audit as statutory auditor; no reappointment and no replacement of Auditex as substitute statutory auditor

Resolution 7

Approval of the information on the Directors' and the Corporate officer's compensation paid or granted for the fiscal year ending December 31, 2021 mentioned in Article L. 22-10-9 of the French Commercial Code

Resolution 8

Approval of the components of the total compensation and benefits of all types paid during the 2021 fiscal year or awarded in respect of the said fiscal year to Mr. Jean-Pascal Tricoire

Resolution 9

Approval of the Corporate Officer (Chairman and Chief executive officer)'s compensation policy

Resolution 10

Approval of the Directors' compensation policy

Resolution 11

Renewal of the term of office of Mrs. Linda Knoll

Resolution 12

Renewal of the term of office of Mr. Anders Runevad

Resolution 13

Appointment of Mrs. Nivedita Krishnamurthy (Nive) Bhagat as a Director

Resolution 14

Authorization granted to the Board of Directors to buy back Company shares

EXTRAORDINARY SHAREHOLDERS' MEETING:

Resolution 15

Authorization granted to the Board of Directors to freely allocate shares to the employees or to a category of employees and/or the Corporate Officers of the Company or of companies affiliated therewith as part of the Long-Term Incentive Plan up to a limit of 2% of the share capital

Resolution 16

Delegation of authority to the Board of Directors to undertake capital increases reserved for participants in a company savings plan without shareholders' preferential subscription right

Resolution 17

Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of certain non-French subsidiaries of the Group, directly or *via* entities acting to offer those employees benefits comparable to those offered to participants in a company savings plan without shareholders' preferential subscription right

Resolution 18

Review and approval of the plan to merge IGE+XAO into Schneider Electric

Resolution 19

Powers for formalities

8.1.1 Ordinary Shareholders' Meeting

1st, 2nd, and 3rd resolutions: Approval of annual financial statements and setting the distribution

Explanatory statement

Under the **1st** and the **2nd resolutions**, shareholders are invited to approve:

- the statutory financial statements of Schneider Electric SE for the year 2021 which show a profit of €1,498,235,274.60; and
- the consolidated financial statements for the year 2021 which show a net income for the Group of €3,204 million.

The activity and the results for the 2021 fiscal year are presented in the 2021 Universal Registration Document as well as in the Notice of meeting available on the Company's website.

Under the **3rd resolution**, we recommend a distribution of €2.90 per share, representing a distribution rate of 47% of the Group's net adjusted income and an estimated total distribution of €1,614,075,092.20[1] (based on the number of shares ranking for dividends at December 31, 2021). No dividend will be paid on treasury shares held by the Company on the payment date. This distribution will be paid out of the distributable earnings amounting to €1,943,015,112.95. The proposed dividend is an integral part of Schneider Electric's policy to reward shareholders over the long term. It represents an increase of 11.5 % versus last year (and of more than 70% since 2012).

The distribution will be paid according to the following schedule:

- Dividend ex-date: May 17, 2022
- Record date: May 18, 2022
- Dividend payment date: May 19, 2022

For individual beneficiaries who are tax resident in France, the dividend is subject upon payment to a social security tax of 17.2% and, in principle, to a mandatory non-definitive levy of 12.8%. This tax is levied at source and is computed on the gross amount of the dividend.

For its taxation in 2023, this dividend will fully be eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code where an express, global, and irrevocable election is made for taxation under the progressive scale of personal income tax. Where this option is not made, the dividend will be taxed at a final flat-rate income 12.8% and will not be eligible for this 40% rebate. In both cases, the levy of 12.8% borne at the time of the payment of the dividend is deducted from the individual income tax due.

8.

Text of the first resolution

(Approval of statutory financial statements for the 2021 fiscal year)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report and the statutory auditors' report, approves the statutory financial statements for the 2021 fiscal year as presented, as well as the transactions reflected in these statements or summarized in these reports showing a net profit of €1,498,235,274.60.

In addition, pursuant to Article 223 quater of the French Tax Code (Code général des impôts), the Shareholders' Meeting approves the value of expenses and charges non-deductible from taxable result liable to corporate income tax and amounting to €2,508.02 as well as the theoretical tax borne as a result of these charges amounting to €666.89.

Text of the second resolution

(Approval of consolidated financial statements for the 2021 fiscal year)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report and the statutory auditors' report, approves the consolidated statements for the 2021 fiscal year as presented, as well as the transactions reflected in these statements or summarized in these reports.

Text of the third resolution

(Appropriation of profit for the financial year and setting the dividend)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having noted that the Company's fiscal year ending December 31, 2021 closed with a net profit of €1,498,235,274.60 and, considering the retained earnings amounted to €444,779,838.35, the distributable earnings amounted to €1,943,015,112.95, upon proposal of the Board of Directors, decides:

- *the distribution to the shareholders of a dividend of €2.90 per share, i.e., €1,614,075,092.20[1] on the basis of the number of shares ranking for dividends at December 31, 2021 paid from the distributable earnings; and*
- *the allocation of the balance of the distributable earnings after distribution to the retained earnings.*

(1) This amount is calculated based on the number of shares ranking for dividends at December 31, 2021 and could therefore change if this number varies between January 1, 2022 and the ex-dividend date.

The ex-dividend date will be May 17, 2022 and the dividend will be payable from May 19, 2022. If, at the time of payment of the dividend, the number of treasury shares held by the Company has changed compared to that held on December 31, 2021, the fraction of the dividend relating to this variation will either increase or reduce retained earnings.

For individual beneficiaries who are tax resident in France, the dividend is subject upon payment to a social security tax of 17.2% and, in principle, to a mandatory non-definitive levy of 12.8%. This tax is levied at source and is computed on the gross amount of the dividend.

For its taxation in 2023, this dividend will fully be eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code where an express, global, and irrevocable election is made for taxation under the progressive scale of personal income tax. Where this option is not made, the dividend will be taxed at a final flat-rate income 12.8% and will not be eligible for this 40% rebate. In both cases, the levy of 12.8% borne at the time of the payment of the dividend is deducted from the individual income tax due.

Dividends/coupons paid by Schneider Electric SE for the three most recent fiscal years are as follows:

	2018	*2019*	*2020*
***Net dividend paid per share** (in euros)*	*2.35*	*2.55*	*2.60*

4th resolution: Regulated agreements

Explanatory statement

In the **4th resolution**, you are invited to take due note of the absence of any new regulated agreement concluded during the fiscal year ending December 31, 2021.

Text of the fourth resolution

(Approval of regulated agreements governed by Article L. 225-38 et seq. of the French Commercial Code)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, and having considered the statutory auditors' special report on related party agreements referred to in Article L. 225-38 of the French Commercial Code, approves this report in all its provisions and notes that no new agreement has been concluded during the fiscal year ending December 31, 2021.

5th and 6th resolutions: Appointment of a new board of statutory auditors

Explanatory statement

The current board of statutory auditors is composed as follows:
- Mazars has been appointed statutory auditor of the Company for the first time on May 6, 2004 and lastly renewed on April 25, 2016 for a 6-year term which expires at the closing of this Shareholders' Meeting;
- Ernst & Young et Autres has been appointed statutory auditor of the Company for the first time on June 25, 1992 and lastly renewed on April 25, 2016 for a 6-year term which expires at the closing of this Shareholders' Meeting and cannot be renewed according to applicable regulations.

The terms of office of Auditex and Mr. Thierry Blanchetier, as substitute statutory auditors, also expire at the closing of this Shareholders' Meeting.

In order to ensure that the high-quality audit of the Group is maintained through the implementation of a tailored transition plan between the former and new board of statutory auditors, the Audit & Risks Committee of Schneider Electric SE has decided to proceed with the selection of the new board of statutory auditors whose terms will start at the closing of the 2022 Shareholders' Meeting.

The situation of your statutory auditors has been carefully examined by the Audit & Risks Committee, in particular with regard to the quality of work carried out; the regular rotation of the two firms in the Group's entities; and robust quality control procedures. The selection process carried out by the Audit & Risks Committee led to the recommendation to the Board of Directors:
- to renew the term of office of Mazars as statutory auditor considering the quality and efficiency of Mazars's contribution, especially on a technical level, which is highly appreciated both inside and outside the Company, and of its in-depth knowledge of the Group; and
- to appoint PricewaterhouseCoopers Audit (in replacement of Ernst & Young et Autres), whose teams have demonstrated, through a competitive process, their capacity to undertake the audit of the accounts of Schneider Electric's Group according to international best practices.

Therefore, the Board of Directors decided to propose to the 2022 Annual Shareholders' Meeting the appointment for a 6-year term of a new board of external auditors composed of Mazars and PricewaterhouseCoopers Audit in replacement of Ernst & Young et Autres whose term will end at that date.

Regarding the substitute statutory auditors, pursuant to Article L. 823-1 of the French Commercial Code, it is no longer required for Schneider Electric SE to have substitute statutory auditors. Therefore, it is proposed that you decide to neither renew nor replace Auditex and Mr. Thierry Blanchetier.

Under the **5th resolution**, you are invited to renew Mazars, statutory auditor, for a six-year (6) term, acknowledge the term of office of Mr. Thierry Blanchetier, substitute auditor, at the closing of this Annual Shareholders' Meeting and decide not to renew nor replace him.

Under the **6th resolution**, you are invited to acknowledge the term of office of Ernst & Young et Autres, statutory auditor, at the closing of this Annual Shareholders' Meeting, and decide not to renew it and to appoint in replacement PricewaterhouseCoopers Audit for a six-year (6) term. You are also invited under this resolution to acknowledge the term of office of Auditex, substitute statutory auditor, at the closing of this Annual Shareholders' Meeting, and decide not to renew nor replace it.

Text of the fifth resolution

(Reappointment of Mazars as statutory auditor; no reappointment and no replacement of Mr. Thierry Blanchetier as substitute statutory auditor)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having taken note that the term of office of Mazars, statutory auditor, expires at the closing of this Annual Shareholders' Meeting, decides to renew it for a six-year (6) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2028 to approve the financial statements for the 2027 fiscal year.

The statutory auditor has indicated in advance to the Company that it would accept this term of office.

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having taken note that the term of office of Mr. Thierry Blanchetier, substitute statutory auditor, expires at the closing of this Annual Shareholders' Meeting, decides not to renew nor to replace him, in accordance with the option provided for by Article L. 823-1 of the French Commercial Code.

Text of the sixth resolution

(Appointment of PricewaterhouseCoopers Audit as statutory auditor; no reappointment and no replacement of Auditex as substitute statutory auditor)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having taken note that the term of office of Ernst & Young et Autres*, statutory auditor, expires at the closing of this Annual Shareholders' Meeting, decides not to renew it and to appoint in replacement PricewaterhouseCoopers Audit for a six-year (6) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2028 to approve the financial statements for the 2027 fiscal year.*

The statutory auditor has indicated in advance to the Company that it would accept this term of office.

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having taken note that the term of office of Auditex, substitute statutory auditor, expires at the closing of this Annual Shareholders' Meeting, decides not to renew nor to replace it, in accordance with the option provided for by Article L. 823-1 of the French Commercial Code.

7th and 8th resolutions: Approval of the information on the Directors' and the Corporate Officer's compensation paid or granted for 2021 (Say on pay *ex-post*)

Explanatory statement

Under the **7th resolution**, in pursuance of Article L. 22-10-34 I of the French Commercial Code, you are invited to approve the information listed in Article L. 22-10-9 of the French Commercial Code relating to the compensation of Directors and the Corporate Officer that are presented to you in the corporate governance report referred to in Article L. 225-37 of the French Commercial Code. You will find all this information set out in detail in section 4.2.2 of Chapter 4 of the 2021 Universal Registration Document and in section 2.2.2 of the Notice of meeting.

Under the **8th resolution**, in pursuance of Article L. 22-10-34 II of the French Commercial Code, you are asked to approve fixed, variable and exceptional components of the total compensation and benefits of all types paid during the last fiscal year or awarded in respect of the said year, to the Chairman & CEO, Mr. Jean-Pascal Tricoire. They have been paid or awarded in accordance with the compensation policy approved by the Annual Shareholders' Meeting of April 28, 2021. These components are detailed in section 4.2.2.2 of Chapter 4 of the 2021 Universal Registration Document and in section 2.2.2.1 of the Notice of meeting.

Text of the seventh resolution

(Approval of the information on the Directors' and the Corporate officer's compensation paid or granted for the fiscal year ending December 31, 2021 mentioned in Article L. 22-10-9 of the French Commercial Code)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-34 I of the said Code, the information mentioned in Article L. 22-10-9 I of the French Commercial Code as stated in the 2021 Universal Registration Document, Chapter 4, Section 4.2.2.

Text of the eighth resolution

(Approval of the components of the total compensation and benefits of all types paid during the 2021 fiscal year or awarded in respect of the said fiscal year to Mr. Jean-Pascal Tricoire)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-34 II of the said Code, the fixed, variable, and exceptional components of the total compensation and benefits of all types paid during the 2021 financial year or awarded in respect of the 2021 fiscal year to the Chairman & Chief executive officer, Mr. Jean-Pascal Tricoire as stated in the 2021 Universal Registration Document, Chapter 4, Section 4.2.2.2.

9th and 10th resolutions: Approval of the 2022 compensation policy applicable to Directors and the Corporate Officer (Say on pay *ex-ante*)

Explanatory statement

Under the **9th resolution**, in pursuance of Article L. 22-10-8 II of the French Commercial Code, shareholders are invited to approve the compensation policy for the Corporate officer, the Chairman & CEO. This policy as well as the manner in which it serves the corporate interest, supports the Company strategy, and contributes to the sustainability of the Company are presented in section 4.2.3.1 of Chapter 4 of the 2021 Universal Registration Document and in section 2.2.3.1 of the Notice of meeting.

Under the **10th resolution**, in pursuance of Article L. 22-10-8 II of the French Commercial Code, we ask you to approve the compensation policy of the Directors, which means, firstly, the maximum amount that is proposed to be allocated to the Board members annually and secondly, the allocation rules of this amount. These elements are presented in detail in section 4.2.3.2 of Chapter 4 of the 2021 Universal Registration Document and in section 2.2.3.2 of the Notice of meeting.

Text of the ninth resolution

(Approval of the Corporate Officer (Chairman & Chief executive officer)'s compensation policy)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-8 II of the said Code, the compensation policy of the Corporate Officer (Chairman & Chief executive officer) as stated in the 2021 Universal Registration Document, Chapter 4, Section 4.2.3.1.

Text of the tenth resolution

(Approval of the Directors' compensation policy)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-8 II of the said Code, the compensation policy of the Directors as stated in the 2021 Universal Registration Document, Chapter 4, Section 4.2.3.2.

11th, 12th, and 13th resolutions: Renewal of Mrs. Linda Knoll and Mr. Anders Runevad, appointment of Mrs. Nivedita Krishnamurthy (Nive) Bhagat

Explanatory statement

As of March 29, 2021, the Board of Directors had fifteen members, including nine who are deemed independent within the meaning of the AFEP-MEDEF Corporate Governance Code, two Directors representing the employees and one Director representing the employee shareholders.

Each year, the Board of Directors conducts a review to ensure that there is an appropriate balance in its composition and that of its committees. In particular, the Board seeks to ensure gender balance and broad diversity in terms of skills, experience, nationality, and age, as described in its diversity policy (see section 4.1.1.2 of Chapter 4 of the Universal Registration Document). The Board investigates and evaluates not only potential candidates, but also whether existing directors should seek reappointment based on their performance assessment. Above all, the Board seeks directors who show independence of mind and are competent, dedicated and committed, with compatible and complementary personalities.

Mr. Willy Kissling, member of the Board of Directors for 21 years, and Mrs. Fleur Pellerin, member of the Board of Directors since 2018, have decided not to seek the renewal of their terms of office which expire at the closing of this Shareholders' Meeting. The Board of Directors expressed its gratitude to Mr. Willy Kissling's and Mrs. Fleur Pellerin's dedication to the Board of Directors' work and to their long-term commitment.

As part of the Board's continuous review of its composition, the Board of Directors asked the Governance & Remunerations Committee to make a recommendation on the renewal of Mrs. Linda Knoll and Mr. Anders Runevad, as well as search for complementary candidates in line with the skillset highlighted by its Board skills matrix and the challenges of the Company (see section 4.1.1.6 of Chapter 4 of the Universal Registration Document describing the directors recruitment process).

In that respect, the Committee has analyzed Mrs. Linda Knoll's and Mr. Anders Runevad's situation with regards to their time commitment and availability to fulfill their duties. Neither of them holds an excessive number of directorships, and their individual attendance rates at Board and Committee meetings are high as indicated in their biography (see section 4.1.1.2 of Chapter 4 of the Universal Registration Document). The Board also assessed their respective contributions to the work of the Board and of the committees to which they belong, and decided that keeping them as directors was in the interests of the Company and consistent with the targeted composition of the Board as identified in the process described above. As a Director, Mrs. Linda Knoll brings to the Board of Directors experience in senior Human Resources executive roles with international groups. Mr. Anders Runevad brings to the Board the benefit of his experience as the former CEO of Vestas Wind Systems A/S and a strong profile on sustainability matters.

The Governance & Remunerations Committee also identified the skills that would be necessary to diversify and strengthen the Board composition and hired an external recruitment firm (Heidrick & Struggles) to search for suitable candidates. Among these candidates, the Governance & Remunerations Committee preselected a short list and the members of the Committee interviewed the short-listed candidates. Following these interviews, the Committee recommended a candidate to the Board of Directors, Mrs. Nivedita Krishnamurthy Bhagat, also known as Nive Bhagat, who, on February 16, 2022, was appointed as an Observer with the aim to propose her appointment to the Shareholders' Meeting. Mrs. Nive Bhagat, a British citizen, is currently Global Chief Executive Officer for Global Cloud Infrastructure Services of Capgemini and a member of its group executive committee. She will bring to the Board the experience and additional skillset based on her wide-ranging finance and business background especially in the field of digital and will further add to the gender diversity of the Board of Directors. She will also strengthen the profile of the Schneider Electric Board through her excellent knowledge of the Asian market. She will qualify as an independent Director with regard to all the criteria set by Article 9.5 of the AFEP-MEDEF Corporate Governance Code and, if appointed, will join the Digital Committee.

Acting upon recommendation of the Governance & Remunerations Committee, the Board of Directors propose to shareholders:

- in the **11th resolution,** to renew the term of office of Mrs. Linda Knoll for a four-year (4) term;
- in the **12th resolution,** to renew the term of office of Mr. Anders Runevad for a four-year (4) term; and
- in the **13th resolution,**, to appoint Mrs. Nive Bhagat as a Director for a four-year (4) term.

Should these resolutions be approved, the Board of Directors would consist of 14 members (including one Director representing the employee shareholders and two Directors representing the employees), with an independence rate of 82% and 45% of women (excluding the three Directors who are also employees) and 79% being of non-French origin or nationalities.

Mrs. Linda Knoll, Mr. Anders Runevad, and Mrs. Nive Bhagat's biographies are provided in section 4.1.1.2 of Chapter 4 of the 2021 Universal Registration Document.

8.

Text of the eleventh resolution

(Renewal of the term of office of Mrs. Linda Knoll)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, takes note that the term of office of Mrs. Linda Knoll as a Director expires at the closing of this Shareholders' Meeting and decides to renew it for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2026 to approve the financial statements for the 2025 fiscal year.

Text of the twelfth resolution

(Renewal of the term of office of Mr. Anders Runevad)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, takes note that the term of office of Mr. Anders Runevad as a Director expires at the closing of this Shareholders' Meeting and decides to renew it for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2026 to approve the financial statements for the 2025 fiscal year.

Text of the thirteenth resolution

(Appointment of Mrs. Nivedita Krishnamurthy (Nive) Bhagat as a Director)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, decides to appoint Mrs. Nivedita Krishnamurthy (Nive) Bhagat as a Director for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2026 to approve the financial statements for the 2025 fiscal year.

14th resolution: Share buy-backs

Explanatory statement

As the pre-existing authorization comes to its term in October 2022, it is hereby proposed, in the **14th resolution** submitted to the Annual Shareholders' Meeting, to reconduct, for a new eighteen-month period starting after the present Annual Shareholders' Meeting, the authorization given to the Board of Directors to purchase the Company's shares as part of a share buy-back program pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code and European Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse.

We remind you that on February 14, 2019 Schneider Electric initiated a new €1.5 billion to €2.0 billion share buy-back program over the period 2019-2021. The program has been launched under the 15th resolution approved at the 2018 Annual Shareholders' Meeting and pursued under the 14th, 17th, and 15th resolutions approved respectively at the 2019, 2020, and 2021 Annual Shareholders' Meetings. These buy-backs were part of a policy to neutralize the dilution resulting from capital increases reserved for employees or from Long-term Incentive Plans. All the shares acquired by the Company as part of the share buy-back program are held to cover Long-term Incentive Plans.

At the beginning of 2021, due to the economic uncertainty, and considering the on-going acquisitions, the share buy-back program remained on-hold after its suspension due to the COVID-19 crisis in 2020. The share buy-back program re-started at the end of July 2021 with the timeframe for completion extended by 12 months, to run until the end of 2022. Since the beginning of the program in 2019, a total €577,499,243 of share buy-back corresponding to 5,941,783 shares bought back by the Company had been completed including €261,659,633 of share buyback in 2021 corresponding to 1,809,054 shares bought back by the Company pursuant to the last authorizations.

All the 12,455,824 treasury shares held on December 31, 2021 (representing 2.19% of the share capital) are allocated to employees and Corporate Officers as a long-term compensation tool.

The authorization that you would give to the Board would allow to proceed to purchase shares for the purposes, amongst others, of:
- their allotment to employees or Corporate Officers as a long-term compensation tool;
- their delivery as a result of the exercise of rights attached to securities giving access to the Company's capital;
- their cancellation;
- their delivery in connection with external growth operations; and
- their disposal in the course of a share management agreement.

Shares bought back may be canceled under the authorization adopted by the Annual Shareholders' Meeting of April 28, 2021 (24th resolution).

The number of shares thus purchased, and the number of shares held may not exceed 10% of the share capital at any time (for reference purposes, based on the issued capital on December 31, 2021: 56,903,344 shares). The maximum purchase price of the shares would be set at €250 and the total amount allocated to the share repurchase program will not exceed €14.2 billion. As for previous years, the resolution prevents that the authorization be used during a public offering on the Company's shares.

Further information on the Company's share buy-back programs can be found in section 7.2.5 of Chapter 7 of the 2021 Universal Registration Document.

Text of the fourteenth resolution

(Authorization granted to the Board of Directors to buy back Company shares)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, hereby authorizes the Board of Directors, pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code, Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse and its delegated regulations and the French Financial Market Authority's General rules, to buy-back or arrange for the buy-back of the Company's shares for the purpose of:

- *the allotment or transfer of shares to employees or Corporate Officers of the Company and/or of current or future related companies, for the purposes of implementing any stock option or Performance Share plan, or any other grant, allocation, or disposal to employees and Corporate Officers of the Company;*
- *the delivery of shares as a result of the exercise of rights attached to securities giving access to the Company's capital by redemption, conversion, exchange, presentation of a warrant or by any other mean;*
- *the cancellation by way of share capital decrease of all or part of these repurchased shares;*
- *the delivery of shares (for exchange, payment or otherwise) in connection with external growth operations (up to a limit of 5% of the share capital);*
- *their provision for the purposes of a share management agreement entered into with an investment services provider in order notably to maintain a liquid market; or*
- *the implementation of any market practice which would be allowed by the French Financial Market Authority.*

This authorization also allows the Company to trade in its shares for any other purposes authorized or that may be authorized by law or regulation. In such a case, the Company would inform its shareholders through a public release.

Shares acquired may also be canceled, subject to compliance with the provisions of Articles L. 225-204 and L. 225-205 of the French Commercial Code and in accordance with the 24th resolution of the Annual Shareholders' Meeting of April 28, 2021.

The number of shares that may be purchased shall be subject to following limits:

(i) *the number of shares that the Company may purchase during the term of the buy-back program should not exceed 10% of the Company's share capital at any time (i.e. for information purposes, 56,903,344 shares, on the basis of the share capital as of December 31, 2021), it being specified that the number of shares acquired in view of their retention and their future delivery for the purpose of an external growth operation cannot exceed 5% of the Company's share capital; and*

(ii) *the number of shares that the Company can hold at any time may not exceed 10% of the Company's share capital.*

The maximum share purchase price is set at €250 per share (excluding acquisition costs) without exceeding the maximum price set by applicable laws and regulations. The total amount allocated to the share repurchase program will not exceed €14.2 billion (excluding acquisition costs).

The purchase, exchange, disposal or transfer of shares can be decided by the Board of Directors on one or more occasions, at any time except during takeover bid involving the Company's shares, and by any means, provided that laws and regulations in force are complied with, on or off the stock market, over the counter, in whole or in part in blocks of shares, by takeover bid in cash or in shares, by using options or derivatives, either directly or indirectly through the intermediation of an investment services provider, or in any other way.

The Annual Shareholders' Meeting grants authority to the Board of Directors, which may further delegate as permitted by law, to adjust the price set forth above in the event of transactions on the Company's share capital, and in particular an increase in capital through the capitalization of reserves, the allocation of free shares, a stock split or reverse stock split, the distribution of reserves or any other assets, impairment of share capital or any other transaction involving share capital or shareholders' equity, to take into account the impact of these transactions on the stock value.

The Annual Shareholders' Meeting gives full powers to the Board of Directors with powers to subdelegate under the conditions set out by law, to use this authorization, in particular to give any and all orders, enter into any and all agreements, allocate or reallocate the shares acquired to the objectives pursued under the applicable legal and regulatory conditions, set the terms and conditions under which the rights of holders of securities giving access to the share capital or other rights giving access to the share capital will be preserved, if applicable, in accordance with legal and regulatory provisions and, if applicable, contractual provisions providing for other cases of adjustment, prepare all documents and press releases, carry out any and all formalities and make all appropriate declarations to the authorities, and in general take all necessary measures.

This authorization supersedes, for the unused portion, the authorization given to the Board of Directors by the Shareholders' Meeting of April 28, 2021 in its 15th resolution and is granted for an eighteen (18)-month period as from this Annual Shareholders' Meeting.

8.1.2 Extraordinary Meeting

15th resolution: Authorization granted to the Board of Directors to freely allocate shares to the employees or to a category of employees and/or the Corporate Officers of the Company or of companies affiliated therewith as part of the Long-Term Incentive Plan up to a limit of 2% of the share capital

Explanatory statement

Under the **15th resolution**, you are asked to give authority to the Board of Directors, pursuant to the provisions of Articles L. 225-129 *et seq.*, L. 229-197-1 to L. 229-197-5, and L. 22-10-59 of the French Commercial Code (Code de commerce), to proceed, on one or more occasions, with the allocation of shares, issued or to be issued, to the benefit of employees and Corporate Officers of the Group. The Board of Directors, upon recommendation of the Human Resources & CSR and Governance & Remunerations Committees, has determined the following guidelines for granting free shares under this resolution.

Context of the request for authorization

The Company wishes to mobilize its management in order to carry out its 2022-2024 Strategic Plan announced in November 2021, upon which the development of the Group relies. In this context, the requested authorization would make it possible for the Board of Directors to put in place plans for the grant of shares, to the benefit of Corporate Officers and employees of the Group, both in France and abroad, and to involve the employees in the Group's performance and development as part of the 2022-2024 Strategic Plan. These plans would also allow to ensure the competitiveness of the compensation offered by the Group, in dynamic and competitive international markets, and in sectors where the ability to attract talents is a key factor to success.

Overall, the Board decided to keep the same design as the one of the previous Long-Term Incentive Plan approved by more than 93% of the shareholders during the 2019 Annual Shareholders' meeting where a complete new framework of the plan had been proposed. The Board considers that the design of the plan is well balanced and ensures the alignment of the management with the shareholders' long-term interests and that is why it wishes to favor the stability of the compensation principle of the Group. Nevertheless, hearing the concerns expressed by some shareholders during the governance roadshow conducted by the Vice-Chairman & Lead Independent Director, the Board proposes to introduce two important changes in order to further strengthen the alignment of pay and performance. If you approve this resolution:

- the scale of vesting of the criterion of TSR compared to a bespoke industry panel of 11 companies would be made more stringent, with no vesting at ranks 7 and below in the bespoke peer group (with an anticipated application of this change in the 2022 LTIP to be issued), no vesting below the median of the group would therefore be allowed; and
- the Board would also commit to disclose *ex-post* the targets of improvement of the adjusted Earnings per share set by the Board which will allow shareholders to ensure the stringency of these targets set by the Board.

Nature of the authorization

You are being asked to authorize the Board of Directors to proceed, on one or more occasions, with the grant of shares of the Company, issued or to be issued, to the benefit of employees and Corporate Officers of the Group.

As part of the long term compensation plans of the Company, two different types of grant would be made:

- a maximum of 30% of the shares granted would be subject only to a presence condition, without performance condition (the "**Restricted Shares**"); and
- all other shares granted would be subject to a presence condition and to performance conditions (the "**Performance Shares**").

The Corporate Officer and members of the Executive Committee would be entitled to receive only Performance Shares.

It is envisaged that the number of persons benefiting from such grants will be around 3,500 people.

Besides, the Board of Directors could decide the grant of Restricted Shares as part of the shareholding plans of the Company, in addition to the shares subscribed.

Term of the authorization

The authorization would be valid for a duration of 36 months, as from the date of this Shareholders' Meeting.

Maximum amount of the authorization

The grants of shares carried out pursuant to this authorization should not involve a number of shares, issued or to be issued, exceeding 2% of the Company's share capital on the date of this Annual Shareholders' Meeting.

The Board of Directors reminds you that the Group's policy regarding grant of stock options, share purchase, and free and performance shares is to have a limited impact over time in terms of dilution of the share capital. For information purposes, we remind you that, as of December 31, 2021, a total of 5,863,887 shares could be vested to employees and Corporate Officers subject to performance conditions set under the performance share plans (for details of these plans, see section 4.2.5 of Chapter 4 of the Universal Registration Document).

If all shares in the plans were delivered, this would lead to the issuance of 293,071 shares (other plans are already qualified and will be delivered from existing shares) and Schneider Electric's share capital would be composed of 569,326,513 ordinary shares, *i.e.*, a 0.05% increase in the number of shares from December 31, 2021.

Under the Long-Term Incentive Plan, Performance Shares allocated to the Corporate Officer could not exceed each year 0.03% of the total share capital and allocation to the members of the Executive Committee would not represent more than 20% of the grant. In addition, the Corporate Officer's compensation policy provides that the long-term instruments, valued in accordance with IFRS standards, should not represent a disproportionate percentage of his overall compensation (meaning no more than 200% of the combined fixed and targeted variable compensations at the date of grant).

Vesting period

The grant of shares to their beneficiaries would become final at the end of a vesting period, the duration of which would be set by the Board of Directors, it being understood that such duration will be of no less than three (3) years.

The Board of Directors would submit the Corporate Officer to an obligation of retaining a significant number of their shares. He would have to retain at least 50% of the Performance Shares granted to him until he holds a number of shares representing 5 years of fixed compensation.

Presence condition in the Group

The vesting of Restricted and Performance Shares would be subject to achievement of a presence condition in the Group. Restricted and Performance Shares granted to a beneficiary who would leave the Group before the expiry of a minimum three-year vesting period would be forfeited, except in case of death, retirement or other customary exceptions decided upon by the Board of Directors. For the Corporate Officer, the case of retention of unvested Performance Shares awards would be determined by the Compensation policy applicable to him at the date of his departure.

Performance conditions

The final vesting of Performance Shares would be subject to performance conditions, to be set by the Board of Directors (the "Performance Conditions") the outline of which would be as follows:

- **40%, improvement of Adjusted Earnings per share (EPS):**
  Adjusted EPS is a key long-term performance metric which promotes the execution of Schneider Electric's strategy to deliver profitable growth, thus reinforcing alignment with shareholders. 40% of the Performance Shares could vest subject to the achievement of the following targets as set by the Board of Directors:
  - a minimum Adjusted EPS improvement threshold under which there would be no vesting;
  - an intermediary targeted Adjusted EPS improvement objective that the Company would have to achieve in order to vest 75% of the shares under this condition;
  - a targeted Adjusted EPS improvement objective that the Company would have to achieve in order to vest all shares under this condition; and
  - the Performance Shares would vest progressively, on a linear basis, if the Adjusted EPS improvement is between these objectives.

  As explained above, the Board commits to disclose *ex-post*, at the end of each Long-Term Incentive Plan, the minimum Adjusted EPS improvement thresholds and the targeted Adjusted EPS improvement objectives.

  Adjusted EPS performance is published in the external financial communications and its annual variance will be calculated using adjusted EBITA at constant FX from year N-1 to year N. Foreign exchange impacts below adjusted EBITA will be taken in full. Significant unforeseen scope impact could be restated from this calculation upon decision of the Board.

- **35%, relative TSR performance:**
  This criterion strengthens the alignment between the shareholders' interests and compensation of the beneficiaries of LTIP.
  - For 17.5% of the shares, Schneider Electric TSR would be compared to a bespoke industry panel of 11 companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa) with a vesting scale as follows: 0% at rank 7 or below, 50% at median (rank 6), 100% at rank 4, 150% for ranks 3 to 1, and linear between these points, as explained above, the Board proposes to strengthen the vesting scale for a better alignment with performance.
  - For the remaining 17.5%, Schneider Electric TSR would be compared with the TSR of the companies in CAC 40 index to reflect the macro-economic and stock-market specific trends which influence the performance of the share and in turn, the return to shareholders with a vesting scale as follows: 0% below median, 50% at median (rank 20), 100% at rank 10, 120% in ranks 4 to 1, and linear between these points.

  In case of over-performance, if Schneider Electric's TSR is ranked within the top quartile of the bespoke industry panel or within the top 9 of the CAC 40 companies, this criterion could compensate the under-performance under the criterion of improvement of the Adjusted EPS up to the same number of shares. If the Schneider Electric TSR is closely clustered with that of other companies in the panel, then the Board of Directors would apply its judgment to decide whether Schneider Electric's TSR shall be deemed to be ranked in the same position as those companies.

- **25%, based on Schneider Sustainability External & Relative Index (SSERI):**
  The Schneider Sustainability External and Relative Index measures the long-term sustainability performance of the Group in terms of relative performance, through a combination of external indices which cover a range of environmental, social, and governance indicators wider than and different from the Schneider Sustainability Impact (SSI). Using external indices would also ensure that the sustainability priorities governing the assessment of the long-term sustainability performance of the Group are at all times those which matter the most to the stakeholders. As their content is dynamic and includes new and more relevant topics as they emerge, it forces participants to constantly anticipate the most demanding trends in global sustainability. The Board has selected some of the most challenging external indices which are objective, recognized, and independent, covering main geographies in line with the Group's global footprint and which complement each other as they cover different sustainability dimensions:
  - DJSI World which covers three dimensions: economic, environmental, and social;
  - Euronext Vigeo which covers environment, community involvement, business behavior, human rights, corporate governance, and human resources;
  - Ecovadis which covers four dimensions: environment, labor and human rights, sustainable procurement, and ethics; and
  - CDP Climate Change which covers climate change, water, and forests and represents a major reference for climate change leadership globally.

The table below summarizes the Performance Conditions that would apply to the plan:

40% Improvement of adjusted Earnings Per Share (EPS)		• 0% at the minimum Adjusted EPS improvement threshold • 75% at the intermediary Adjusted EPS improvement objective • 100% at the targeted Adjusted EPS improvement objective Vesting linear between these points
35% Relative TSR	**17.5% *vs.* CAC 40**	• 0% below median • 50% at median (rank 20) • 100% at rank 10 • 120% at ranks 4 to 1 Vesting linear between these points
	17.5% *vs.* a panel of 11 companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa)	• 0% at rank 7 and below • 50% at median (rank 6) • 100% at rank 4 • 150% at ranks 3 to 1 Vesting linear between these points
25% Schneider Sustainability External & Relative Index (SSERI)	**6.25% DJSIW**	• 0%: not in World • 50%: included in World • 100%: sector leader
	6.25% Euronext Vigeo	• 0%: out • 50%: included in World 120 or Europe 120 • 100%: included in World 120 & Europe 120
	6.25% Ecovadis	• 0%: Silver Medal or less • 50%: Gold Medal (top 5%) • 100%: Platinum Medal (top 1%)
	6.25% CDP Climate Change	• 0%: C score • 50%: B score (25% at B-) • 100%: A score (75% at A-)

For each grant, the performance conditions will be determined by the Board. and, although the Board favors stability, they could be adapted from the ones presented above. Depending on the evolution of the Group's strategic objectives, should they cease to be relevant or new criteria be deemed more appropriate based on their review by the Board of Directors, the latter would elect for criteria with similar long-term stringency, that will ensure a strong link between pay and performance.

Best practices

The Board of Directors shall inform Shareholders every year of the number of shares granted or/and vested pursuant to the Long-Term Incentive Plan. The grant of Performance Shares would also be consistent with the principles and best practices applied by the Board, including, in particular:

- involvement at each stage (allocation, review of the satisfaction of performance conditions, *etc.*) of the Human Resources & CSR Committee;
- demanding performance conditions in line with the Company's financial communication which provide incentive, for 100% of the shares granted to the Corporate Officer and members of the Executive Committee; and
- demanding rules of business ethics, including, a prohibition for beneficiaries who are members of the Executive Committee to use hedging instruments for the Performance Shares.

All these elements, taken together, demonstrate that the Group is aligned itself with best market practices regarding Performance Shares and responds to the expectations of its shareholders.

Text of the fifteenth resolution

(Authorization granted to the Board of Directors to freely allocate shares to the employees or to a category of employees and/or the Corporate Officers of the Company or of companies affiliated therewith as part of the Long-Term Incentive Plan up to a limit of 2% of the share capital)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report:

1. *authorizes the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-5 and L. 22-10-59 of the French Commercial Code, on one or several occasions, to allocate free shares, existing or to be created (other than preferred shares), to the beneficiaries that it shall determine among the employees of the Company or the Corporate Officers of the Company or of companies that are related to the Company under the conditions provided for in Article L. 225-197-2 of said Code under in the conditions defined hereinafter;*

2. *resolves that the number of shares already existing or to be issued by this authorization cannot represent more than 2% of the share capital existing on the date of this Shareholders' Meeting, the number of shares allocated to the Corporate Officers cannot exceed annually 0.03% of the total share capital existing, further specified that (i) this ceiling is set without taking into account any adjustments of the shares that could be allocated in case of Company's equity operations and, that (ii) the total number of shares allocated cannot exceed 10% of the share capital on the date of the Board of Director's decision to allocate them;*

3. *resolves that the entirety of the final vesting of the shares allocated to the Corporate Officers and to members of the Executive Committee of the Company will be subject to the attainment of the performance conditions determined by the Board of Directors;*

4. *resolves that the grant of shares to their beneficiairies could be subject to the holding of Company's shares;*

5. *resolves that the allocation of the shares to their beneficiaries will be final at the term of a vesting period, the duration of which will be set by the Board of Directors, with the understanding that this duration cannot be less than two years and that the Board of Directors will have the power to set a holding period;*

6. *resolves that in the case of the disability of a beneficiary corresponding to a classification in the second or third of the categories specified in Article L. 341-4 of the French Social Security Code, the shares will be definitively allocated to them prior to the end of the vesting period (in this case, said shares may be freely disposed starting from their delivery);*

7. *grants full powers to the Board of Directors to implement this authorization and, in particular, to:*
   - **a.** *determine the identity of the beneficiaries of the allocation of the shares among the employees of the Company or companies or above-mentioned groups, as well as the number of shares allocated to each of them,*
   - **b.** *determine whether the allocated free shares are shares that already exist or that will be issued,*
   - **c.** *set the conditions of performance and/or the criteria for allocation of the shares, in particular the vesting period and the minimum holding period required for each beneficiary,*
   - **d.** *for the issuance of new shares, as the case may be, charge against any reserves, profits, or issue premiums, the amounts necessary to release said shares,*
   - **e.** *register the free allocated shares on a registered share account in the name of their owner, stating the vesting period and its duration,*
   - **f.** *carry out, if it deems necessary, to adjustments of the number of free allocated shares to preserve the rights of the beneficiairies depending on the potential Company's equity operations occurred during the vesting period as specified in Article L. 225-181 paragraph 2 of the French Commercial Code, under the conditions that it will set,*
   - **e.** *and more generally, set the dates of entitlement to dividends from the new shares, record the completion of the capital increase, amend the by-laws as necessary, to carry out any procedures necessary for the issuance, listing and any financial service related to the securities issued by virtue of this resolution and do everything useful and necessary pursuant to all applicable laws and regulations;*

8. *acknowledges that, in the event that the Board of Directors makes use of this authorization, it will inform the Ordinary Shareholders Meeting, each year, of the transactions thus made pursuant to the requirements of Article L. 225-197-4 of the French Commercial Code;*

9. *acknowledges that this delegation of authority legally implies, for the beneficiaries of the free shares, waiver of preferential subscription rights in the case of the issuance of new shares.*

This authorization (i) supersedes, for the portion not yet used, the authorization granted by the Combined Shareholders' Meeting of April 25, 2019 in its 21st resolution and (ii) is granted for a period of thirty-six (36) months from today.

16th and 17th resolutions: Capital increases reserved for employees

Explanatory statement

Schneider Electric is convinced of the importance of developing the Company's employee shareholder base in order to align employee interests with those of shareholders and also stabilize the Company's share capital. The Board of Directors wishes to continue making the Company's share capital accessible to a large number of employees, in particular through employee share ownership plans ("WESOP"). As of December 31, 2021, employees held 3.57% of the capital either directly or through the corporate mutual funds (*FCPE*).

The Company carried out capital increases reserved for Group employees in 2021 (WESOP 2021). These transactions are presented in section 7.1.2.2 of Chapter 7 of the 2021 Universal Registration Document.

As part its offer policy to Group employees on an annual basis, the Board decided that there will be a new employee share ownership plan implemented in 2022. As part of the 22nd and the 23rd resolutions of the Annual Shareholders' Meeting of April 28, 2021, the Board of Directors, at its meeting of December 15, 2021, decided to renew the annual employee shareholder plan in 2022, within a limit of 3.7 million shares (approximately 0.65% of the capital). This plan, which will not include a leveraged offer, will be offered in 43 countries representing more than 84% of the Group's employees. The shares will be offered with a discount of 15% on the share price to all subscribers and a maximum employer contribution of €1,400.

To allow for the implementation of a new global employee share ownership plan in 2023, you are requested to approve:

- the **16th resolution** which will grant the Board of Directors the authority to carry out capital increases reserved for employees participating in the company savings plan within the limit of 2% of the Company's capital, with the provision that the maximum discount at which the shares could be offered is set at 30% (it will be valid for a period of twenty-six (26) months; the authority in force as voted by the Annual Shareholders' Meeting of April 28, 2021 in its 22nd resolution shall cease to be effective as from August 1st, 2022[(1)]);
- the **17th resolution** which will grant the Board of Directors the authority to carry out capital increases reserved for employees and Corporate Officers of non-French Group companies or to entities acting on their behalf, this authorization will not exceed 1% of the capital and will be deducted from the ceiling of 2% of the capital set for the issuance of shares to employees who are members of the company savings plan (this authorization will be valid for a period of eighteen (18) months and may only be used on or after August 1st, 2022[(2)]).

(1) The maximum amount of subscription applicable to the employee share ownership operations carried out before July 31, 2022 will be the ceiling applicable to the 22nd resolution of the Annual Shareholders' Meeting of April 28, 2021.
(2) The maximum amount of subscription applicable to the employee share ownership operations carried out before July 31, 2022 will be the ceiling applicable to the 23rd resolution of the Annual Shareholders' Meeting of April 28, 2021.

Text of the sixteenth resolution

(Delegation of authority to the Board of Directors to undertake capital increases reserved for participants in a company savings plan without shareholders' preferential subscription right)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Article L. 3332-1 et seq. of the French Labor Code and Articles L. 225-129 to L. 225-129-6, L. 225-138-1, and L. 228-91 et seq. of the French Commercial Code and in accordance with the provisions of that Code:

1. *delegates to the Board of Directors the authority, with the power to subdelegate, for a period of twenty-six (26) months from the date of this Annual Shareholders' Meeting, to undertake a capital increase on one or more occasions at its discretion by issuing ordinary shares or securities providing access through any means, immediately and/or in the future, to ordinary shares of the Company, under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, reserved for participants in a company savings plan and French or non-French companies affiliated with the Company in a maximum nominal amount of 2% of the share capital on the date of this Shareholders' Meeting, with the possibility to issue shares against cash or by capitalizing reserves, profits or premium in case of grants of free shares or of securities granting access to share capital on account for the discount and/or the matching contribution, it being specified that this authorization may be used only from and after August 1st, 2022;*

2. *set the maximum discount to be offered in connection with company savings plan at 30% of an average of the trading price of the Company's shares on Euronext Paris during the twenty (20) trading sessions preceding the date of the decision of the Board of Directors or of its authorized representative setting the date to begin taking subscriptions, it being specified that the Board of Directors may reduce the aforementioned discount within applicable legal and regulatory requirements, or not to grant one, in particular so as to take into account the laws and regulations applicable in countries where such offering may be implemented;*

3. *authorizes the Board of Directors, in application of Article L. 3332-21 of the French Labor Code, to make grants of free ordinary shares or other securities granting immediate or differed access to ordinary share capital under all or part of the discount and/or, as the case may be, for the matching contribution, provided that the value of the benefit resulting from this grant on account for the discount and/or the matching contribution, shall not exceed the limits imposed by applicable law and regulations;*

4. *decides to waive, in favor of the above-mentioned beneficiaries, the shareholders' preferential subscription rights with respect to the shares or equity-linked securities that are the subject of this delegation which entails waiver of the shareholders' preferential subscription right to shares to which securities that may be issued under this resolution would give right;*

5. *decides that the Board of Directors shall have full powers to use this delegation, with the power to subdelegate as permitted by law, within the limits and subject to the conditions specified above in order to, and in particular:*
   a. *set in accordance with applicable laws and regulations the scope of companies whose above mentioned beneficiaries may subscribe to the shares or equity-linked securities issued hereby and benefit, as the case may be, from shares or equity-linked securities,*
   b. *decide that the subscriptions may be made directly or through Company mutual funds (fonds commun de placement d'entreprise) or other structures or entities as permitted by applicable laws and regulations,*
   c. *determine the conditions, in particular those relating to seniority, which shall have to be met by the beneficiaries of the capital increases,*
   d. *set the opening and closing dates of the subscription periods,*
   e. *set the amounts of the issuances to be undertaken pursuant to this authorization and determine, in particular, the issuance prices, dates, time-periods, terms and conditions for the subscription, payment, settlement and dividend rights of the securities (which may be retroactive) as well as the other terms and conditions of the issuances, in accordance with applicable laws and regulations,*
   f. *when granting free shares or equity-linked securities, set the number of shares or equity-linked securities to be issued, the number to be granted to each beneficiary, and determine the dates, time periods, terms and conditions of granting such shares or equity-linked securities in accordance with applicable laws and regulations and, in particular, choose either to fully or partially substitute the granting of such shares or equity-linked securities for the discount to the reference price provided for above, or to allocate the value of such shares or equity-linked securities to the total amount of the employer contribution, or to combine these two possibilities,*
   g. *acknowledge the completion of capital increases in the amount of the shares that are subscribed (after possible reduction in the event of over-subscription),*
   h. *as the case may be, allocate the expenses of capital increases to the amount of premiums related thereto and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new share capital resulting from such capital increases, enter into any agreements, carry out directly or indirectly through an agent all transactions and terms, including any formalities following the capital increases and subsequent modifications to the Company's Articles of Association, generally, enter into any agreement in order to successfully complete the contemplated issuances, take all measures and decisions and carry out all formalities necessary for the completion of the issuance, listing and financial servicing of the securities issued pursuant to this authorization as well as the exercise of rights attached thereto or subsequent to the completed capital increases.*

8.

This delegation (i) cancels, effective August 1st, 2022, the authorization given by the Annual Shareholders' Meeting of April 28, 2021, in its 22nd resolution, for its amounts unused by the Board of Directors and (ii) is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Text of the seventeenth resolution

(Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of certain non-French subsidiaries of the Group, directly or via entities acting to offer those employees benefits comparable to those offered to participants in a company savings plan without shareholders' preferential subscription right)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L. 225-129 to L. 225-129-6, L. 225-138 ,and L. 228-92 et seq. of the French Commercial Code:

1. *delegates to the Board of Directors, with the power to subdelegate, in compliance with applicable laws and regulations, the necessary powers to decide one or several capital increases through the issue, in the proportions and at the times it deems appropriate up to a maximum of 1% of the share capital on the date of this Shareholders' Meeting, by issuing ordinary shares or securities providing access through any means, immediately and/or in the future, to ordinary shares of the Company, such issue to be reserved for persons meeting the characteristics of the class defined below; it being specified that (i) such limit shall be charged against the limits set forth in the 16th resolution of this Annual Shareholders' Meeting, and (ii) this delegation may be used only from and after August 1st, 2022;*

2. *decides to waive the shareholders' preferential right to subscribe for shares or other securities granting access to the share capital pursuant to this resolution and to reserve the right to subscribe to one and/or another class of beneficiaries or recipients having the following characteristics: (i) employees and officers of companies of Schneider Electric Group affiliated with the Company under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code and the head office of which is located outside France; (ii) and/or OPC mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the Company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph; (iii) and/or any banking institution or affiliate or subsidiary of such institution acting at the Company's request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, to the extent that subscription of the person authorized in accordance with this resolution would make it possible for employees of subsidiaries located outside France to benefit from and take advantage of forms of shareholder incentive or investment or savings plans equivalent in terms of economic benefit to those from which the other employees of the Group benefit;*

3. *takes note that this authorization shall constitute automatically and by law an express waiver by the shareholders, in favor of the holders of securities granting access to Company capital, of their preferential right to subscribe for ordinary shares of the Company which such securities carry the right to acquire;*

4. *decides that the amount payable to the Company for all shares issued, or to be issued, and pursuant to this resolution shall be set by the Board of Directors on the basis of the trading price of the Company's shares on Euronext Paris; the issue conditions shall be determined at the discretion of the Board of Directors on the basis of either (i) the first or last quoted trading price of the Company's shares at the trading session on the date of the decision by the Board of Directors or the authorized representative there of setting the issue conditions, or (ii) of an average of the quoted prices for the Company's shares during the twenty (20) trading sessions preceding the date of the decision by the Board of Directors or the authorized representative thereof setting the issue conditions under this resolution or setting the issue price under the 16th resolution of this Annual Shareholders' Meeting; the Board of Directors may set the issue price by applying a maximum discount of 30% of the trading price of the Company's shares determined in accordance with either of the two methods set forth in clauses (i) and (ii) of this paragraph; the percentage of such discount applied to the trading price of the Company's shares shall be determined by the Board of Directors taking into consideration, among other things, legal, tax, and regulatory provisions of foreign law applicable, as the case may be, to the persons benefiting from the issue;*

5. *hereby resolves that the Board of Directors shall have full authority, on the terms and conditions provided by law and within the limits set forth hereinabove, to implement and give effect to this authorization and determine the list of the beneficiaries and recipients within the classes described in this resolution and the number of securities to be offered to each thereof, provided that the Board of Directors may decide that the capital increase shall be completed for the amounts subscribed, on the condition that a minimum of 75% of the shares or other offered securities providing access to capital have been subscribed, as well as, among other things:*
- *to determine the characteristics of the securities to be issued, to decide on the issue price, dates, time periods, terms and conditions of subscribing, therefore, paying the paid-in capital, or nominal amount thereof, delivery and effectiveness of the shares and equity securities, the lock-up, and early release period, within applicable limits of the law and regulations,*
- *to record and determine the capital increase, to undertake the issuance of the shares and other securities carrying the right to acquire shares, to amend the Articles of Association accordingly,*
- *and, as a general rule, to enter into any agreement, in particular to ensure the due and proper completion of the contemplated issuances, take all steps and complete any required formalities in connection with the issue, the listing and financial servicing of the securities issued under and this authorization, as well as the exercise of the rights attaching thereto, and, more generally, to do whatever may be necessary.*

This delegation (i) cancels, effective August 1, 2022, the authorization given by the Annual Shareholders' Meeting of April 28, 2021, in its 23rd resolution, for its amounts unused by the Board of Directors and (ii) is granted for a period of (18) eighteen months as from this Shareholders' Meeting.

18th resolution: Merger between IGE+XAO and Schneider Electric

Explanatory statement

Presentation of the merger plan

Schneider Electric acquired, through its subsidiary Schneider Electric Industries SAS ("**SEISAS**"), 61.90%(1) of the share capital of IGE+XAO after a public tender offer initiated in November 2017 for the shares of IGE+XAO, pursuant to a combination agreement formed on November 7, 2017.

To proceed with its plan to integrate IGE+XAO into the Schneider Electric group, SEISAS initiated a simplified public tender offer for the shares of IGE+XAO(2) in November 2021.

At that time, Schneider had announced its intention:
- to proceed with a squeeze-out in the event that SEISAS hold at least 90% of IGE+XAO's capital and voting rights at the end of the offer; or alternatively
- to merge in 2022 IGE+XAO into Schneider Electric SE, the listed holding company (the "**Merger**").

At the end of the offer, the shareholding of SEISAS in the share capital of IGE+XAO increased to 83.93%(3).

In accordance with its stated intentions, Schneider Electric announced its Merger plan in a press release dated November 29, 2021. All IGE+XAO shares currently held by SEISAS would be reclassified by transferring them to Schneider Electric immediately before the Merger takes place.

In this context, the Board of Directors invites you, under the **18th resolution**, to approve the Merger. In accordance with applicable law, if the absorbing company holds less than 90% of the voting rights of the absorbed subsidiary, the merger must be approved by the Extraordinary General Meetings of both companies.

As provided in the draft merger agreement (the "**Draft Merger Agreement**") approved by the Schneider Electric's Board of Directors and IGE+XAO's Board of Directors, the Merger would imply the issuance of 342,023 Schneider Electric's shares representing an increase of 0.06% of the share capital(4), it being specified that the amount of the capital increase would be adjusted in the event of a change in the number of IGE+XAO shares held by Schneider Electric and/or in the number of shares comprising the share capital of Schneider Electric that may impact the exchange ratio.

(1) Based on its share capital comprising 1,427,800 shares, representing at most 1,428,855 voting rights, at January 31, 2018.

Presentation of IGE+XAO

IGE+XAO, a subsidiary of Schneider Electric, designs, produces, markets, and maintains a range of Computer Aided Design (CAD) and Product Lifecycle Management (PLM) software. The purpose of its range of software is to help manufacturers design and maintain the electrical component of any type of installation.

In the financial year ended December 31, 2021, IGE+XAO generated consolidated revenue of €36.4 million. It employs more than 389 people around the world across 30 sites in 22 countries, and has more than 98,649 licenses in force worldwide. IGE+XAO is a leading player in its sector.

IGE+XAO shares are listed on Euronext Paris. Its shares are admitted to trading on Euronext Paris under the ISIN code FR0000030827, compartment B.

Reasons for and purpose of the Merger

The Merger is intended to (i) position the IGE+XAO group's entities as purely operational entities of Schneider Electric's Energy Management Software Division, it being stipulated that the IGE+XAO group would retain its main role as an agnostic software producer and (ii) extend the IGE+XAO group's remit, including pulling together software activities that are currently dispersed within the Schneider Electric Group and gradually becoming a center of excellence for R&D. The Merger would also enable non-controlling shareholders of IGE+XAO to continue benefiting from the value created by this strategy by holding shares in the Company.

Rules governing the Merger

In accordance with Articles L. 236-1 and following of the French Commercial Code, the Merger would entail the transfer of all of IGE+XAO's assets and liabilities to Schneider Electric (a "*transmission universelle du patrimoine*") and IGE+XAO would be dissolved but not liquidated.

Merger appraisers

Finexsi, acting through Olivier Péronnet, and BM&A, acting through Pierre Béal, were appointed as merger appraisers (certified public accountants appointed to assess M&A transactions) by order of the Presiding Judge of the Nanterre Commercial Court dated December 14, 2021, with the task of examining the terms of the Merger and more specifically assessing the value of the contributions in kind to be made and of any special privileges, as well as checking the accuracy of relative values attributed to IGE+XAO and Schneider Electric shares and the fairness of the exchange ratio.

The merger appraisers' reports which are available to shareholders on the Schneider Electric website (www.se.com) concluded that:

"The exchange ratio of 5 Schneider Electric shares for 3 IGE+XAO shares (...) agreed by the parties is fair.

The value of the contributions retained, amounting to €38,693,042, is not overvalued and, consequently, that the net assets contributed are at least equal to the amount of the capital increase of the company receiving the contributions, plus the merger premium."

Completion date and effective date

Completion of the Merger is subject to the following conditions precedent being met:

- completion of the sale of IGE+XAO shares to Schneider Electric;
- approval of the Merger by shareholders in IGE+XAO's extraordinary shareholders' general meeting (including approval of the decision to dissolve but not liquidate IGE+XAO and of the transfer of all of IGE+XAO's assets and liabilities to Schneider Electric); and
- approval of the Merger by shareholders in Schneider Electric's extraordinary shareholders' general meeting (including approval of the net carrying amount of net assets transferred, the exchange ratio and the capital increase to be carried out by Schneider Electric as remuneration for the Merger).

The Merger and the resulting dissolution of IGE+XAO will take place on the day on which the last of the conditions precedent is fulfilled (the "**Completion Date**"). That date must fall after the expiry of the creditor objection period and, unless the parties agree otherwise in writing, at the latest on June 30, 2022. If the Merger does not take place by that date, the Draft Merger Agreement will be void.

In accordance with Article 236-4(2) of the French Commercial Code, it is intended that the Merger will have retroactive effect from January 1, 2022 for accounting and tax purposes.

(2) Based on an Enterprise Value of €286 million.
(3) Based on its share capital comprising 1,304,381 shares, representing at most 2,256,580 voting rights at October 31, 2021.
(4) Based on the number of IGE+XAO shares held by Schneider Electric amounting to 1,094,733.

Financial statements used in the Merger and methods for valuing transfers and determining the net assets transferred

The transfer values mentioned in the Draft Merger Agreement are based on the following financial statements:

- as regards Schneider Electric, the parent company financial statements for the year ended December 31, 2021 and the consolidated financial statements for the year ended December 31, 2021, as finalized by the Board of Directors on February 16, 2022; and
- as regards IGE+XAO, the parent company financial statements for the year ended December 31, 2021 and the consolidated financial statements for the year ended December 31, 2021, as finalized by the Board of Directors on February 16, 2022.

In accordance with French accounting standard-setter ANC's regulation 2014-03 of June 5, 2014 relating to France's general accounting plan[5], the assets and liabilities transferred by IGE+XAO to Schneider Electric as part of the Merger will be recognized in Schneider Electric's financial statements at their net carrying amounts at December 31, 2021.

On that basis, the net carrying amount of the net assets transferred by IGE+XAO would amount to €38,693,042, determined as follows:

Total amount of assets transferred:	€39,650,407
Total liabilities assumed:	€399,112
Net assets transferred:	€39,251,295
Net carrying amount of the 4,434 IGE+XAO shares held in treasury by IGE+XAO at December 31, 2021:	€558,253
Giving net assets transferred to Schneider Electric (minus the net carrying amount of the 4,434 IGE+XAO shares held in treasury by IGE+XAO at December 31, 2021):	€38,693,042

Exchange ratio and capital increase

The exchange ratio proposed to IGE+XAO and Schneider Electric shareholders is 5 (five) Schneider Electric shares for every 3 (three) IGE+XAO shares.

In accordance with Article L. 236-3 of the French Commercial Code, there will be no exchange of either the IGE+XAO shares held by Schneider Electric, i.e., 1,094,733 IGE+XAO shares at the signing date of the Draft Merger Agreement, nor of the IGE+XAO shares held by IGE+XAO itself, i.e., 4,434 IGE+XAO shares at the signing date of the Draft Merger Agreement, which will be canceled by operation of law after the Merger is completed.

In consideration for the assets transferred by IGE+XAO, Schneider Electric would carry out a capital increase, applying the exchange ratio, in a nominal amount of €1,368,092, taking its share capital from €2,276,133,768 to €2,277,501,860, through the creation of 342,023 new shares, with par value of €4 each, allotted to IGE+XAO shareholders in proportion to their interest in the share capital, with the exception of Schneider Electric (in respect of the IGE+XAO shares held by Schneider Electric) and IGE+XAO (in respect of the IGE+XAO shares held by IGE+XAO itself).

However, it is provided in Article 7.2 of the Draft Merger Agreement that in the event of a change in the number of IGE+XAO shares held by Schneider Electric and/or in the number of shares comprising the share capital of Schneider Electric that may impact the exchange ratio, the number of Schneider Electric shares to be issued in consideration for the Merger and, correlatively, the nominal amount of the resulting share capital increase would be automatically adjusted accordingly.

Thus, in view of the adjustment related to the acquisition by SEISAS of 34,629 IGE+XAO shares after the signing date of the Draft Merger Agreement, the amount of the capital increase would amount, as of February 28, 2022, to €1,137,232 (i.e., 284,308 newly issued Schneider Electric shares) and the amount of the merger premium would amount to €3,940,246 and to €260,018,556 for the merger loss.

The final amounts will be communicated on the date of the combined shareholders' meeting.

Following this capital increase and on the basis of information available to the Company, the distribution of capital would be, as of February 28, 2022, as follows:

	Before the capital increase resulting from the Merger (resolution #18)		After the capital increase resulting from the Merger (resolution #18)	
Shareholder	Number of shares	% of capital	Number of shares	% of capital
Free Float	460,869,416	80.992%	460,869,416	80.951%
Sun Life Financial, Inc.	39,681,766	6.974%	39,681,766	6.970%
Blackrock, Inc.	35,703,751	6.274%	35,703,751	6.271%
Employees	20,321,627	3.571%	20,321,627	3.569%
Group-owned stock	12,456,882	2.189%	12,456,882	2.188%
Former shareholders of IGE+XAO	0	0.000%	284,308	0.045%
Total	**569,033,442**	**100%**	**569,317,750**	**100%**

(5) As amended, particularly by regulation no. 2017-01 of May 5, 2017 and regulation no. 2019-06 of November 8, 2019.

The valuation methods used and criteria adopted to value Schneider Electric and IGE+XAO in order to determine the exchange ratio are set out in Schedule 7 to the Draft Merger Agreement.

Merger premium

The merger premium is the difference between (i) the proportion of the net carrying amount of the transferred net assets corresponding to the IGE+XAO shares not held by Schneider Electric or IGE+XAO on the Completion Date, i.e., €6,108,214 at the signing date of the Draft Merger Agreement, and (ii) the nominal amount of Schneider Electric's capital increase, i.e., €1,368,092 at the signing date of the Draft Merger Agreement.

The amount of the merger premium would consequently be €4,740,122 based on the number of shares making up IGE+XAO's share capital (excluding IGE+XAO shares held by IGE+XAO itself) at the signing date of the Draft Merger Agreement, it being specified that this amount would be adjusted automatically in the event of a change in the number of IGE+XAO shares held by Schneider Electric and/or in the number of shares comprising Schneider Electric's share capital that may impact the exchange ratio.

The merger premium may be appropriated in any manner decided by shareholders in Schneider Electric's shareholders' general meeting that is consistent with principles in force. In particular, you will be asked to authorize the Board of Directors to make any appropriations from the merger premium with a view to (i) reconstituting, on the liabilities side of Schneider Electric's balance sheet, the regulated reserves and provisions existing on IGE+XAO's balance sheet, (ii) deducting from the merger premium all fees, duties and levies incurred or due with respect to the Merger, (iii) deducting from the merger premium all excess tax depreciation, (iv) deducting from the merger premium the sums necessary to ensure that the statutory reserve is fully constituted, and (v) deducting from the merger premium any liabilities relating to the transferred assets that were omitted or not disclosed.

Loss on canceled shares in the acquired company

The cancellation of IGE+XAO shares held by Schneider Electric will produce a loss equal to the difference between (i) the net carrying amount of the IGE+XAO shares held by Schneider Electric on the Completion Date, i.e., €284,630,580 at the signing date of the Draft Merger Agreement, and (ii) the portion of the net assets transferred by IGE+XAO that corresponds to the IGE+XAO shares held by Schneider Electric on the Completion Date, i.e., €32,584,828 at the signing date of the Draft Merger Agreement.

The amount of that loss would consequently be €252,045,752 based on the number of shares making up IGE+XAO's share capital (excluding IGE+XAO shares held by IGE+XAO itself) at the signing date of the Draft Merger Agreement, it being specified that this amount would be adjusted automatically in the event of a change in the number of IGE+XAO shares held by Schneider Electric.

Since this is a technical merger loss which does not translate into a loss of value for the shareholders, it will be recognized on the asset side of Schneider Electric's balance sheet and appropriated according to French accounting and tax rules.

Double voting rights

IGE+XAO shareholders holding double voting rights before the Completion Date would retain those double voting rights within Schneider Electric after the Merger.

Similarly, the holders of IGE+XAO registered shares who have not acquired double voting rights by the Completion Date would see, after the Merger, the amount of time for which they have held their shares as of the Completion Date count towards the ownership period required by Schneider Electric to qualify for double voting rights.

Consultation with staff representative bodies

The competent staff representative bodies of IGE+XAO and Schneider Electric have been consulted and have delivered the following opinions:

- favorable opinion from the social and economic committee of the economic and social unit to which IGE+XAO belongs on December 8, 2021; and
- favorable opinion from the social and economic committee of the economic and social unit to which SEISAS belongs on December 9, 2021.

In addition, the European committee of the group to which Schneider Electric belongs was informed of the Merger in a meeting on December 14, 2021.

Request for a declaration that a buyout offer is not required and request for a dispensation from the obligation to make a mandatory public offer

In accordance with Article 236-6 of the AMF's general regulation, Schneider Electric has asked the AMF for a declaration that Schneider Electric is not required to make a buyout offer for shares in IGE+XAO.

In accordance with Articles 234-8 and 234-9(7) of the AMF's general regulation, Schneider Electric has also asked the AMF for dispensation from the obligation to make a mandatory public tender offer arising from the increase in Schneider Electric's ownership of IGE+XAO's share capital and voting rights to above 30% as a result of the sale of IGE+XAO shares by SEISAS to Schneider Electric.

Creditor objections

The creditors of Schneider Electric and IGE+XAO whose claims predate the publication of the Draft Merger Agreement are able to make objections for a period of 30 days from the final publication of the notice relating to the Draft Merger Agreement in France's official journal of legal notices (*Bulletin des Annonces Légales Obligatoires*).

In accordance with statutory and regulatory provisions in force, no objection by any creditor would have the effect of preventing the Merger from going ahead.

Text of the eighteenth resolution

(Review and approval of the plan to merge IGE+XAO into Schneider Electric)

The Annual Shareholders' Meeting, acting in accordance with the quorum and majority requirements for ordinary meetings, having heard:

- *the Board of Directors' report;*
- *the draft merger agreement including its appendices (the "Merger Agreement"), established as a private deed on February 17, 2022 between Schneider Electric and IGE+XAO, a public limited company (société anonyme) whose registered office is located at 16 boulevard Déodat de Séverac, 31770 Colomiers (France) and which is registered with the Toulouse trade and companies register under number 338 514 987 ("IGE+XAO") relating to the merger of IGE+XAO into Schneider Electric (the "Merger");*
- *the reports on the Merger terms and the value of the contributions prepared by Olivier Péronnet and Pierre Béal, the merger appraisers appointed by order of the Presiding Judge of the Nanterre Commercial Court on December 14, 2021, in accordance with articles L. 236-10 and L. 225-147 of the French Commercial Code; and*
- *that the employee representative bodies of the Company and of IGE+XAO have been consulted and have delivered their opinion;*

1. *approves all the provisions of the Merger Agreement, pursuant to which it is agreed that IGE+XAO will transfer to the Company, by way of merger by absorption, all its assets and liabilities, and in particular:*
   - *the valuation of the assets transferred, the liabilities assumed and the resulting net assets transferred at December 31, 2021, with the net carrying amount of the net assets transferred by IGE+XAO (excluding the net carrying amount of IGE+XAO shares held by IGE+XAO itself) to the Company amounting to €38,693,042;*
   - *the consideration for the contribution made as part of the Merger, based on an exchange ratio of five (5) shares in the Company for every three (3) shares in IGE+XAO, corresponding to the issue of 342,023 new shares in the Company to be created through a capital increase, subject to a possible adjustment as provided for in article 7.2 of the Merger Agreement;*
   - *the determination of the legal completion date of the Merger and the date on which IGE+XAO is wound up by operation of law when the last of the conditions precedent stipulated in Article 8.1 of the Merger Agreement ("Merger Completion Date") has been fulfilled;*
   - *the determination of the date on which the Merger will take effect from an accounting and tax point of view, i.e., January 1, 2022;*

2. *notes that:*
   - *in accordance with Article L. 236-3 of the French Commercial Code, there will be no exchange of either the IGE+XAO shares held by the Company or the IGE+XAO shares held by IGE+XAO itself, which will be canceled by operation of law after the Merger is completed, and note accordingly, based on a number of IGE+XAO shares held by the Company amounting to 1,094,733 and a number of treasury shares held by IGE+XAO amounting to 4,434, and subject to the adjustments provided for in the Merger Agreement that the Company will increase, on the Merger Completion Date, its share capital by €1,368,092 through the creation of 342,023 new shares in the Company with a par value of €4 each;*
   - *IGE+XAO shareholders holding double voting rights before the Merger Completion Date will retain those double voting rights within the Company after the Merger. Similarly, the holders of IGE+XAO registered shares who have not acquired double voting rights by the Merger Completion Date will see, after the Merger, the amount of time for which they have held their shares as of the Merger Completion Date count towards the ownership period required by the Company to qualify for double voting rights;*
   - *the new shares in the Company issued as remuneration for the Merger (i) will rank for dividends from the time they are created and will be immediately fungible with existing shares in the Company, (ii) will confer the same rights and will be subject, from the time they are created, to all provisions of the articles of association, laws and regulations in force and of shareholders' general meetings and (iii) will confer an entitlement to distributions of any kind decided after they are issued;*
   - *the new shares in the Company will be fully paid up and free of any security interest and, as soon as possible after they are issued, admitted for trading on compartment A of Euronext Paris under the same identification number as the previously issued ordinary shares that make up the Company's share capital (ISIN FR0000121972);*

- *to the extent that IGE+XAO shareholders do not hold the required number of IGE+XAO shares to obtain a whole number of shares in the Company by applying the Merger exchange ratio, the IGE+XAO shareholders concerned may make arrangements to buy or sell any fractional shares in order to arrive at a whole number. However, if at the Merger Completion Date some IGE+XAO shareholders do not hold a number of IGE+XAO shares that would enable them to obtain, applying the Merger exchange ratio, a whole number of shares in the Company, the intermediaries mentioned in Article L. 542-1(2)-(7) of the French Monetary and Financial Code (i) will sell on the Euronext Paris regulated market unallocated shares in the Company corresponding to the fractional entitlements in accordance with Articles L. 228-6-1 and R. 228-12 of the French Commercial Code and (ii) will distribute the funds thus obtained between the holders of fractional entitlements in proportion to their entitlements;*
- *the difference between (i) the proportion of the net carrying amount of the net assets transferred by IGE+XAO, corresponding to the IGE+XAO shares not held by the Company or IGE+XAO, i.e., €6,108,214 and (ii) the nominal amount of the Schneider Electric capital increase, i.e., €1,368,092, will represent a merger premium in an amount of €4,740,122 that will be added to the Company's liabilities and to which all of the Company's shareholders will have an entitlement; being specified that the amount of the merger premium shall be adjusted automatically in the event of a modification of the number of IGE+XAO shares held by the Company and/or the number of shares comprising the Schneider Electric's share capital that may impact the exchange ratio;*

3. *confers all powers on the Board of Directors, including the power to subdelegate to all persons authorized by applicable statutory and regulatory provisions and provisions of the articles of association, for the purpose of:*
   - *confirming the fulfillment of the conditions precedent stipulated in Article 8.1 of the Merger Agreement and accordingly the final completion of the Merger and the resulting capital increase;*
   - *confirming the final number of shares of the Company to be issued in consideration of the Merger and, correlatively, the final amount and completion of the capital increase on the Merger Completion Date, as well as the final amounts of the merger premium;*
   - *making any appropriations from the merger premium with a view to (i) reconstituting, on the liabilities side of the Company's balance sheet, the regulated reserves and provisions existing on IGE+XAO's balance sheet, (ii) deducting from the merger premium all fees, duties and levies incurred or due with respect to the Merger, (iii) deducting from the merger premium all excess tax depreciation, (iv) deducting from the merger premium the sums necessary to ensure that the statutory reserve is fully constituted, and (v) deducting from the merger premium any liabilities relating to the transferred assets that were omitted or not disclosed;*
   - *taking all necessary steps to create the new shares in the Company and having them admitted for trading on Euronext Paris;*
   - *selling any unallotted new ordinary shares in the Company that correspond to fractional entitlements; and*
   - *more generally, make any findings, carry out any communications and complete any formalities that may be necessary for the purpose of completing the Merger.*

19th resolution: Power for formalities

Explanatory statement

Finally, under the **19th resolution** we request that you grant us the powers necessary to carry out the formalities.

Text of the nineteenth resolution

(Powers for formalities)

The Annual Shareholders' Meeting confers full powers upon the bearer of a copy or excerpts of the minutes confirming these resolutions for the purposes of carrying out all legal and administrative formalities.

8.2 Statutory auditors' special reports

8.2.1 Statutory Auditors' report on the authorization to grant free shares existing or to be issued

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed authorization to grant free shares, existing or to be issued, to the beneficiaries that the board of directors shall determine among the employees or the corporate officers of the Company or of companies that are related to the Company under the conditions provided for in Article L. 225-197-2 of the French Commercial Code (*Code de commerce*), an operation upon which you are called to vote.

The number of shares already existing or to be issued that may be granted cannot represent more than 2% of the share capital existing on the date of this shareholders' meeting, with the number of shares that may be granted to the corporate officers not exceeding annually 0.03% of the existing total share capital, it being specified that the total number of shares allocated cannot exceed 10% of the share capital on the date of the board of director's decision to allocate them.

Your board of directors proposes that, on the basis of its report, it be authorized, for a period of thirty-six months from the date of this shareholders' meeting, to grant free shares existing or to be issued.

It is the responsibility of the board of directors to prepare a report on this operation with which it wishes to proceed. It is our responsibility to give you our comments, if any, on the information that you have been provided about the proposed operation.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in particular in verifying that the methods planned and set out in the board of directors' report comply with the provisions of the law.

We have no comments to make on the information set out in the board of director's report on the proposed authorization to grant free shares.

Paris-La Défense, March 11, 2022

The Statutory Auditors
French original signed by

MAZARS
Loïc Wallaert Mathieu Mougard

ERNST & YOUNG et Autres
Alexandre Resten

8.2.2 Statutory auditors' report on the issuance of shares or securities giving access to capital reserved for members of a company savings plan

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize the board of directors to decide whether to proceed with an issue of shares or securities giving access to the share capital of the company with cancellation of preferential subscription rights, reserved for participants in a company savings plan of the company and of the French or non-French companies affiliated with it, in accordance with article L. 225-180 of the French Commercial Code (*Code de commerce*) and article L. 3344-1 of the French Labor code (*Code du travail*), an operation upon which you are called to vote.

The maximum nominal amount of the increase in capital that may result from these issues is 2 % of the share capital on the date of this shareholders' meeting.

Your board of directors proposes that, on the basis of its report, it be authorized for a period of twenty-six months, to decide on whether to proceed with issues and proposes to cancel your preferential subscription rights to the shares and securities to be issued. If applicable, it shall determine the final conditions of these operations.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to these issues provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issues have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization, in the event of the issue of shares or securities giving access to other equity securities and of the issue of securities giving access to equity securities to be issued.

Paris-La Défense, March 11, 2022

The Statutory Auditors
French original signed by

MAZARS
Loïc Wallaert Mathieu Mougard

ERNST & YOUNG et Autres
Alexandre Resten

8.2.3 Statutory Auditors' report on the issuance of shares or securities reserved for a category of beneficiaries with cancellation of preferential subscription rights

To the Shareholders,

In our capacity as Statutory auditors of your company and in compliance with articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to delegate to the board of directors the competence to decide on the issue of ordinary shares or securities giving access to the share capital of the company, with cancellation of preferential subscription rights, reserved for (i) employees and officers of companies of the Schneider Electric Group affiliated with the Company under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code (*Code de commerce*) and Article L. 3344-1 of the French Labour Code (*Code du travail*) and the head office of which is located outside France; (ii) and/or OPC mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph; (iii) and/or any banking institution or affiliate or subsidiary of such institution acting at the Company's request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, an operation upon which you are called to vote.

The maximum nominal amount of the increase in capital that may result from these issues is 1% of the share capital on the date of this shareholders' meeting, it being specified that this amount shall be deducted from the ceiling set under the sixteenth resolution of this annual shareholders' meeting.

Your board of directors proposes that, on the basis of its report, it be authorized, for a period of eighteen months, to decide on whether to proceed with an increase in capital and to cancel your preferential subscription rights to the ordinary shares and securities to be issued. If applicable, it shall determine the final conditions of these operations.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to the share issues provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to these operations and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issues have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization.

Paris-La Défense, March 11, 2022

The Statutory Auditors
French original signed by

MAZARS
Loïc Wallaert Mathieu Mougard

ERNST & YOUNG et Autres
Alexandre Resten

Chapter 9 – Persons responsible for the Universal Registration Document and audit of the financial statements

We are the most local of global companies.

9 Persons responsible for the Universal Registration Document and audit of the financial statements

Persons responsible for the Universal Registration Document

Attestation

I declare that the information contained in the Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and that they present fairly the assets, financial position and results of the Company and the consolidated Group. To the best of my knowledge, the business review accurately presents the changes in business, results and financial position of the Company and the consolidated Group and describes their principal risks and contingencies.

March 29, 2022
Chairman and CEO of Schneider Electric SE
Jean-Pascal Tricoire

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in the present Universal Registration Document:

- the consolidated financial statements and corresponding auditors' reports provided in Chapter 5 of the Universal Registration Document for the year ended December 31, 2019, registered with the *Autorité des Marchés Financiers* (AMF) under number D.20-0137 on March 17, 2020;
- the consolidated financial statements and corresponding auditors' reports provided in Chapter 4 of the Universal Registration Document for the year ended December 31, 2020, registered with the AMF under number D.21-0178 on March 23, 2021;
- the parent company financial statements and corresponding auditors' reports provided in Chapter 6 of the Universal Registration Document for the year ended December 31, 2019, registered with the AMF under number D.20-0137 on March 17, 2020;
- the parent company financial statements and corresponding auditors' reports provided in Chapter 5 of the Universal Registration Document for the year ended December 31, 2020, registered with the AMF under number D.21-0178 on March 23, 2021;
- the management report provided in Chapter 3 of the Universal Registration Document for the year ended December 31, 2019, registered with the AMF under number D.20-0137 on March 17, 2020;
- the management report provided in the Universal Registration Document for the year ended December 31, 2020, registered with the AMF under number D.21-0178 on March 23, 2021;
- Passages not incorporated in these documents are either irrelevant for the investor or covered in another section of the Universal Registration Document.

Persons responsible for the audit of the financial statements

	Date appointed	Appointment expires
Statutory auditors		
Ernst & Young et Autres Tour First – 1, place des Saisons – 92037 Paris-la-Défense-Cedex		
Represented by Alexandre Resten	1992	2022
Mazars Tour Exaltis – 61, rue Henri-Regnault – 92400 Courbevoie		
Represented by Loïc Wallaert and Mathieu Mougard	2004	2022
Alternate auditors		
Auditex	2010	2022
Thierry Blanchetier	2010	2022

Ernst & Young et Autres and Mazars are members of the Auditors' Regional Company of "Versailles et du Centre".

Universal Registration Document cross-reference table

To facilitate the reading of the Annual Report, filed as Universal Registration Document, the following table allows the identification of the main headings required by Regulation (EU) 2017/1129 of the European Parliament and of the Council.

Universal Registration Document cross-reference table

Information required under Appendix 1 and 2 of Commission Delegated Regulation (EU) 2019/980		Corresponding sections and chapters of the Universal Registration Document	Page no.
16.	**MAJOR SHAREHOLDERS**		
16.1	Shareholders owning more than 5% of the share capital or voting rights	Chapter 7, section 7.1	434
16.2	Existence of specific voting rights	Chapter 7, section 7.1	434
16.3	Control of the Company	Chapter 7, section 7.1	434
16.4	Agreement known to the Company which could lead to a change in control if implemented	Chapter 7, section 7.1	434
17.	**RELATED PARTY TRANSACTIONS**	**Chapter 5, section 5.5**	**389**
18.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**		
18.1	Historical financial information	Chapter 6, section 6.7	430
18.2	Interim financial information	N/A	N/A
18.3	Auditing of historical annual financial information		
18.3.1	Statement of audit of historical financial information	Chapter 5, section 5.6 Chapter 6, section 6.4	397 424
18.3.2	Other information contained in the Universal Registration Document that has been audited by the auditors	Chapter 2, section 2.7 Chapter 4, section 4.1 Chapter 8, section 8.2	224-225 310 468-470
18.3.3	Financial data contained in the Universal Registration Document and not extracted from the issuer's audited financial statement	N/A	N/A
18.4	*Pro forma* financial information	N/A	N/A
18.5	Dividend policy		
18.5.1	Dividend distribution policy	Integrated Report Chapter 8, section 8.1	8-9 449-450
18.5.2	Dividend amount per share for each year of the fiscal year covered by the historical financial information	Chapter 5, section 5.5 Chapter 6, section 6.7	375 430
18.6	Legal and arbitration proceedings	Chapter 3, section 3.4 Chapter 5, section 5.5 Chapter 6, section 6.3	259 389 423
18.7	Significant change in the financial or business situation	N/A	N/A
19.	**ADDITIONAL INFORMATION**		
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19.1.1	Amount of issued capital	Chapter 7, section 7.2	436
19.1.2	Shares not representing capital	Chapter 7, section 7.2	436
19.1.3	Treasury shares	Chapter 5, section 5.5 Chapter 6, section 6.3 Chapter 6, section 6.5	377 419 427
19.1.4	Convertible securities, exchangeable securities or securities with warrants	Chapter 5, section 5.5 Chapter 6, section 6.3	375, 382-383 420
19.1.5	Terms of any acquisition right and/or commitment in respect of authorized but non-issued capital	Chapter 4, section 4.2	337-340
19.1.6	Information about the capital of any group member which is under option or agreed conditionally or unconditionally to be put under option	Chapter 7, section 7.2	437
19.1.7	History of the share capital	Chapter 7, section 7.1 Chapter 7, section 7.2	434 437
19.2	Articles of incorporation and bylaws		
19.2.1	Corporate purpose	Integrated Report Chapter 7, section 7.3	2 439
19.2.2	Rights, privileges and restrictions attached to shares	Chapter 7, section 7.4	440-442
19.2.3	Actions necessary to change the rights of shareholders	Chapter 7, section 7.4	440
20.	**MATERIAL CONTRACTS**	**N/A**	**N/A**
21.	**DOCUMENTS AVAILABLE**	**Chapter 7, section 7.3** **Chapter 7, section 7.6**	**439** **445**

Annual Financial Report cross-reference table

This Universal Registration Document includes all the information of the Annual Financial Report as mentioned in Articles L. 451-1-2 of the French Commercial Code and 222-3 of the AMF's General Regulations.

9.

Cross-reference table referring to the elements of the Management Report

This Universal Registration Document includes all the information of the Management Report required by Articles L. 225-100 *et seq.*, L. 232-1, I and II, and R. 225-102 *et seq.* of the French Commercial Code.

Information in the Management Report	Corresponding sections and Chapters of the Universal Registration Document	Page No.
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Report on the subsidiaries' activity and results (Article L. 233-6, paragraph 2 of the French Commercial Code)	Integrated Report Chapter 5, section 5.5, note 29 Chapter 6, section 6.5	3-9 390-396 427
Analysis of the Company's situation during the last fiscal year, its expected development and the important events occurred since the closing date (Article L. 232-1-II of the French Commercial Code)	Integrated Report Chapter 3, section 3.4 Chapter 5, section 5.5 Chapter 6, section 6.3	26, 27 264 389 423
Activities in research and development (Article L. 233-26 and L. 232-1-II of the French Commercial Code)	Integrated Report Chapter 5, section 5.5	14-19 354, 365
Non-financial key performance indicators (environmental information) (Articles L. 225-100-1, L. 225-102-1, V. and R. 225-105 of the French Commercial Code)	Chapter 2, section 2.8.1	226-231
Non-financial key performance indicators (social information) (Article L. 225-100-1, L. 225-102-1, V. and R. 225-104 of the French Commercial Code)	Chapter 2, section 2.8.2	232-239
Financial key performance indicators (Article L. 225-100-1 of the French Commercial Code)	Integrated Report	4, 9
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Characteristics of internal control procedures and risk management (Article L. 22-10-35 of the French Commercial Code)	Chapter 3, sections 3.1-3.3	244-253
Main risks and uncertainties (Article L. 225-100-1 of the French Commercial Code)	Chapter 3, section 3.4	254-264
Information on the risks in the event of interest rate fluctuation, exchange rate fluctuation and market price fluctuation (Article L. 225-100-1 of the French Commercial Code)	Chapter 3, section 3.4	260
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Amount of dividends and distribution for the last three fiscal years (Article 243 *bis* of the French Tax Code)	Chapter 8, section 8.1	450
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Information on payment terms (Article L. 441-14 of the French Commercial Code)	Chapter 6, section 6.1	421
Information on the number of treasury shares on transactions executed during the fiscal year (Article L. 225-211, paragraph 2 of the French Commercial Code)	Chapter 7, section 7.1.1	434
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Cross-reference table referring to the elements of the Corporate Governance Report

This Universal Registration Document includes all the information of the Corporate Governance Report required by Articles L. 225-37-2 *et seq*. of the French Commercial Code.

Cross-reference table pursuant to Articles L. 225-102-1, L. 22-10-36 and R. 225-105 (disclosure on extra-financial performance), and Article L. 225-102-4 (vigilance plan) of the French Commercial Code

This Universal Registration Document includes all the information required by Articles L. 225-102-1, L. 22-10-36 and R. 225-105 (disclosure on extra-financial performance), and Article L. 225-102-4 (vigilance plan) of the French Commercial Code.

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Financial Calendar

Investor Relations

May 5, 2022 Shareholders' Meeting

Financial Releases

February 17, 2022 2021 Annual Results
April 27, 2022 Q1 2022 Revenues
July 28, 2022 2022 Half Year Results
October 27, 2022 Q3 2022 Revenues

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