



Enabling a
sustainable future

2021 People Report

Great People making Schneider Electric a great company



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“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		50/40/30
Generations 	10. Double hiring opportunities for interns, apprentices and fresh graduates	4,939		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%
Generations 	19. Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	53%		60%
	20. Pay our employees at least a living wage ⁽³⁾	99%		100%
	21. Multiply the number of employee-driven development interactions on the Open Talent Market	5,019		x4
	22. Support the digital upskilling of our employees	41%		90%
Generations 	23. Provide access to meaningful career development programs for employees during later stages of their career	--		90%
	24. Increase our employee engagement level	69%		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 (for more information, please refer to the Universal Registration Document). The 2021 performance is also discussed in more details in this report.
 (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%.

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.



“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



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.

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

- Focused** on material issues
- Disrupting** the *status quo*
- Transparent** quarterly disclosure
- Robust** assured by an independent third party
- Rewarding** employees for performance



2030 PLEDGE

For our Ecosystem

Climate

Carbon pledge towards net-zero CO₂ 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

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.

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

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.

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.

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.

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

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

- 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
- There is an increased focus on **action plans and follow-up** based on these insights
- Leaders and Managers are more involved** to drive the topic and ensure care towards employees

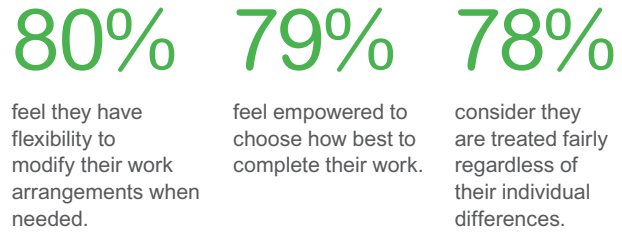
1. Refreshed questions to adapt to working in the next normal and align with Group's 2025 ambition

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



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 Diversity, equity, inclusion, and well-being

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.

2.2 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.

2.3 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.



2.4 A diverse workforce

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.

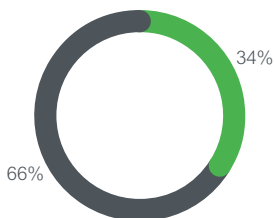
Employee Resource Networks (ERNs) also play a large role in empowering women locally and helping drive efforts to advance women in leadership. As of the end of 2021, local ERNs have contributed to the Group's efforts towards gender equality and inclusion in more than 40 countries.

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.

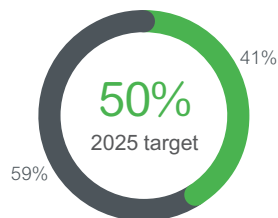
In 2019, SEI-SEF also launched an annual year-long mentoring program where high potential women are paired with senior leaders. The focus of this program is to increase both the promotion of female talents and their access to leadership positions. From 2019 to 2021, a total of 41 women have benefited from this initiative.

Overall Workforce



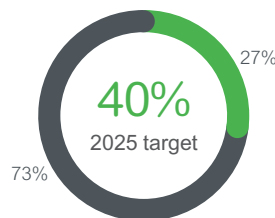
● Female
● Male

Total New Hires*



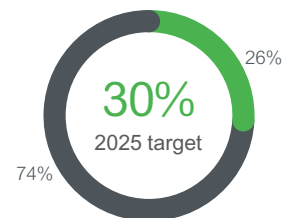
● Female
● Male

Frontline management**



● Female
● Male

Leadership***



● Female
● Male

* 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



5 YEARS
SUSTAINABLE
GENDER
EQUITY

10 YEARS
SUSTAINABLE
GENDER
EQUITY

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

2.4.2 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.

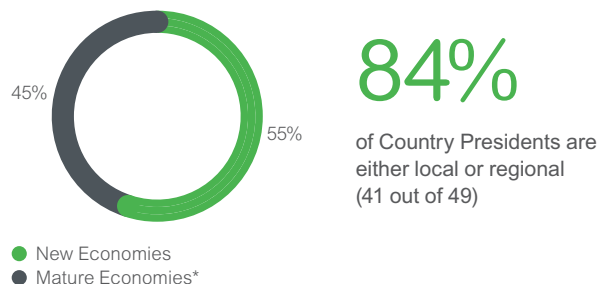
To continue to reinforce the “equity and equal opportunities” strategy and to reinforce its reputation as the most global of local companies, Schneider Electric ensures that its leadership footprint is in line with its business footprint. As of end of 2021, 34.5% of Schneider Electric' leadership team 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



* Mature economies gather mainly Western Europe and North American countries.

Race and ethnicity in the US

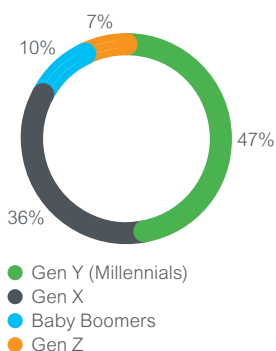
In the United States, the past couple years have driven strong visibility on racial and social injustices. Schneider Electric USA has committed to evolving the racial and ethnic diversity of its employee population, with specific representation targets in place. Schneider Electric USA continues to be 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.

2.4.3 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.).

Generation breakdown



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.

2.4.5 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 An equitable, inclusive, and caring environment

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.

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.

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.

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 hardware 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.

2.5.4 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.

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.

2.5.5 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.

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.

2.6 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



3 Talent attraction and development

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.

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.

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.

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				
<p>SHAPE OUR FUTURE</p> <p>Disrupt ahead of the curve</p>	<p>FREE UP ENERGY</p> <p>Accelerate and Simplify</p>	<p>BUILD THE BEST TEAM</p> <p>Coach and Care</p>	<p>ACHIEVE TOGETHER</p> <p>Collaborate to Win</p>	<p>USE YOUR JUDGEMENT</p> <p>Empower and Trust</p>

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

1 TO 2

4 TO 5

8 TO 10

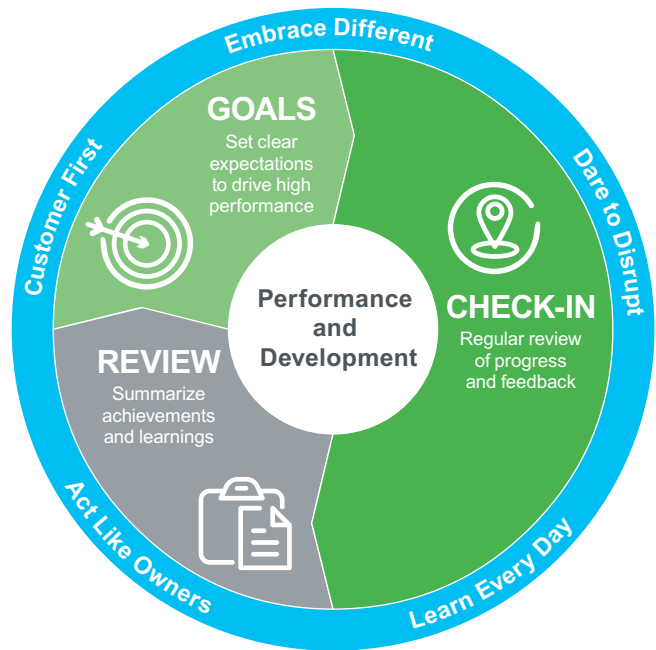
2x number of opportunities for interns, apprentices, and fresh graduate hires

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

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.




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





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

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2021 Progress

In progress

2025 target

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.

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.

2021 People Report

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.

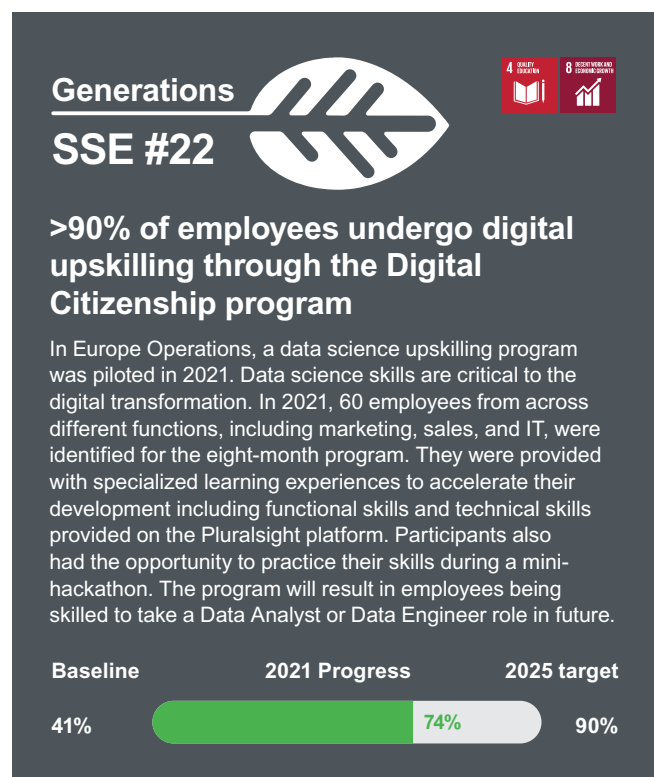
Building on the 83% Learner Promoter Score, in 2021, the program has been progressively cascaded to other leadership levels in the Group. Almost 1,500 leaders in total have now completed the program.

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 measure 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.



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.

- 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.

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

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.

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:

4 Compensation and benefits

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.

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.

4.3 Compensation

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.

4.3.2 Pay competitively and pay-for-performance

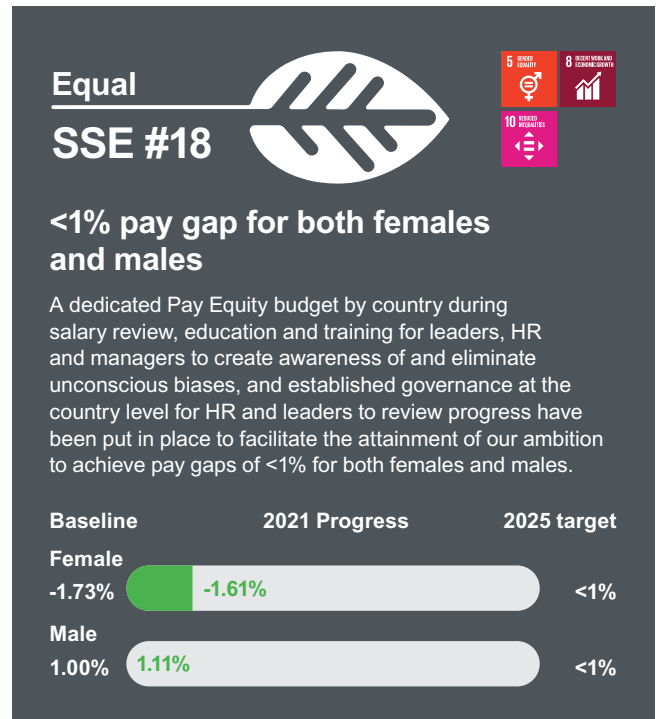
Schneider Electric employees are empowered to receive ongoing feedback, recognition, and coaching from their managers, and their individual performance is assessed in a fair manner based on their goals and behaviors. In line with the Group's pay-for-performance philosophy, the compensation structure typically includes fixed and variable (incentive) elements. Compensation programs and decisions are based on individual performance and behaviors, Company performance, and competitive market positioning.

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.



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%	<div style="background-color: #00a651; width: 100%; height: 15px; border-radius: 10px; display: flex; justify-content: space-between; align-items: center;"> 100% </div>	100%

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.

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.

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.

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.

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. 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.

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%	<div style="width: 61%; background-color: #00a651; border-radius: 10px;"></div> 61%	60%

5 Social dialog and relations

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.

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.

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.

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.

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.

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.

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.

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.



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.

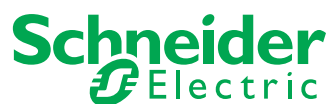
5.10 Social dialog in Turkey

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.

Life Is On



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Incorporated in France,
governed by a board of directors with a share
capital of EUR 2,276,133,768
Registered in Nanterre, R.C.S. 542 048 574
Siret no.; 542 048 574 01791

se.com

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