VIGILANCE PLAN

May 2022
3rd Edition

Life Is On | Schneider Electric

Vigilance Plan - 2022

1 | Introduction

1.1 A Unique Schneider Sustainability Impact for Concrete and Measurable Progress

Schneider's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. We call this **LIFE IS ON**.

We believe access to energy and digital is a basic human right. Our generation is facing tectonic shifts in terms of energy transition and industrial revolution, catalyzed by a more electric world. Electricity is the most efficient and best vector for decarbonization; combined with a circular-economy approach, we will achieve climate-positive impact as part of the United Nations Sustainable Development Goals (SDGs).

Our mission is to be your digital partner for sustainability and efficiency.

We drive digital transformation by integrating world-leading process and energy technologies to realize the full efficiency and sustainability potential of your business. We provide end-point to cloud integration that connects products, controls, software and services. We enable lifecycle solutions from the design-and-build to the operate-and-maintain phases. We deliver capabilities to transform from site-to-site to an integrated company management system. Our solutions are built with safety, reliability, and cybersecurity in mind, to serve in your homes, buildings, data centers, infrastructure, and industries.

We are advocates of open standards and partnership ecosystems to unleash the infinite possibilities of a global, innovative community that is passionate about our shared meaningful purpose, inclusive and empowering values.

We are the most local of global companies. Our unmatched proximity to you enables us to better understand, anticipate and adapt with agility to support your business continuity with high ethical standards in everything we do.

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 (ESG) dimensions.

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 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 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.

The execution of the Group's 2021 – 2025 sustainability strategy is tracked through quantitative key performance indicators (KPIs), 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 will be tracked and published quarterly, audited annually, and linked to short-term incentive plans for more than 64,000 employees. A notable addition to the SSI in 2021 is the local aspect, aiming to deploy local actions in the 100+ markets where the Group operates in order to better empower leaders and collaborators to unlock meaningful local impacts.

1.1 A Unique Schneider Sustainability Impact for Concrete and Measurable Progress

empower all to make the most of our energy and resources

Schneider Sustainability Impact (SSI): Sustainability is about creating system value. It encompasses continuous improvement of environmental, social, and ethical dimensions across an organization's entire value chain and stakeholders.

Schneider Electric's short-term roadmap (3-5 years) is built on a consultation process involving external and internal stakeholders, called a materiality assessment, as well as dedicated internal governance mechanisms involving the Strategy & Sustainability team, employees, experts in the Group, the Executive Committee, and the Board of Directors, under the leadership of the Chief Strategy & Sustainability Officer. In the medium (5-10 years) and long term (10-30 years), Schneider Electric aligns its strategy on key issues under the United Nations Sustainable Development Goals (SDGs) and global climate scenarios in coherence with its business model and global footprint.

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

Our 2025 sustainability commitments

The SSI is a transformation dashboard using a scoring scale of 10 to provide an overall measure of the Group's progress on sustainability objectives. By tracking our performance and publishing quarterly results, we uphold our commitments to the SDGs and industry leadership in corporate social responsibility. The new 5-year SSI for 2021 – 2025 features 11 global impacts plus one local impact linked to six long-term commitments. The score of the SSI for 2021 is 3.92/10, outperforming 3.75/10 target for the year.

Schneider Sustainability Impact

Long-term commitments and related UN SDGs	2021-2025 programs	Baseline [2]	2021 progress [3]	2025 Target
Climate	1. Grow our Schneider Impact revenues [4]	70%	71%	80%
	2. Help our customers save and avoid millions of tonnes of CO_2 emissions	263M	347M	800M
	3. Reduce CO_2 emissions from top 1,000 suppliers' operation	0%.	1%	50%
Resources	4. Increase green material content in our products	7%	11%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	21%	100%
Trust	6. Strategic suppliers who provide decent work to their employees [1]	--	In progress	100%
	7. Level of confidence of our employees to report unethical conduct [1]	81%	+0pts	+10pts
Equal	8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/25/24	41/27/26	50/40/30
	9. Provide access to green electricity to 50 million people	30M	+4.2M	50M
Generations	10. Double hiring opportunities for interns, apprentices and fresh graduates	4,939	X1.25	X2.00
	11. Train people in energy management	281,737	328,359	1M
Local	+1. Country and Zone Presidents with local commitments that impact their communities	0%	100%	100%

Our unique transformation tool

1. Focused
on material issues

2. Disrupting
the status quo

3. Transparent
quarterly disclosure

4. Robust
assured by an independent third party

5. Rewarding
employees for performance

(1) The overall score of the tool is the average of each KPI's score with equal weight excluding the local commitment (SSI #+1). As an exception, in 2021, two other KPIs are excluded: SSI #6, as the program is still in development, and SSI #7, because 2021 is the baseline year.

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

(3) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all of the SSI indicators (except for SSI #6, SSI #7 and SSI #+1), in accordance with ISAE 3000 assurance standard (2021 Universal Registration Document page 224 - page 206 for the methodological presentation of each indicator).

(4) For the reporting requirements under the European Taxonomy Regulation, please refer to the 2021 Universal Registration Document page 68 and 216.

1.2 Policies

In 2021, Schneider Electric evolved its Principles of Responsibility to the Trust Charter, acting as our code of conduct and demonstrating our commitment to ethics, safety, sustainability, quality, and cybersecurity. Each section of the charter states clear dos and don'ts and provides references to relevant policies and procedures, which are adapted to meet local legal requirements when necessary.

The Trust Charter and the company's policies are essential to demonstrate Schneider Electric's ambition in these areas of responsibility and diligence. These documents are key to inspire our stakeholders, reinforce positive behavior, state our position on important issues, and give concrete expression to our commitments.

The following list of our key policies[1] is based on the items of our risk matrix:

Policies			
Risk categories	*Sub-risk categories (if any)*	**Public**	**Non-public**
Human Rights	Decent work	• Anti-Harassment • Diversity & Inclusion • Human Rights	• Flexibility at Work • Family Leave • Global Benefits
	Health & safety	• Health & Safety • Human Rights	
Environment	Pollution and Specific Substances	• Environmental	• Material Substances • Material Directive
	Waste and Circularity	• Environmental	
	Energy, CO_2 and GHG	• Energy	
Business Ethics	Ethical Business Conduct	• Anti-Corruption Code of Conduct	• Conflict of Interest • Competition Law • Export Control • Business Agent
	Alert System, Protection and Non-Retaliation		• Whistleblowing • Case Management And Investigation
Offer Safety		• Quality	
Data Privacy & Cybersecurity		• Data Privacy	• Data Charter • Cybersecurity for Products and System *+-30 other specific policies*
Suppliers		• Supplier Guidebook • Supplier Code of Conduct	

[1]The list of Schneider Electric's policies presented in the table is non-exhaustive

1.3 Duty of Vigilance

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

Our values shape the way we do business with our many customers, partners, suppliers, and communities around the world. They inform the way we protect and foster human rights and guide our desire to make a positive impact on the planet and the environment. The Group's vigilance plan reflects this ambition. It also complies with the provisions of the 2017 French law on Corporate Duty of Vigilance. The plan includes:

• A description of Schneider's business environment

• The governance specific to vigilance

• The alert system

• A risk analysis specific to vigilance, i.e. risks that Schneider Electric poses on its ecosystem of employees, partners, customers, suppliers, stakeholders and communities.

• A review of the key actions implemented to remediate or mitigate these risks.

The aim of the vigilance plan you are currently reading is to explain Schneider's business context, describe the governance system that is supporting vigilance, then review the main salient risks and the actions that help in mitigating or preventing these risks. This document's aim is to remain compact and synthetic, and therefore it does not include fully detailed reviews of the subjects mentioned. Readers who may want additional specific information can also refer to Schneider's 2021 Universal Registration Document or contact us directly.
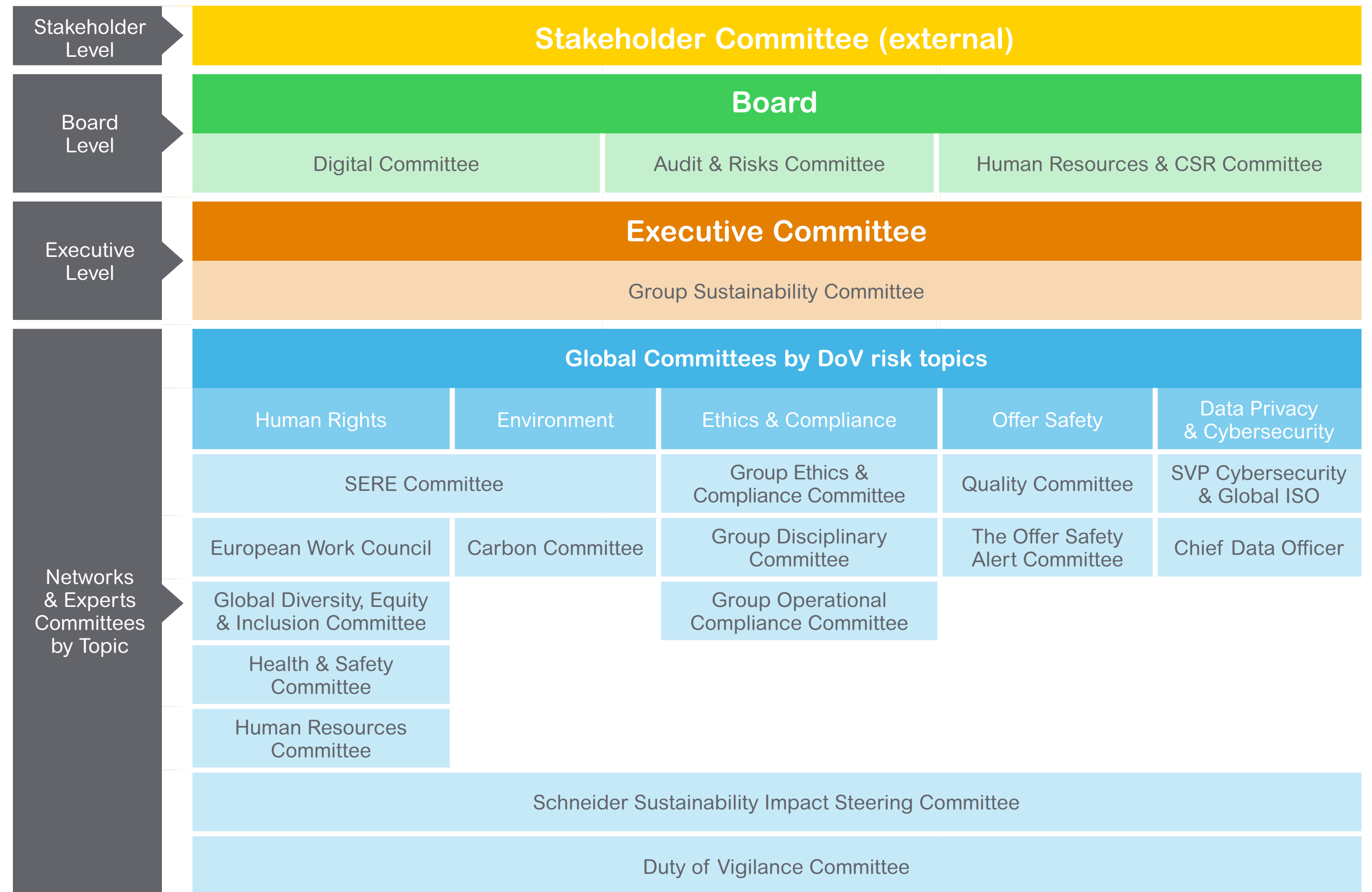
2 | Governance and Stakeholders

2.1 Global Governance

Schneider Electric has implemented a dedicated and robust governance with instances that involve every level of the company. The corporate responsibility associated with Duty of Vigilance is addressed at different levels, from the Board of Directors to Experts' Committees, covering the different items of the Duty of Vigilance risk matrix[2].

- Board of Directors: the Board, composed of 15 directors, defines the functions, missions, and resources of five study committees. Several topics addressed in the vigilance plan are included in the work of the following instances: Digital committee (cybersecurity), Audit & Risks committee (Ethics & Compliance program, cybersecurity) and Human Resources & CSR committee (HR topics and sustainability approach);

- Executive Committee: the Executive Committee is composed of 16 members. They are actively involved in the various definition of policies and the implementation of actions. Some of them being directly or indirectly related to Vigilance. The Duty of Vigilance committee is chaired by one member of the Executive Committee (Supply Chain EVP).

- Stakeholder Committee: to reinforce its sustainability governance further with solid external insights, Schneider Electric created a Stakeholder Committee in 2021. The Committee is composed of 7 external members, and its mission is to oversee the delivery of long- and short-term commitments undertaken by Schneider in accordance with its purpose and sustainability strategy.

- Network & Experts Committees: to define Schneider Electric's strategy on sustainability, including topics addressed in our vigilance plan and to implement this strategy, Schneider has established several committees bringing together experts and members of the Executive Committee. The Duty of Vigilance Committee is one of these committees and focuses on the deployment of the Vigilance plan.

Stakeholder Level	Stakeholder Committee (external)				
Board Level	**Board**				
	Digital Committee		Audit & Risks Committee		Human Resources & CSR Committee
Executive Level	**Executive Committee**				
	Group Sustainability Committee				
Networks & Experts Committees by Topic	**Global Committees by DoV risk topics**				
	Human Rights	Environment	Ethics & Compliance	Offer Safety	Data Privacy & Cybersecurity
	SERE Committee		Group Ethics & Compliance Committee	Quality Committee	SVP Cybersecurity & Global ISO
	European Work Council	Carbon Committee	Group Disciplinary Committee	The Offer Safety Alert Committee	Chief Data Officer
	Global Diversity, Equity & Inclusion Committee		Group Operational Compliance Committee		
	Health & Safety Committee				
	Human Resources Committee				
	Schneider Sustainability Impact Steering Committee				
	Duty of Vigilance Committee				

[2] The list of Schneider Electric's expert committees presented in the scheme is non-exhaustive

2.2 Duty of Vigilance Steering Committee

2.2.1 Composition

Chairman	Management	Experts
• Executive Vice President Global Supply Chain (Executive Committee member)	• Senior Vice President (SVP), Sustainability • SVP, Corporate Citizenship • SVP, Global Safety and Environment • SVP, Global Procurement • SVP, Sustainable Supply Chain & Safety • SVP, Global Customer Projects • SVP Human Resources • SVP, Ethics & Compliance	• Environment Performance Measurement (1) • Sustainable Procurement (2) • Human Rights (2) *Other experts depending on specific needs*

Duty of Vigilance Coordinator, SVP (1)

2.2.2 Responsibilities and frequency of meetings

The plan is governed by the Duty of Vigilance Committee, formed in 2017. The Committee meets twice a year in normal circumstances. Overall, since the creation of this instance, 13 Committee meetings have been held (five in 2017, two in 2018, 2019, 2020 and 2021). The Committee's objective is to review strategic orientations, to prioritize initiatives and allocate the resources necessary for their implementation. This Committee also reviews the actions in progress and measure their results.

2.3 Relations with Stakeholders and Results

In 2021, Schneider initiated a dialogue with the European Work Council (EWC) to present its vigilance plan. This session was the occasion to get EWC's feedback and consider their recommendations to improve the plan. Further interactions with bodies representing employees will be organized subsequently.

To foster sustainability, Schneider also works with different external local and international organizations and associations on economic, social, and environmental issues. Schneider confirms its commitment and participation in discussions on challenges related to climate change.

In the following table we present Schneider's main memberships and the main channels of Duty of Vigilance engagement with stakeholders. (the table is not exhaustive).

Topic	Scope	Commitment with External Stakeholders	Result
Human Rights	Decent work	Global Compact LEAD: Since 2018, the Group has been among the 38 LEAD companies committed to this initiative.	Jean-Pascal Tricoire, as member of the Global Compact board, is participating in United Nations Global Compact events as a key and thought recognized leader for transformation.
	Human rights in direct operation and global supply chain	Business for Inclusive Growth coalition (B4IG)	B4IG members adopted a collective statement supporting a European framework on mandatory human rights due diligence and providing suggestions to be considered in legislation. In 2021, the working group has implemented a toolbox gathering best practices from member companies.
	On-site auditing and monitoring of suppliers' activity	Responsible Business Alliance (RBA)	Alignment with the RBA framework to perform our 374 on-site audits in 2018-2020 and 205 audits in 2021 with high-risk suppliers (member of RBA since 2018)
	Peer-to-peer work	Entreprises pour les droits de l'Homme (EDH – Businesses for Human Rights)	Business association providing its members with tools and advice on implementing the UN Guiding Principles on Business and Human Rights. Connection with others large peer companies. Workshops on specific human rights subjects are also held.
	Diversity, equity, and inclusion	Youth and regional development with associations (FACE, 100 Chances 100 Emplois, Energie Jeunes, ADIE, GEFLUC)	Supporting the employment of students and young professionals from diverse social backgrounds. The ambition is to provide at least 60% of candidates with jobs and/or skills training opportunities. As of end 2021, 8,600 young people have been supported through the company's association *"100 chances - 100 jobs"*.

2.3 Relations with Stakeholders and Results

| Topic	Scope of work	Commitment with external stakeholders	Result
Environment	Climate	Schneider Electric is a signatory of the Business Ambition for 1.5°C initiative (1.5°C Science-Based Target set)	The Group's 2030 targets (net-zero CO_2 emissions on scope 1 and 2, and -35% on scope 3) have been validated with the 1.5°C scenario (Science-Based Target initiative)
	Energy/ Energy efficiency	Solar Impulse Foundation	Partnership with Solar Impulse Foundation on its Efficient Solutions Label initiative to identify 1,000 solutions to fight climate change.
	Biodiversity	Schneider Electric is a founding member of the Livelihoods Carbon Fund (carbon offset fund for biodiversity and rural communities)	Creation of the first sustainable carbon fund with high social impact in 2011, managed by an independent team based in Paris. In 2021, Schneider Electric invested EUR 25 million in Livelihoods Carbon Fund #3, in addition to the EUR 10 million invested in Livelihoods Carbon Funds #1 and #2 (EUR 5 million each).
Business Ethics	Anti-corruption	Transparency International	Schneider Electric participates in the initiatives of many NGOs and professional associations, such as Transparency International France, in order to stop corruption and promote transparency, responsibility, and integrity across all sectors.
Corporate Citizenship Responsibility	Education	Training program in energy management for disadvantaged people, in partnership with local vocational training centers and non-profit organizations.	328,359 people trained since 2009
	Philanthropy	International Association for Volunteer Effort (IAVE)	More than 70 NGOs supported each year in over 35 countries
Cybersecurity	Cybersecurity	ISO/IEC JTC 1/SC 27	Engaging in cyber discussions with our customers, suppliers, and partners to improve resilience across the value chain. Partnering with leading companies, experts, and authorities in the field of cybersecurity.

2.4 Alert System

2.4.1 Trust Line: a new alert system

A refined alert system, called Trust Line, to substitute the Green Line and Red Line, was introduced this year. The Trust Line is Schneider Electric's internal and external alert system dedicated to all stakeholders. It is aimed at Schneider's employees, suppliers, subcontractors, customers, shareholders, partners, commercial agents, or NGOs who might be experiencing or may have witnessed any unethical situation involving or affecting Schneider.

The system is provided by an external, impartial third-party company and aims to provide support to stakeholders during complex and difficult situations. It manages all alerts with strict confidentiality, so that whistleblowers can report any potential misconduct without fear of retaliation, in compliance with local country laws. Unless there are legal provisions to the contrary, the system can be used to report any concern in every country in which the Group operates.
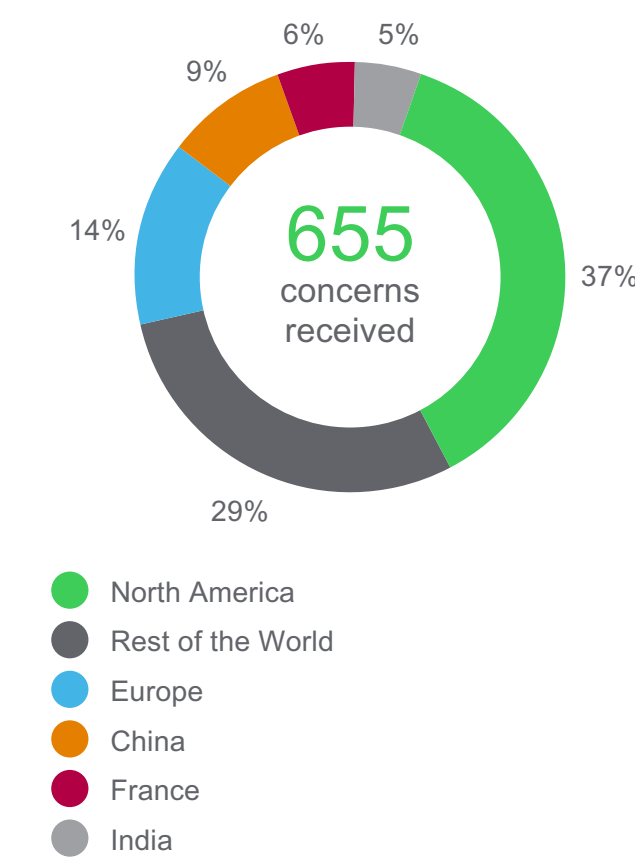
In 2021, 655 Ethics & Compliance concerns were received through our internal reporting mechanisms (585 internal and 70 external).
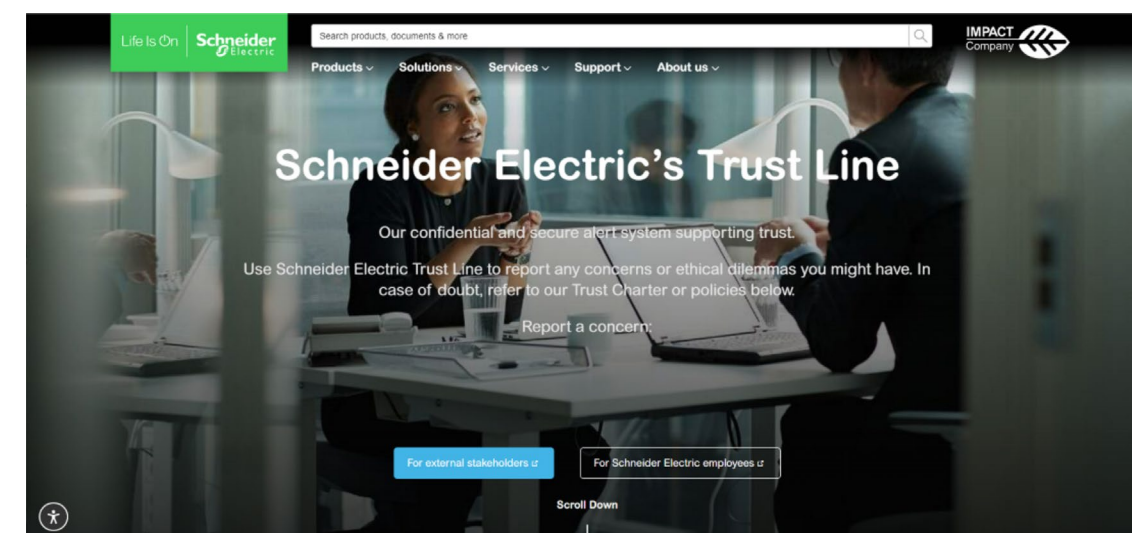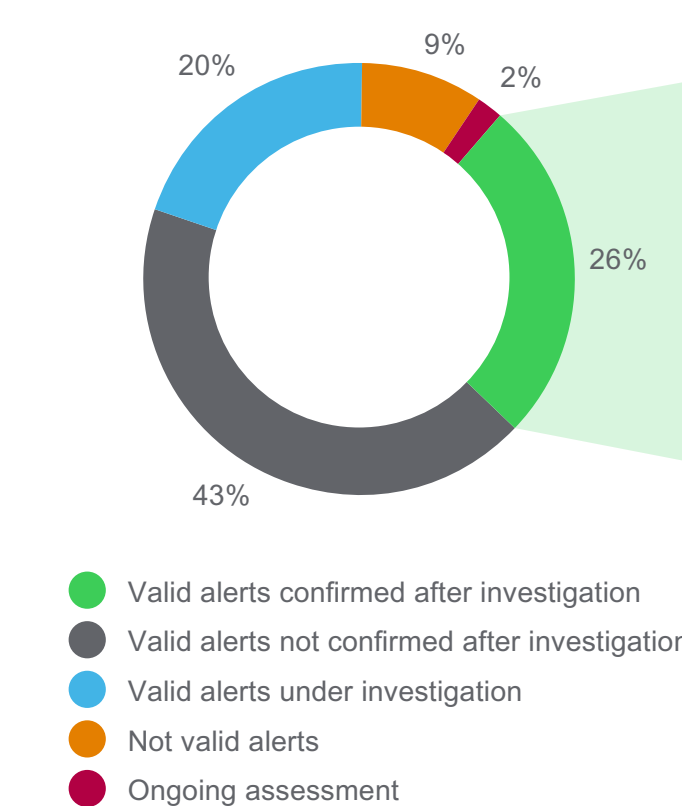
The Trust Line is available online globally via the following link, at all times, and protects the anonymity of the whistleblower (*unless there is legislation to the contrary) https://www.se.com/ww/en/about-us/sustainability/responsibility-ethics/trustline/

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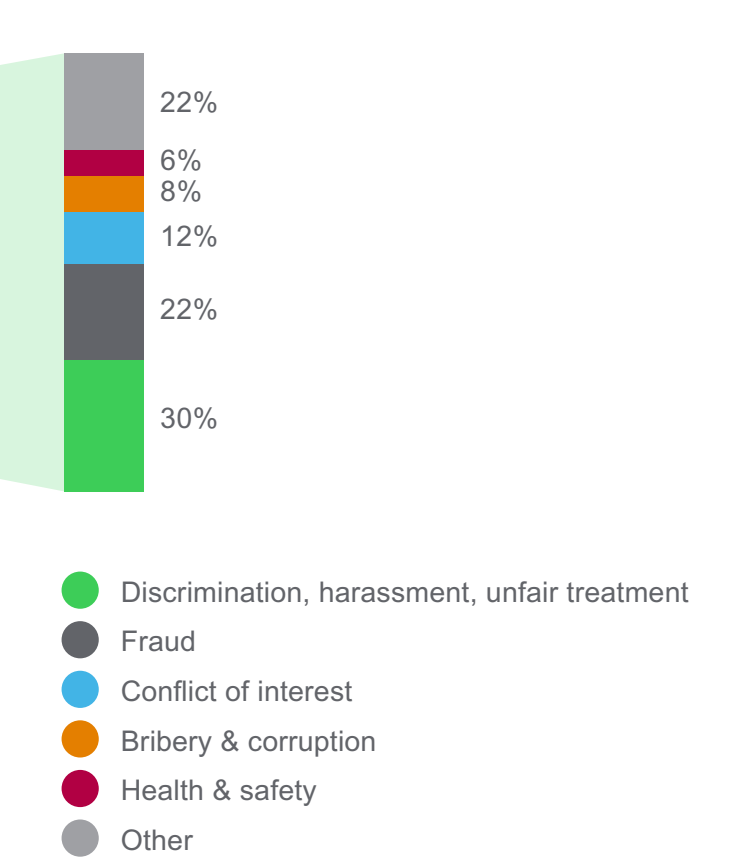
Number of concerns received through our whistleblowing system per region

655 concerns received

- 37% North America
- 29% Rest of the World
- 14% Europe
- 9% China
- 6% France
- 5% India

Status of concerns received* through our whistleblowing system

- 26% Valid alerts confirmed after investigation
- 43% Valid alerts not confirmed after investigation
- 20% Valid alerts under investigation
- 9% Not valid alerts
- 2% Ongoing assessment

Distribution of confirmed alerts by type of issue

- 30% Discrimination, harassment, unfair treatment
- 22% Fraud
- 12% Conflict of interest
- 8% Bribery & corruption
- 6% Health & safety
- 22% Other

2.4.2 Alert management

Each concern reported is analyzed by the Group Operational Compliance Committee and relevant Regional Compliance Officer, and when considered necessary, investigated. Based on the findings of the investigation, the management, or Group Disciplinary Committee for the most sensitive alerts, take appropriate measures to sanction the party or parties involved and to remediate consequences of the misconduct. Each year, a detailed report on the effectiveness of the system is presented to the Audit and Risks Committee, which reviews effectiveness of the alert system.
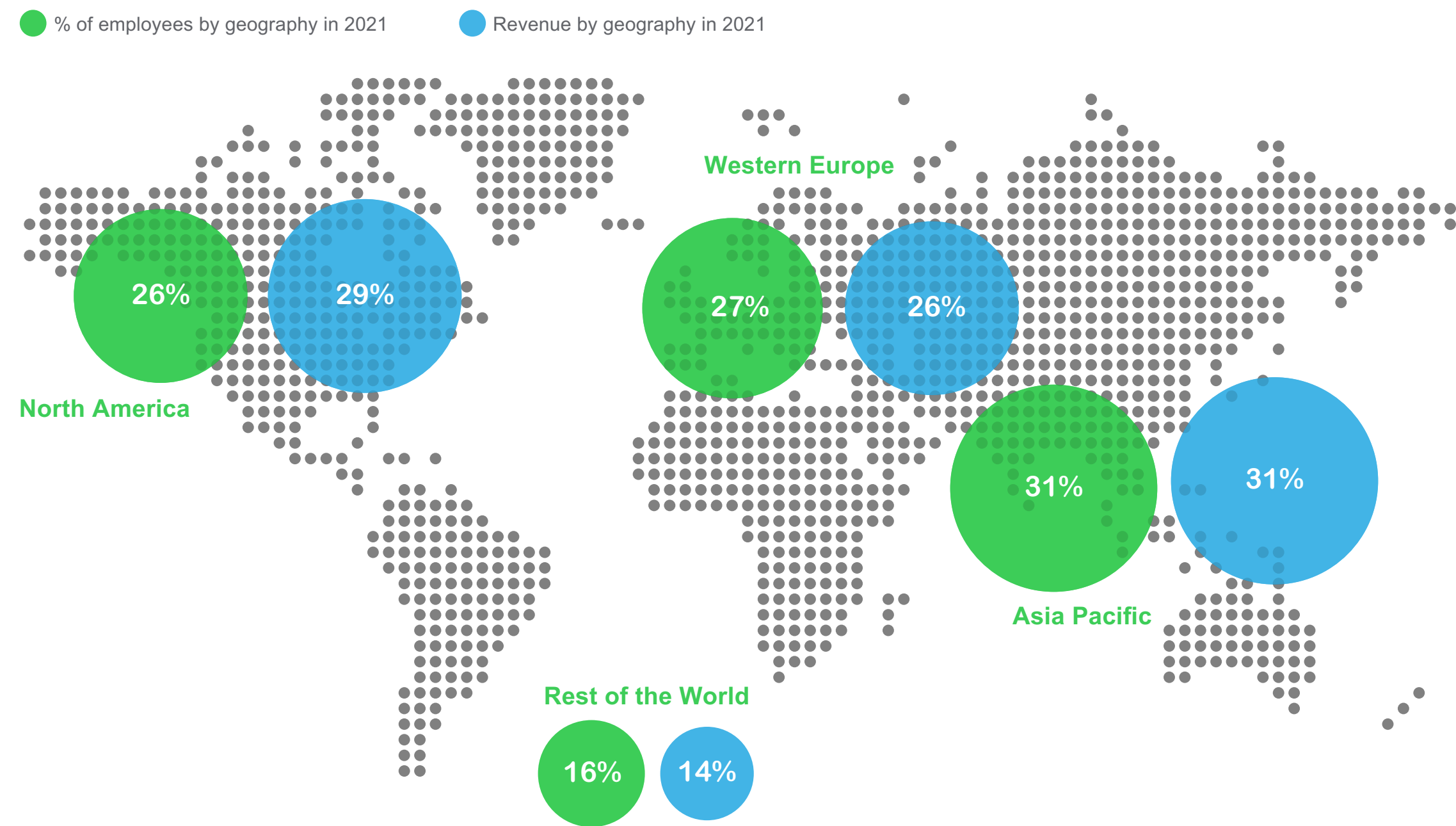
3 | Scope and Business Models

3.1 Schneider Electric's Footprint

Our business

🟢 % of employees by geography in 2021   🔵 Revenue by geography in 2021

Western Europe

North America

26%   29%   27%   26%

Asia Pacific

31%   31%

Rest of the World

16%   14%

Headcount >128,000
5.3% of sales dedicated to R&D
Number of factories: 183

Revenues: €28.9 billion
43% revenue in new economies
Number of distribution centers: 94 in 50 countries

3.2 Schneider's Value Chain and Road to Market

Schneider Electric serves customers in five end-markets: Buildings, Industries, Data Centers, Infrastructures, and Home & Residential. We deliver our range of products, solutions, and software to customers either directly, or via intermediaries called channel partners. Our manufacturing relies on a large base of suppliers located across the world.

Suppliers:

Schneider suppliers can be providers of raw materials to be transformed in Schneider factories, or providers of components and sub-assemblies that are put together in Schneider factories.

Schneider Electric:

• Office sites and commercial sites host our administrative functions.

• R&D facilities host our research & development teams. These sites receive a specific level of security as they often are the place for electricity-related experimenting activities.

• Manufacturing facilities are mostly one of the following:

  - Product factories: these plants are usually specialized by offer types and focused on one or several ranges of products.

  - Equipment factories: these plants assemble customized systems that have been designed to the specifications of our customers.

  - Distribution centers: these locations concentrate flows from product factories, then dispatch products to local Schneider delivery centers, or to customers.
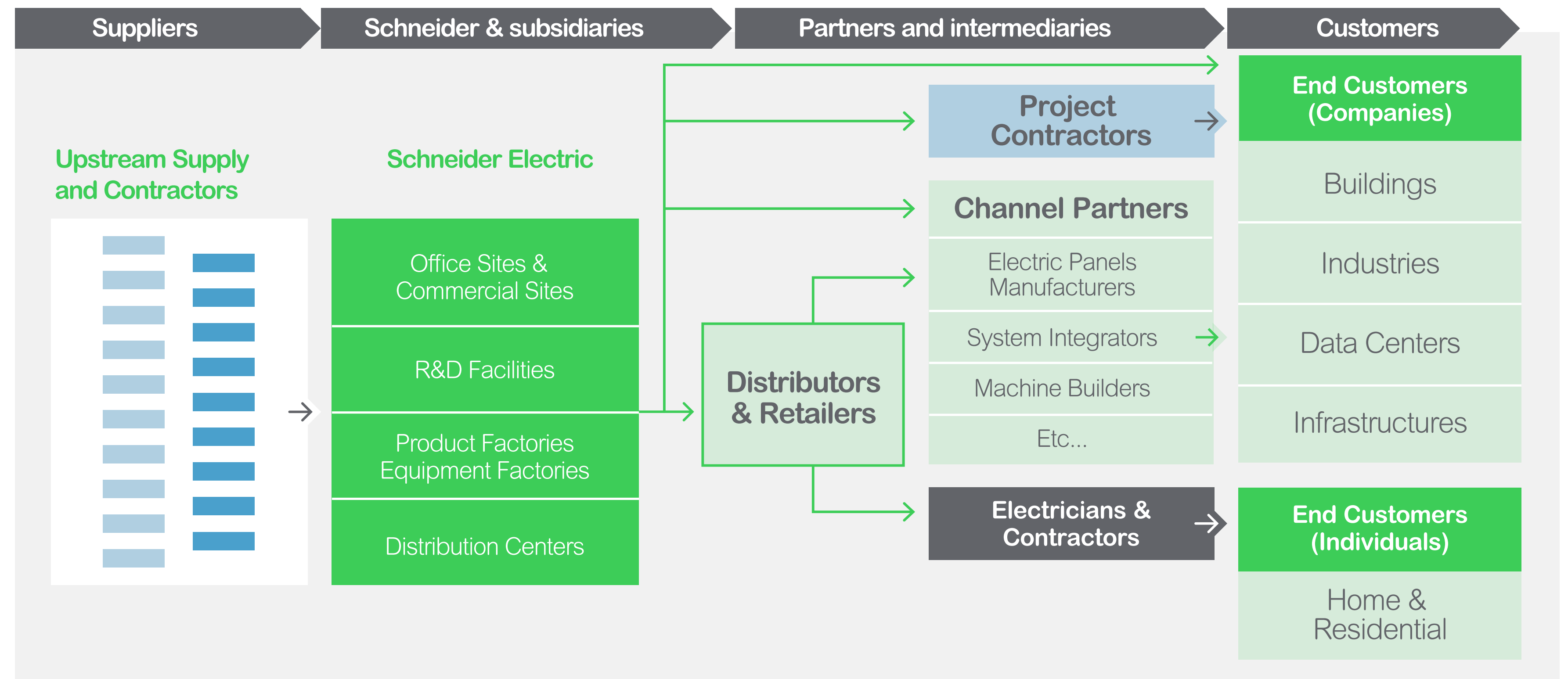
3.2 Schneider's Value Chain and Road to Market

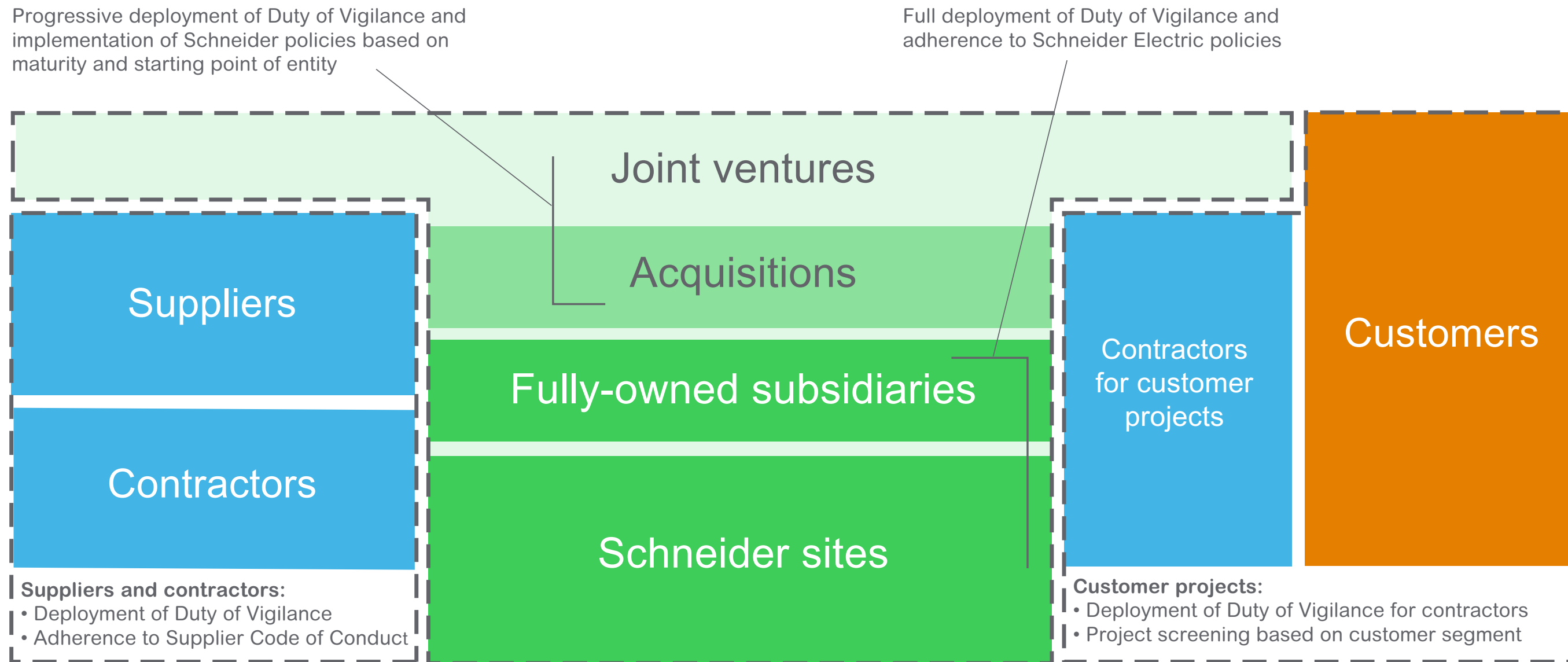**Partners and intermediaries:**

Schneider relies on several sales delivery models to get our solutions to our customers. These models can be grouped into two main types:

- The transactional model delivers standard products or simple systems. Here, the delivery path usually goes through channel partners, who add their specific value before the product reaches a final customer. This added value can be technical expertise, logistics or support.

- The project model delivers a complete solution to the final customer. This model may involve specific subcontractors, who handle a part of the project, as well as post-delivery services and maintenance.

From raw materials to end customers: Schneider's value chain

3.3 Duty of Vigilance Scope of Application

Progressive deployment of Duty of Vigilance and implementation of Schneider policies based on maturity and starting point of entity

Full deployment of Duty of Vigilance and adherence to Schneider Electric policies

Joint ventures

Acquisitions

Suppliers

Fully-owned subsidiaries

Contractors

Schneider sites

Contractors for customer projects

Customers

Suppliers and contractors:
• Deployment of Duty of Vigilance
• Adherence to Supplier Code of Conduct

Customer projects:
• Deployment of Duty of Vigilance for contractors
• Project screening based on customer segment

4 | Risk Mapping

4.1 Methodology

4.1.1 Global methodology

Schneider Electric developed a specific risk matrix for the implementation of its vigilance plan which is reviewed annually. The methodology is consistent with other risk evaluations maintained at Group level but focuses specifically on the risks posed by Schneider on its environment and ecosystem.

To enhance the existing risk matrix and cover a larger scope, in 2020, a review of the methodology for the risk matrix was done with an external consultant, Ksapa. This review led to the harmonization of definitions, sharper granularity of risk categories, the reorganization of the supplier categories, and a focus on local communities. In 2021, Schneider went further to deepen its analysis on local communities specifically. Besides this point, no further modifications were brought into the risk matrix or the methodology for its annual update. The scope of work covered Schneider Electric and its subsidiaries, joint ventures, suppliers, and subcontractors.

4.1.2 Risk categories

Four risk categories have been identified: human rights, environment, business conduct, and offer safety and cybersecurity. To make a granular assessment of the risk level based on the nature of that risk and the magnitude of its impact on Schneider Electric's ecosystem, each category has been divided into specific risk areas.

Human rights:
• Decent workplace
• Health and safety

Environment:
• Pollution and specific substances management
• Waste and circularity
• Energy, CO_2, and GHG

Business conduct:
• Ethical business conduct
• Alert system, protection, and non-retaliation

Offer safety and cybersecurity:
• Offer safety
• Cybersecurity and data privacy

4.1.3 Risk locations

The Group has studied four areas where risks may occur:

• Schneider Electric sites: they have been segmented based on categories that present a specific level of risk. Employees with frequent travels (sales, field services, travelers, audit, top management) were assessed separately.

• Suppliers: the level of risk differs based on the type of process and technologies used, and the Group has therefore segmented the analysis by component category of purchase. The risk level is an average assessment. The geographical location is factored in when selecting suppliers for the audit plan.

• Contractors: when implementing a customer project, like building a large electrical system at a customer's site, Schneider Electric works with contractors, leveraging their expertise (civil work, electrical contracting, etc.). This "off-site" project work generates a specific level of risk for contractors. A separate "off-site and projects execution" category for contractors has therefore been defined for the assessment.

• Local communities: Schneider Electric has identified two distinct segments: communities located around Schneider Electric sites and communities located around customer project sites. Communities have been assessed against three risk categories; human rights, environment, and business ethics.

4.1 Methodology

4.1.4 Risk evaluation and scale

The evaluation combines the probability of occurrence of the risk, with the seriousness of consequences from the risk. This is an evaluation of risk before impact of mitigation actions. After taking into consideration the impact of these mitigation actions, the level of risk may be significantly reduced. Risks are assessed on the following scale:

1 – Non-existent; 2 – Low; 3 – Medium; 4 – High; 5 – Very high.

In this 2021 risk assessment, no "Very high" risk levels were identified.

4.2 Matrix

The risk matrix below summarizes Schneider Electric's risk analysis:

Legend:
- ● Very high risk (black)
- ● High risk (red)
- ● Medium risk (orange)
- ● Low risk (green)

		Schneider Electric sites						Suppliers							Contractors		Communities	
		Offices	Travelers, sales forces	Factories: low voltage and electronics	Factories: medium voltage	Project centers	Field services	Travels and hospitality	Transportation and shipping	Raw materials	Metal transformation and treatment	Plastics	Batteries	Other components	On Schneider Electric sites	Off site and projects execution	Around Schneider Electric sites	Around customer project sites
Human rights	Decent workplace	Low	Low	Low	Low	Low	Low	Medium	Medium	Medium	Low	Low	Low	Low	Low	Medium		
	Health and safety	Low	Low	Medium	Medium	Low	Medium	High	Medium	Medium	Medium	Medium	Low	Low	Low	High	Medium	High
Environment	Pollution and specific substances management		Low	Medium	Low	Low	Low	Medium	High	High	High	Medium	Low	Low	Low	Low		
	Waste and circularity		Low	Medium	Medium	Medium	Low	Medium	Medium	High	High	Medium	Low	Low	Low	Low	Low	Medium
	Energy CO$_2$ and GHG	Low	Medium	Medium	Medium	Medium	Medium	High	High	High	High	Medium	Medium	Low	Medium	Medium		
Business ethics	Ethical business conduct	Low	Medium	Medium	Medium	High	Medium	Medium	Medium	Low	Low	Low	Low	Low	Low	High		
	Alert system, protection and non-retaliation	Low	Low	Low	Low	Low	Low	Medium	Medium	Medium	Medium	Medium	Medium	Low	Low	Medium	Medium	High
Offer safety and cybersecurity	Offer safety		Low	Low	Low	Low		Low		Low	Low	Low	Low			Medium		
	Cybersecurity and data privacy	Medium	High	Medium	Medium	High	High	Medium	Low	Low	Low	Low	Low	Low	Low	High		

4.3 Evolution Compared to 2020 Risk Evaluation

In 2021, the Group conducted an update of the risk mapping with key internal experts. No changes were brought to the methodology compared to last year, and the structure of our risk matrix, although it can be further improved and refined, allows to capture the main natures of risk from a Duty of Vigilance point of view.

Overview of the main risks and their evolution:

• **Schneider Electric sites:** The COVID-19 pandemic, its social, business, and economic consequences have put a significant pressure on teams and individuals. Although the first waves of the pandemic have been weathered, several countries like India or South Africa for example were severely hit. As a result, while some countries were going out of lockdowns and recovering "normal" ways of working, some others were going into confinement and restrictions. Operations were thus disrupted, and the global supply chain had to deal with such complexity country by country. Teams have been resilient and supported with the implementation of flexible and adaptive ways of working, but the overall long-term impact of the situation, although complex to measure, is fatigue. In this context, measuring the evolution of mental health and psycho-social risks over time is necessary.

• **Suppliers:** Here the impact of the pandemic is also significant, but the measurement of its consequences over our supply chain will take longer. Our observations are that there has been an increase of pressure in fields such as health and safety (including mental health) due to tensions in the supply chain, and some deterioration of the human rights situation in some geographic areas.

• **Contractors:** As in 2020, the 2021 assessment confirmed external off-site contractors as one area that needs special attention. This is due to the specific nature of project work (civil work, installation, etc.) that implies high labor activity on construction sites. Projects have been under specific pressure, as supply-chain disruptions created some periods of slow-down, or even the complete halt of on-site work, followed by intense periods of catch-up. This situation increased risks linked to health & safety and human rights, probably augmented by social consequences among the population of contracted worker, and workers working abroad from their own country.

• **Communities:** the assessment work is still ongoing and therefore conclusions are preliminary. Overall, it seems that communities located around Schneider Electric sites, at least for the largest sites, are not affected, or only marginally affected by Schneider Electric's presence. This is mostly due to the fact that Schneider Electric's sites are located in large, already structured industrial areas, or in cities. As for customer projects, the assessment shows that there may be some impact on communities. Schneider Electric is usually just one of the suppliers to the customer project, and the impacts are therefore highly variable and linked to the industrial profile of the end customer. A more detailed evaluation is in progress.

5 | Actions

5.1 Inside Schneider

5.1.1 Introduction

The following section presents the main actions taken by Schneider Electric to reduce the risks on its own sites (offices, factories, distribution centers etc.). For the sake of clarity, and to make the reading easier, we have decided to report at a higher level of granularity this year and in the format of a table.

The risks presented below are selected based on two criteria:

• Either the topic presents a significant level of risk for Schneider Electric operations;

• Or the subject does not present a high risk for the Group, but due to its importance and specificity, it is integrated in our review.

This list is not exhaustive and represents only a selection from our detailed risk analysis.

The aim of the table below is to list the risks, the mitigation actions, and the results of these actions. For more detailed information, the reader may refer to the corresponding section of the Universal Registration Document 2021.

RISK TOPIC		1. EXPLANATION OF THE RISK FACTOR	4. REDIRECTION TO THE URD
Risk level before mitigation	Risk level from ● (low) to ● (extreme)		

2. ACTIONS DEPLOYED TO MITIGATE THE RISK	3. RESULTS OF THE MITIGATION ACTIONS, COMMENTS, HIGHLIGHTS

5.1 Inside Schneider

5.1.2 Human Rights - Decent Workplace risks

5.1.2.1 Child Labor

| Risk level before mitigation | ● |

The risk of having children under 18 work on Schneider premises is very low (except if it is part of their school curiculum above 15), however the subject is of paramount importance and receives our focus.

URD 2021:
page 112-114 section 2.2.7

Actions deployed

- Preventive action: Schneider's Human Rights policy sets clear guidelines to teams around the world.
- Locally, HR teams operate systematic age checks when hiring personal.

Results

- Human Rights policy deployed in 100% of Schneider sites and entities.
- No children under 18 employed except for internships based on local laws.

5.1.2.2 Decent Hours and Paid Leave (i)

| Risk level before mitigation | ● |

Workers and teams in supply-chain entities must benefit from a minimum number of rest days per week, and their work time must not exceed a maximum hours per week.

URD 2021:
page 106-108 section 2.2.7

Actions deployed

- Preventive action: Schneider's Human Rights policy sets a limit of 60 hours worked per week, and at least 1 day off per week.

Results

- Human Rights policy deployed in 100% of Schneider sites and entities.
- Working time and rest days are monitored by local HR teams.

5.1 Inside Schneider

5.1.2.2 Decent Hours and Paid Leave (ii)

| Risk level before mitigation | 🟢 |

Due to workload fluctuation, teams and managers are exposed to overtime working during certain periods of the year.

URD 2021:
page 174-175 section 2.5.2.5.3

Actions deployed

- Preventive action: Flexibility@Work policy allows employees to organize their work (time, location, volunteering).
- Preventive and corrective: Mental health program which includes training, awareness and a specific campaign.

Results

- The Schneider Electric's Global Flexibility@Work Policy was updated in 2020, making it a global standard to work from home (WFH) two days a week for all eligible employees

	2021	2020	2019	2018
Flexibility@Work policy deployment %	99%	/	/	/
Well-being program deployment %	87%	90%	47%	20%
Employee trained on mental health	10,000+	3,000+	/	/
Global Leave policy deployment %	100%	100%	99%	75%

5.1.2.3 Forced Labor

| Risk level before mitigation | 🟢 |

Risk of having Schneider employ forced labor as permanent, temporary, or interim workforce.

URD 2021:
page 112-114 section 2.2.7

Actions deployed

- Preventive action: Schneider's Human Rights policy sets clear guidelines to teams around the world.

Results

- Human Rights policy deployed in 100% of Schneider sites entities.
- Communication to external interim agencies is the responsibility of local teams.

5.1 Inside Schneider

5.1.2.4. Decent Wages and Benefits

Risk level before mitigation	●

Risk of having Schneider employees paid below the threshold of a living wage.

URD 2021:
page 183 section 2.5.4.3.4

Actions deployed

- Preventive action: Schneider is carrying a living wage analysis through an independent process to identify living wage gap. Corrective actions are implemented every year to prevent or correct any gap with the living wage.

Results

- Due to the Covid-19 crisis, the living wage gap analysis was not conducted in 2020 but the crisis highlighted even more strongly the need for a safety net to guarantee a minimum income level for employees. From 2021 onwards, the Group reiterated its commitment to pay 100% of employees at least a living wage as part of its SSE #20 and accordingly a new gap analysis was conducted.

	2021	2020	2019	2018
Employees covered by living wage analysis	99%	Not done	99%	/
Schneider Employee paid above living wage	99.9%	99%	99%	/

5.1.2.5. Non-Discrimination

Risk level before mitigation	● to ●

Risk of having some segments of population/employees being discriminated among the Schneider workforce because of gender, race, color, ethnicity, nationality, sexual orientation, health condition, etc.

URD 2021:
page 170-176 section 2.5.2

Actions deployed

- Preventive action: Deployment of a set of policies that refer to non-discrimination: a. Diversity and Inclusion policy b. Human Rights policy c. Anti-Harassment policy.
- A dedicated training "Building a culture of respect" was mandatory for all Schneider employees in 2021.
- The Company educates employees on hidden biases through an e-workout on "Overcoming Hidden bias"

Results

- Local D&I actions are implemented in countries and regions to encourage to tackle additional DEI and wellbeing challenges specifically relevant to their markets and tailored to their needs.

	2021	2020	2019	2018
Human Rights policy deployment %	100%	/	/	/
Employees trained on "Building a Culture of Respect" (%)	98%	/	/	/

5.1 Inside Schneider

5.1.2.5. Non-Discrimination (cont'd.)

Risk level before mitigation	● to ●

Risk of having some segments of population/employees being discriminated among the Schneider workforce because of gender, race, color, ethnicity, nationality, sexual orientation, health condition, etc.

URD 2021:
page 170-176 section 2.5.2

Actions deployed (gender balance)

- The Group sets specific gender balance targets in the scope of the SSI, for 2025: 50% women in recruitment, 40% in front line management, 30% in leadership positions.
- Schneider sets an objective to reduce the gender pay gap to under 1%.

Results

- In addition to the figures below, 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%.

	2021	2020	2019	2018
50/40/30 objective	41%¦27%¦26%	41%¦25%¦24%	40%¦24%¦23%	38%¦/¦22%
Coverage of pay equity framework	99.6%	99.6%	99%	92%
Gender pay gap	F: –1.61% ¦ M: 1.11%	F: –1.73% ¦ M: 1.00%	/	/

Actions deployed (Ethnicities & nationalities)

- Based on a global commitment made by Schneider Electric, regional specific actions are deployed for Ethnic and Nationality diversity.

Results

- To reinforce the "equity and equal opportunities" strategy and to reinforce its reputation as the most global of local companies, the objective of Schneider Electric is to ensure that its leadership footprint is in line with its business footprint.

	2021	2020	2019	2018
Revenues from new economies	43%	41%	41%	42%
Leadership teams from new economies	34.5%	34%	/	/
Country presidents from country/region they are leading	84%	85%	/	/

5.1 Inside Schneider

5.1.2.5. Non-Discrimination (cont'd.)

| Risk level before mitigation | ● to ● |

Risk of having some segments of population/employees being discriminated among the Schneider workforce because of gender, race, color, ethnicity, nationality, sexual orientation, health condition, etc.

URD 2021:
page 170-176 section 2.5.2

Actions deployed (Disability)

- Dedicated week-long global awareness campaign on the topic of disability and accessibility.
- In January 2021, Schneider joined the ILO Global Business and Disability Network and signed their charter.

Results

- Company remained committed to the recruitment of people with disabilities, with the addition of 24 new apprentices and 11 new permanent workers in France in 2021.

	2021	2020	2019	2018
Employees with disability in direct workforce (in France)	5.25%	3.40%	3.60%	3.44%

Actions deployed (LGBT+)

- In 2018, Schneider adopted the UN Free and Equal Standards of Conduct for Business on Tackling Discrimination against LGBT+ people.
- Dedicated campaign that focused on intersectionality.

Results

- No specific results

Actions deployed (employee engagement)

- Every year, Schneider Electric conducts a specific survey (OneVoice) to measure employee engagement.
- 2021 annual employee survey show an employee engagement of 71% (target 2025 is 75%).

Results

- In 2021, collaboration was the #1 topic raised by employees as a major driver contributing to their engagement. Employees expressed their pride to feel recognized by their managers, customers, colleagues for a successful teamwork.

	2021	2020	2019	2018
Employee engagement	71%	69%	64%	67%

5.1 Inside Schneider

5.1.2.6 Continuous Employability

| Risk level before mitigation | 🟢 to 🟠 |

Risk of skill gaps for employees due to fast evolving tools and technologies. This skill gap can be internal to Schneider, or external in comparison to the labor market. The consequence of such skill gap is that employees skills and knowledge may become obsolete compared to requirements of their job / function.

URD 2021:
page 177-181 section 2.5.3

Actions deployed

- Learn every day program 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.
- Open Talent Market (OTM) for employees to get opportunities for mentoring, new positions, and part-time projects, as well as potential career paths.

Results

- 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 by implementing physical learning corners in each site with individual access to the learning platform.

	2021	2020	2019	2018
% employees that receive a digital upskilling program (target by 2025 = 90%)	74%	41%	/	/
Number of employees having an interaction on OTM (target by 2025 20,000)	10,279	5,019	/	/
Number of training hours per employee	24.5	24.5	25	27.5

5.1.2.7 Social Dialogue

| Risk level before mitigation | 🟠 to 🔴 |

The challenge is to gain and maintain the highest confidence of its stakeholders. Schneider Electric considers freedom of association and collective bargaining as fundamental rights that must be respected everywhere.

URD 2021:
page 185-187 section 2.5.5

Actions deployed (employee engagement)

- The Group joined the Global Deal initiative in 2017.
- Human Rights policy and trust charter sets freedom of association and collective bargaining as fundamental rights.
- Regional specific actions are deployed.

Results

- In 2021, Schneider has initiated a dialogue with the European Work Council (EWC) to present its vigilance plan.

5.1 Inside Schneider

5.1.3 Human Rights - Health and Safety Risks

5.1.3.1. Occupational Health & Safety and Risk Prevention

| Risk level before mitigation | 🟠 to 🔴 |

Risk of occurrence of an accident on the workplace, causing injury or incapacitation to work for to the employee. Among these Safety risks, the Top 5 Hazard in Schneider are: electrical, falls, PIT (Powered Industrial Trucks), Road Safety & Machines.

URD 2021:
page 109-112 section 2.2.8

Actions deployed

- "S.A.F.E. first" global program includes awareness campaigns and dedicated training programs in several languages for teams and individuals.
- EHS assessment are performed in industrial sites worldwide.
- 2021 first annual safety survey to measure safety teams engagement.

Results

- Over the past 10 years, the Group has reduced the frequency of incidents (Medical Incident Rate, MIR) by 81% and the severity of incidents (Lost Time Incident Rate, LTIR) by 77%.

	2021	2020	2019	2018
ISO 45001 sites	180	184	/	/
ISO 9001 sites	231	231	228	243
MIR (h/million)	0.65	0.58	0.79	0.94
LTIR (h/million)	0.33	0.32	0.39	0.46
LTDR (h/million)	15.58	14.74	16.69	13.69
Safety related trainings & programs	258	390	/	/
EHS training vs. total	17%	22%	20%	22%
Global Safety Culture Survey (% of positive answer)	87%	/	/	/

5.1 Inside Schneider

5.1.3.2. Psycho-Social Risks (mental health, well-being)

Risk level before mitigation ●

The COVID-19 pandemic, its social, business, and economic consequences has put a significant pressure on teams and individuals. In this context, measuring the evolution of mental health and psycho-social risks over time is necessary.

URD 2021:
page 174-175 section 2.5.2.5.3

Actions deployed

- Well-Being program focusing on 4 dimensions: Physical, Mental, Emotional, Social.
- Mental Health program based on dedicated awareness campaigns and training.
- New ways of working guidelines & flexibility@work policy setting rules to help employees organize their working conditions in a more flexible way (work model, flexible hours, part time work, remote work etc.).

Results

- 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.

	2021	2020	2019	2018
Well-being training program	87%	90%	47%	20%
Coverage of Flexibilty@work policy (%)	99%	/	/	/
Mental Health training sessions	10,000+	3,000+	/	/

5.1 Inside Schneider

5.1.4 Environment Risk

5.1.4.1 Pollution and Substance Management

Risk level before mitigation	🟢 to 🟠

Environmental risks related to manufacturing including soil, water, and air contamination. For example, the release of hazardous substances harmful to humans or the environment.

URD 2021:
page 145-163 section 2.4

Actions deployed

- Implementation of an Integrated Management System (IMS) that hosts ISO 14001 and 50001.

- Monitoring of specific substances including VOC.

- Deployment of REACH/ROHS supported by a data collection process to gather information from suppliers.

- Disclosure of product environmental information using the "Check a Product" platform, a website providing all relevant product environmental information.

Results

- The 244 ISO 14001 sites, represent approximately 82% of the Group scope in terms of energy consumption, and over 85% of the Group scope in terms of water consumption, waste generation, and Volatile Organic Compounds (VOC) emissions.

	2021	2020	2019	2018
ISO 14001 sites	244	232	241	253
ISO 50001 sites	140	150	153	168
Atmospheric pollution - VOC/Sales (kg/m€)	17.3	17.5	24.1	25.8
VOC Total (kg)	501,455	440,442	653,502	664,352
Number of significant fines (> EUR 10,000) related to environmental or ecological issues	0	0	/	/

5.1 Inside Schneider

5.1.4.2 Waste and Circularity

| Risk level before mitigation | 🟢 |

Risk of wasting natural resources and raw materials or over-using them. Risk mitigation efforts are to be made on the product design, the recycling of products and components, and the circularity of business models.

URD 2021:
page 145-163 section 2.4

Actions deployed

- Development of the Green Premium™ program and the EcoDesign Way™ process to reduce the environmental impact of our products.
- Dedicated program to reach the ambition that 100% of its sites in water-stressed areas have a water conservation strategy and related action plan by 2025.
- Commitment to reach 200 "Waste-to-Resource" sites that must achieve 99% recovery for all on-hazardous waste, of which at least 90% of reused or recycled (and less than 10% is sent to energy recovery).
- Group commitment to reach 100% of primary and secondary packaging used from recycled cardboard & 100% of primary and secondary packaging without single use plastic by 2025.

Results

- The Group achieved 206 sites meeting the previous program "Towards Zero Waste to Landfill" requirements to help Schneider Electric achieve 96% waste recovery across its operations overall.

	2021	2020	2019	2018
Green material content in our products	11%	7%	n/a	n/a
Primary packaging recycled cardboard without single-use plastic	21%	13%	n/a	n/a
Tons of primary resources avoided with end-of-life product collection	42.3	60.1	53.9	46.3
Total waste generated (tons)	136,816	125,292	152,171	154,940
Waste generated per sales (tons/million€)	4.73	4.98	5.60	6.02
% of dangerous waste sent to adequate treatment station	100%	100%	96.7%	96.8%
Water usage total (m³)	2,072,263	1,928,032	2,554,428	2,700,674
Water usage per sales (m³/million€)	71.7	76.5	94.1	105
Product revenues covered by Green Premium™	78%	77%	55.2%	45.7%

5.1 Inside Schneider

5.1.4.3 Energy, CO$_2$ and GHG

Risk level before mitigation	● to ●

Climate change and its consequences on people and planet. The company efforts to contribute to reduce the GHG emissions.

URD 2021:
page 127-143 section 2.3

Actions deployed

- Deployment of an SF6-free medium voltage offer. Specific processes on all Schneider manufacturing plants and R&D laboratories to limit SF6 gas usage and leaks.
- Deployment of the Energy Action program to identify opportunities and implement energy-savings actions.
- Schneider joined EP100 and committed to double energy productivity by 2030 against the 2005 baseline, meaning double the economic output from every unit of energy consumed within 25 years.
- Schneider joined RE100 and committed to source 100% of its electricity from renewables by 2030 with an intermediary target of 90% by 2025.
- Schneider joined EV100 with a commitment to switch to 100% electric cars by 2030 with an intermediary target of 33% by 2025.
- The group aims at having 150 Zero CO$_2$ sites, which emit zero GHG emissions related to energy consumption (= 100% renewable electricity or biofuels) and has in place Digital Energy Monitoring for efficient energy management.
- Schneider aims to further reduce CO$_2$ intensity in transportation by 15% compared to 2020, or a 3% reduction year on year by 2025.
- Dedicated action plan has been implemented to optimize the environmental footprint of the various components of IT.

Results

- The reporting and actions regarding our CO$_2$ footprint on scope 1,2,3 is detailed in a specific part in the next page.
- Thanks to the energy action program, about EUR 5 million and 65 million kWh were saved in 2021 compared to 2019 baseline. In complement to this information, about EUR 5.2 million was invested, of which EUR 5 million was capital costs and EUR 0.2 million was operating costs.
- For sites that have achieved the Zero-CO$_2$ site status, they were able to reduce 43,000 tons of CO$_2$ in 2021.

	2021	2020	2019	2018
% substitution with SF$_6$-free medium voltage technologies	38%	0%	/	/
SF$_6$ leakage	0.10%	0.14%	0.24%	0.26%
SF$_6$ tons eq. CO$_2$	6,104	7,557	13,601	13,010
Total energy consumption (est. - MWh)	1,325,491	1,204,381	1,442,841	1,540,831
Total energy consumption per sales (MWh/million€)	45.9	47.9	53.1	59.9
% of corporate vehicle fleet comprised of electric vehicles	7.7%	1%	/	/
% of renewable energy consumption (est.)	50.6%	/	/	/
% of renewable electricity consumption (est.)	82%	80%	50%	30%
GHG emissions per sales (tons CO$_2$eq./million€) - Scope 1+2	10.2	11.4	16.1	22.2
GHG emissions per sales (tons CO$_2$eq./million€) - Scope 3	2,384	2,620	2,733	2,749
Zero CO$_2$ sites	51	30	/	/

5.1 Inside Schneider

5.1.5 Ethical Business Conduct Risks

5.1.5.1. Elimination of Briberies and Corruption

Risk level before mitigation ● to ●

Risk of abuse of entrusted power, money, or position from any employee of Schneider, supplier or contractor of Schneider, to obtain an undue advantage that would be at the detriment of local stakeholders or communities.

URD 2021:
page 101-102 section 2.2.3

Actions deployed

- Risk assessment mapping as part of the "Sapin II" law.
- Set of dedicated policies: Anti-corruption, gift and hospitality, fair competition, business agents, export control, conflict of interest, donations.
- Training and awareness programs deployed to specific populations.
- Self-evaluation with Key Internal Controls completed annually by all local entities.

Results

- The modules were supported by top leaders' videos demonstrating the "tone at the top" on this crucial matter and are available in 18 languages for Principles of Responsibility (became Trust Charter in 2021) and 14 languages for Anti-Corruption.

	2021	2020	2019	2018
Employees trained on Ethics Charter (%)	96%	93%	96%	/
"Exposed" employees (40,000+) trained on anti-corruption	97%	94%	94%	68.6%

5.1.5.2 Responsible Sourcing of Sensitive Material

Risk level before mitigation ●

Risk of usage of raw materials or minerals coming from a particular part of the world where conflict is occurring and may be the source of abuses on local populations. The verification of the suppliers all the way to the extraction sites allow to mitigate this risk.

URD 2021:
page 121 section 2.2.11.7

Actions deployed

- Schneider has established a conflict mineral program based on the OECD due diligence guidance.
- Smelters are identified in our supply chain and validated by external 1/3 parties for compliance to international laws, rules and standards.

Results

- Following the figures on conflict minerals, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries.

	2021	2020	2019	2018
Smelters and refiners identified and certified	85%	87%	85%	89%

5.1 Inside Schneider

5.1.6 Offer Safety

| 5.1.6.1 Offer Safety | Risk of products or systems being the cause of accidents or damage or injuries to their users. | URD 2021: page 102-104 section 2.2.5 |

Risk level before mitigation ●

Actions deployed

- Compliance to all norms, standards and regulations from countries where Schneider products are sold.
- "Issue to Prevention" process, systematically analyses the root causes of any failures.
- Quality management system in compliance with ISO 9001.
- Offer safety alert process supported by a dedicated committee and which follows an internal directive which describes the process of 'managing customer safety risks.

Results

- In 2021 the Group recalled 14 products as approved by the Offer Safety Alert Committee.
- The Group has been impacted by several recalls recently, more or less ranging from EUR 10 million to EUR 40 million, depending on the case.

	2021	2020	2019	2018
Reduced waste from safety units recalled (weight in kg)	4,024	4,202	/	/
ISO 9001 sites	231	231	228	243

5.1 Inside Schneider

5.1.7 Data Privacy and Cybersecurity

5.1.7.1 Data Privacy and Cybersecurity

| Risk level before mitigation | ● to ● |

Probability of exposure, loss of critical assets, data loss or breach, access to sensitive information, or reputational harm as a result of a cyber attack or breach within an organization's network.

URD 2021:
page 105-106 section 2.2.6

Actions deployed

- Cybersecurity by design investing significantly to improve our cyber posture with the result of obtaining additional external certifications (ISO27001, SOC2, IEC62443 etc.).
- Cyber capabilities and digital locks around people, processes, and technologies.
- General and dedicated awareness and training programs on cybersecurity and data protection.
- Internal data privacy policy.

Results

- The Group's cybersecurity rating is calculated in real time with a proprietary algorithm that examines two classes of externally observable data: configuration and observed security events. The score is between from 300 to 820. From a baseline of 520 in January 2018, we have now reached a score of 800 for the year 2021. Evolution of the external rating since 2018 +54%.

	2021	2020	2019	2018
SE ranking position on cybersecurity	Top 25%	/	/	/
% of employees trained on cybersecurity	99%	99%	96%	/

5.2 Focused on Combatting Climate Change and Reducing CO_2 and GHG Emissions

Addressing climate change is the defining issue of our generation, and businesses play a key role. We know that we must go faster if we are to avoid the worst impacts of global warming.

5.2.1 Climate impact commitments

In its Trust Charter, Schneider Electric adopts an unequivocal position regarding impact on climate change and CO_2 emissions. The Group has been a contributor to the fight against climate change for the past 15 years by implementing its own energy management and industrial automation solutions across operations, by supporting its clients in achieving their low-carbon and efficiency objectives, and by allowing more than 30 million people to gain access to electricity. Schneider also takes an active role in a variety of multi-stakeholder organizations to promote solutions to climate change, call for a price to CO_2, and strengthen CO_2 governance globally.

5.2.2 Governance

Schneider Electric sees itself and reviews its progress as part of a broader ecosystem: firstly, how the Group as a company and in its supply-chain delivers progress to align with a 1.5°C climate trajectory; secondly, how customers are assisted in doing the same through Schneider's offers; and thirdly, how Schneider Electric helps communities accelerate climate action. The results of key actions are measured through KPIs in the SSI dashboard. Several governance bodies are involved in this process:

• The Board of Directors and its Human Resources & CSR Committee

• The Executive Committee and its Group Sustainability Committee

• The SSI Steering Committee and the Sustainability department

• A Carbon Committee that is continuously assessing climate-related risks and opportunities, to steer the Climate Pledge and to propose a strategy and management plan to the Group Sustainability Committee.

At Group level, the Chief Strategy & Sustainability Officer helps determine and enforce the Group's environmental goals and underlying transformations. Additionally, environmental transformations are driven by a network of leading experts in various environmental fields (eco-design, energy efficiency, circular economy, CO_2, etc.) and communities of experts and leaders within the Environmental function. Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design and marketing.
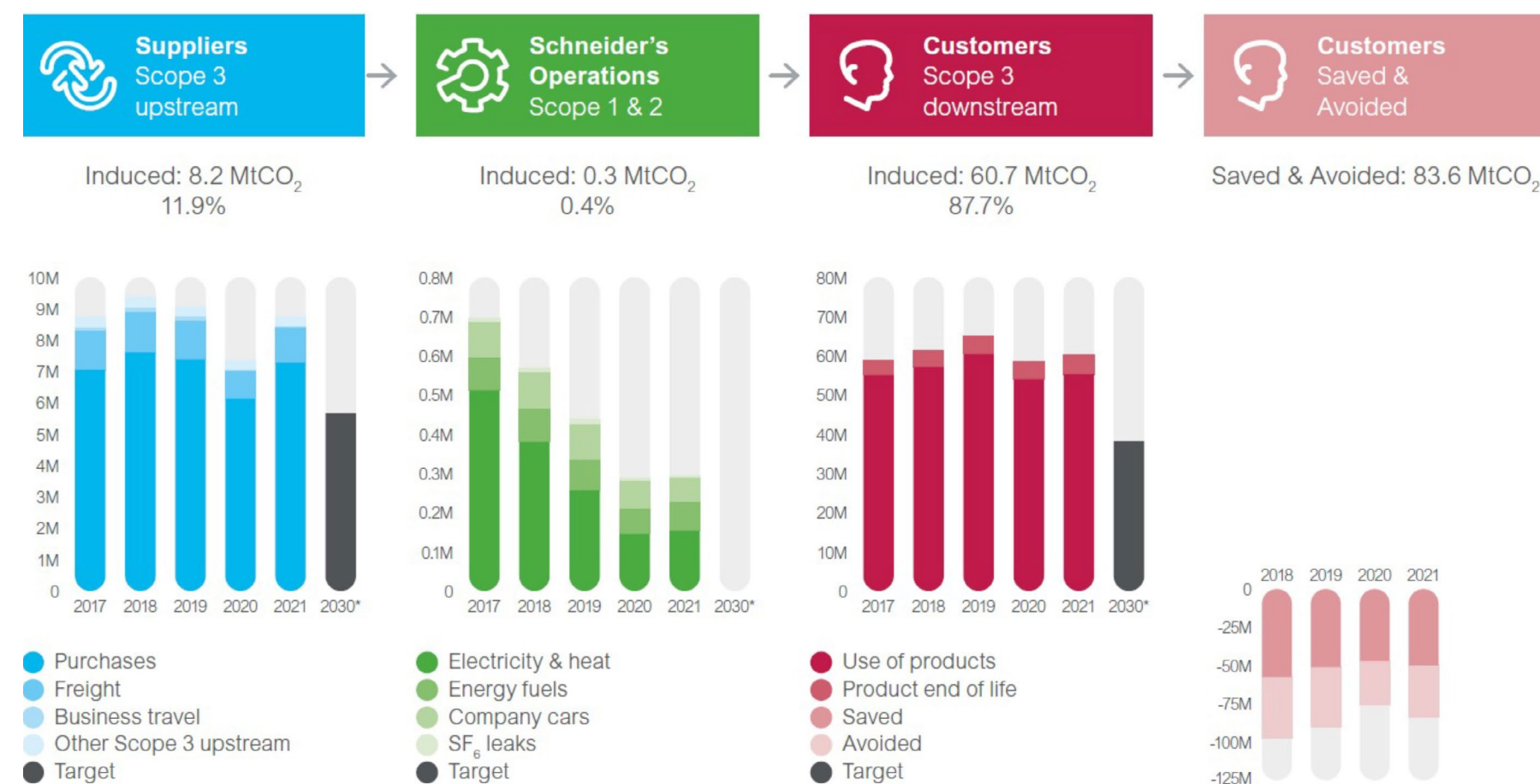
5.2 Focused on Combatting Climate Change and Reducing CO_2 and GHG Emissions

5.2.3 Schneider carbon footprint and targets

Schneider Electric updates its end-to-end carbon footprint (Scope 1, 2 and 3) annually and obtains a "limited assurance" from an independent third-party verifier on all figures. Scope 3 emissions represent more than 99% of the Group's carbon footprint, of which 90% are due to the use phase and the products' end of life, and around 10% result from the purchase of raw materials, equipment, and services. The charts below represent Schneider Electric's carbon footprint on Scopes 1, 2 and 3, including all greenhouse gas emissions (GHG), from the upstream activity of all its suppliers to the use and end of life of its offers sold to customers. During the use phase, emissions saved and avoided by customers thanks to energy efficiency and renewable technologies are represented as negative emissions.

Schneider Electric carbon footprint: 2017 to 2021 evolution

Suppliers Scope 3 upstream	Schneider's Operations Scope 1 & 2	Customers Scope 3 downstream	Customers Saved & Avoided
Induced: 8.2 $MtCO_2$ 11.9%	Induced: 0.3 $MtCO_2$ 0.4%	Induced: 60.7 $MtCO_2$ 87.7%	Saved & Avoided: 83.6 $MtCO_2$

Purchases
Freight
Business travel
Other Scope 3 upstream
Target

Electricity & heat
Energy fuels
Company cars
SF_6 leaks
Target

Use of products
Product end of life
Saved
Avoided
Target

* Projection assuming that the -35% applies equally on all Scope 3 sources

Short to medium-term targets

• Demonstrate, before 2025, that Schneider Electric is carbon-positive together with its customers and partners, thanks to CO_2 savings delivered by EcoStruxure™.

• On the Group's operations (scope 1&2): To be carbon neutral by 2025 and have net-zero CO_2 emissions by 2030.

• On indirect emissions (scope 3) in its supply chain and with customers: To reduce emissions by 35% by 2030 (vs 2017), by actively engaging suppliers to accelerate their climate strategy, by sourcing greener materials, and by proposing more efficient solutions to its customers.

The Group's 2030 targets (net-zero CO_2 emissions on scope 1 and 2, and -35% on scope 3) have been validated 1.5°C-aligned by the Science-Based Target initiative in 2019.

Long-term targets

• To become carbon neutral on the Group's full end-to-end footprint by 2040 (scopes 1, 2 and 3),

• To engage with suppliers towards a net-zero CO_2 supply chain by 2050.

By 2050, achieving net-zero CO_2 emissions in its supply chain will require Schneider Electric to work transversally with all stakeholders, from product design, to sourcing, manufacturing, and shipping.
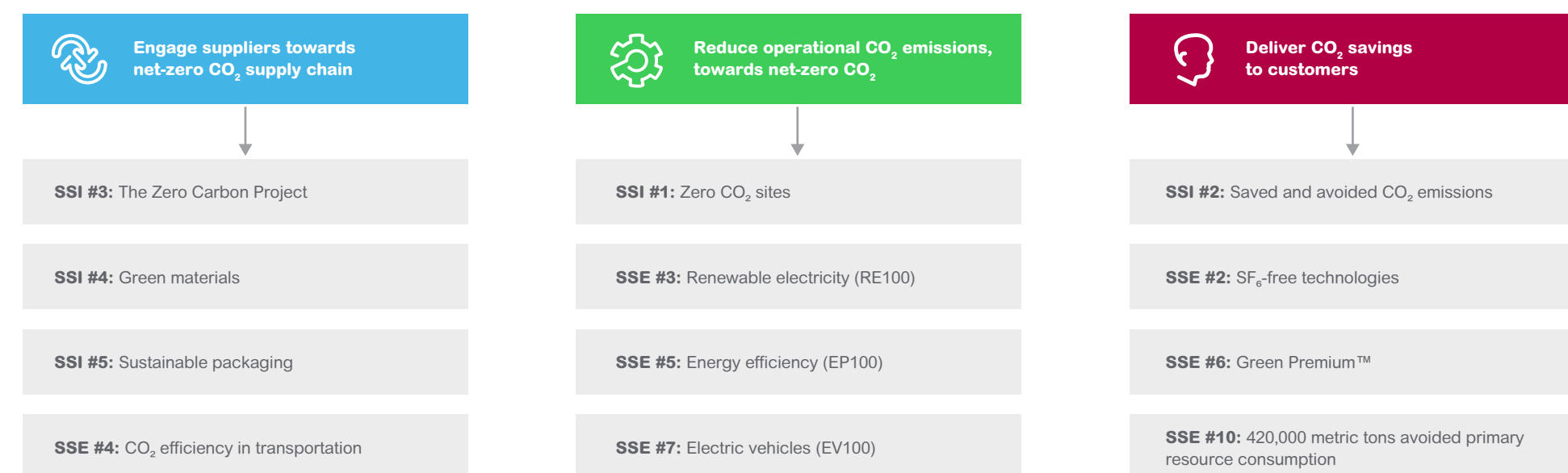
5.2 Focused on Combatting Climate Change and Reducing CO_2 and GHG Emissions

Roadmap towards a 1.5°C climate trajectory

	Suppliers Scope 3 upstream	Schneider's Operations Scope 1& 2	Customers Scope 3 downstream	Customers Saved & Avoided
2021 CO_2 footprint	Induced: 8.2 $MtCO_2$	Induced: 0.3 $MtCO_2$	Induced: 60.7 $MtCO_2$	Saved & Avoided: 83.6 $MtCO_2$
2025		Carbon neutral operations		CO_2 positive together with customers / 800Mt CO_2 2018-2025
2030		Net-zero CO2 operations		
2040	Carbon neutral value chain and products			
2050	Net-zero CO_2 supply chain			

2030 commitments are aligned with 1.5°C scenario and validated by the Sciende Based Targets initiative

Concrete actions

Engage suppliers towards net-zero CO_2 supply chain	Reduce operational CO_2 emissions, towards net-zero CO_2	Deliver CO_2 savings to customers
SSI #3: The Zero Carbon Project	**SSI #1:** Zero CO_2 sites	**SSI #2:** Saved and avoided CO_2 emissions
SSI #4: Green materials	**SSE #3:** Renewable electricity (RE100)	**SSE #2:** SF_6-free technologies
SSI #5: Sustainable packaging	**SSE #5:** Energy efficiency (EP100)	**SSE #6:** Green Premium™
SSE #4: CO_2 efficiency in transportation	**SSE #7:** Electric vehicles (EV100)	**SSE #10:** 420,000 metric tons avoided primary resource consumption

5.2.4 Concrete actions in our ecosystem

Carbon price: As part of its carbon pledge, Schneider Electric is committed to take into consideration a carbon pricing of EUR 50 – 130/ ton (depending on time horizons) to inform the Group's climate strategy. In line with the vision, an internal price on carbon is already used in several cases to include the cost of CO_2 externality in decision-making and strategy.

Save and avoid 800 million tons of CO_2 emissions on customers' end: By 2025 (SSI#2) through the implementation of Ecostruxure™ architecture and systems as solutions for our customers, as well as greener products.

Deliver access to energy products and solutions: Today, 25% of the world's population still has no or reduced access to energy, and only 17% of the total global energy consumption was renewable in 2017. Schneider has committed to provide access to green electricity to 100 million people in underserved areas by 2030, both as a fundamental right and a means for social and economic development.

EP100: The Group is a member of EP100 (Energy Productivity 100), a Climate Group initiative. Its target is to double energy productivity by 2030 against the 2005 baseline, meaning to double the economic output from every unit of energy consumed within 25 years. In 2021, the Group achieved 76% energy productivity (against a 2030 target of 100%) compared against 2005. In smart factories and distribution centers, the Group implements the three-layer EcoStruxure™ architecture, with connected meters and sensors to monitor energy consumption and quality, Edge Control Power Monitoring software to optimize daily operations, and analytics and services to benchmark performance and optimize energy and maintenance. Asset Performance Management also enables the Group to optimize operations and maintenance, for maximum uptime and longevity.

5.2 Focused on Combatting Climate Change and Reducing CO_2 and GHG Emissions

RE100: Switch to 100% renewable electricity by 2030: In 2017, Schneider Electric joined RE100 and committed to source 100% of its electricity from renewables by 2030, with an intermediary target of 90% by 2025 (SSE#3). In 2021, the Group sourced 82% of its electricity from renewable sources, up from a starting point of 2% in 2017. To deliver its target, the Group leverages four complementary tools: green tariffs, renewable certificates, power purchase agreements, and on-site generation.

EV100: Shift 100% of company fleet to electric vehicles. At the end of 2019, Schneider accelerated its efforts to cut CO_2 emissions from transport with the commitment to switch to 100% electric cars by 2030. By 2025, Schneider Electric aims to switch one-third of its corporate car fleet (SSE#7). At the end of 2021, 7.7% of the Group's corporate car fleet was comprised of EVs.

Zero-CO_2 sites: The group aims at having 150 Zero CO_2 sites by 2025 (SSE#1), which are sites that emit zero GHG emissions related to energy consumption (meaning 100% renewable electricity or biofuels) and has in place Digital Energy Monitoring for efficient energy management. End 2021, 51 sites are compliant.

Reduction of SF6 emissions: Several actions have been implemented to reduce the leakage of SF6 gas, a component used in Medium Voltage switchgears that has high dielectric characteristics, but which is also a significant GHG contributor. By 2025, Schneider commits to have 100% of its offers using SF6 substituted by SF6-free solutions (SSE#2). By the end of 2021, we have reached 38% substitution.

The Zero Carbon Project for suppliers (TZCP): Schneider launched the initiative in April 2021, on the occasion of an all-digital global event, attended by the leadership of key supplier partners. The ambition of TZCP is to collaborate with 1,000 suppliers and reduce their operational greenhouse gas (GHG) emissions by 50% by 2025 (SSI #3).

CO_2 efficiency in transportation: The CO_2 emissions related to our transportation network are part of the scope 3 emissions of the Group's carbon footprint, as this activity is performed by transport suppliers. From 2017 to 2020, CO_2 emissions related to transports had decreased by 8.4%. In 2021 the evolution was flat due to the intense pressure on the supply chain generated by the Covid pandemic. With Schneider Sustainability Essentials 2021-2025, the Group aims to further reduce CO_2 intensity in transportation by 15% compared to 2020, or a 3% reduction year on year (SSE #4).

Green materials: Purchases are responsible for the largest share of Schneider Electric upstream Scope 3 CO_2 emissions. Schneider has committed to increase green materials in products to 50% by 2025 (SSI#4). At the end of 2021, 11% of materials in scope where qualified as "Green".

Green information technology (IT): Schneider has implemented actions to reduce the carbon footprint of IT systems. These actions include the increased lifespan of computers, the optimization of our portfolio of applications and software, and the optimization of the complete network of servers and datacenters.

5.3 Supplier Vigilance

5.3.1 Supplier risk categories and audit plan.

Schneider Electric is conducting a specific evaluation of suppliers. This evaluation covers all natures of risks identified and considers specific parameters such as the type of industrial process used by the suppliers, their technology, and the geographic location of those suppliers. This allows the Group to factor in risks that may arise from a country's specific situation (social, political, etc.). These parameters are compiled in a third-party independent database (Responsible Business Alliance methodology, RBA, ex-EICC, of which Schneider Electric has been a member since January 2018). Schneider's entire network of tier 1 suppliers (>52,000) is processed through this methodology and is refreshed every year with the new supplier baseline. The audit plan started in 2018. 2020 was the third year of implementation and Schneider Electric completed this schedule with 374 audits.

From 2021 to 2025, Schneider Electric has defined new objectives as part of its sustainability strategy. Expanding from the previous plan, the Group set an objective to conduct 1,000 on-site audits on high-risk suppliers and deploy 3,000 self-assessment audits for other suppliers. This audit plan is integrated into the Schneider Sustainability Essentials (SSE).

5.3.2 Overall plan

For our 2021 plan, the Group identified ~1,300 "high risk" suppliers; The 2021 – 2025 overall ambition is to cover 1,000 suppliers through on-site audits, directly or via third parties, and 3,000 through a remote assessments.

~52,000 suppliers

RBA Risk assessment

1 — 3,000 suppliers targeted for self-assessment evaluation plan in 5 years

2 — 1,300 high-risk suppliers targeted for on-site audit
- 374 aaudits conducted in 2018-2020
- + 1,000 audits 2021-2025

3 — SSE #17 indicator: 4,000 suppliers assessed under Schneider Electric's 'Vigilance Program'
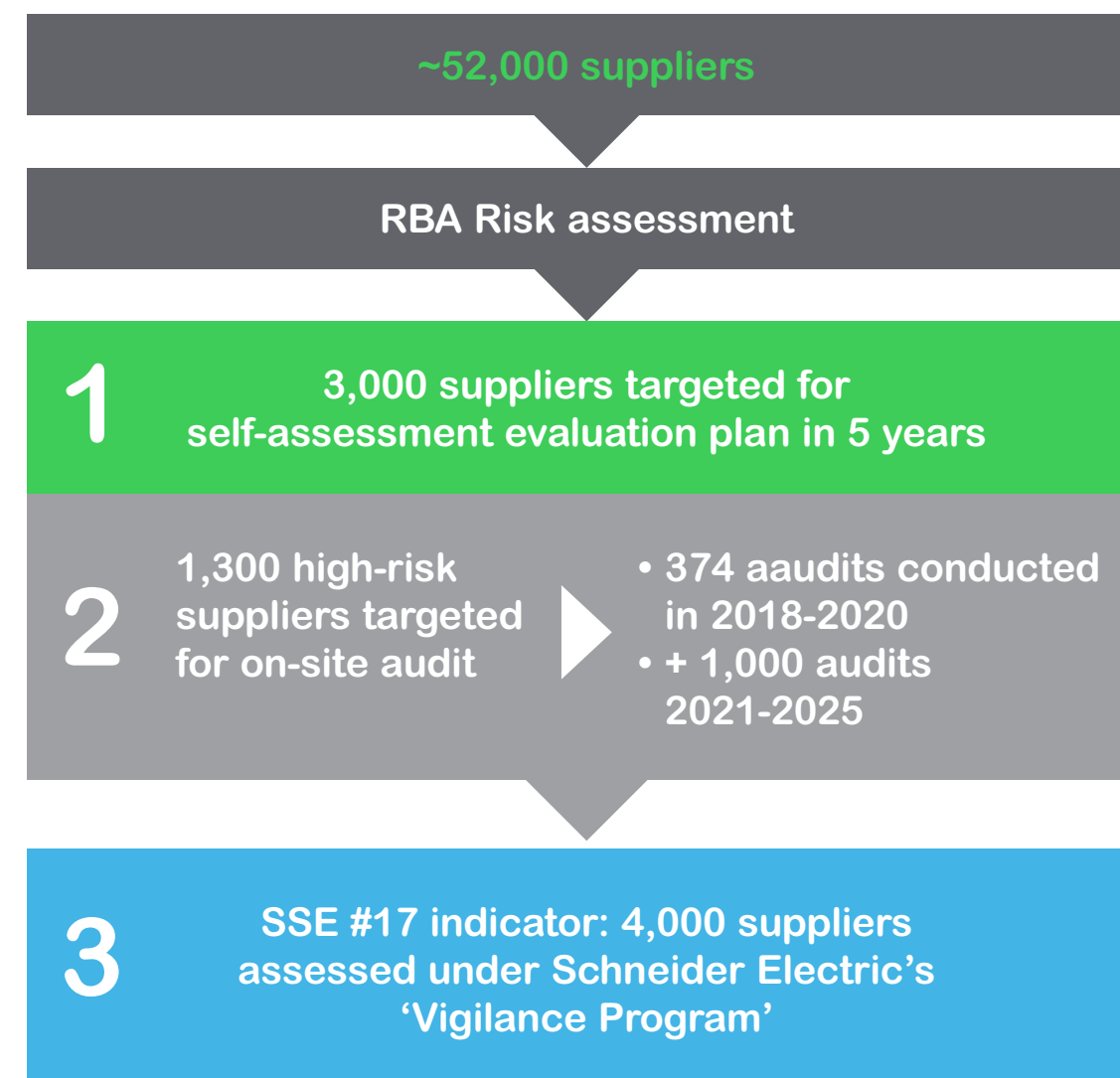
5.3.3 On-site audits

Schneider Electric's audit questionnaire and audit methodology are fully aligned with the RBA framework. The RBA framework is linked to the Duty of Vigilance risk matrix categories as follow:

• Human Rights: decent workplace – 36 questions, health and safety: 40 questions

• Environment: 21 questions

• Offer Safety: non-applicable in RBA framework

• Business Conduct: 11 questions

• Cybersecurity: non-applicable in RBA framework

In 2021, despite COVID travel restrictions in first part of the year, the Group conducted 205 initial on-site audits with suppliers (audits conducted for the first time with a supplier). These audits allow Schneider Electric to identify non-conformances and request the supplier to implement corrective actions.

Re-audits with suppliers already audited were also conducted to review the corrective actions implemented to remediate non-conformances identified during the initial audit. Information and findings regarding on-site audits with new suppliers are described below.
A major part of non-conformances in 2021 is related to health and safety, labor standards and management systems (36%, 29%, and 20% respectively). Graph 3 gives the breakdown of non-conformances by topic and graph 4 gives them by geography.

The most serious non-conformances were the top priority. For each case, escalation is done at Chief Procurement Officer level. An analysis of the 249 "top priorities" raised in 2021 shows the following issues are the most recurring:

• Labor standards (61% of top priority non-conformance issues): lack of respect of working time and resting days (time measurement systems are often insufficient); poor overtime reporting and payment; lack of formalization of working contracts.

5.3 Supplier Vigilance

- Health and safety (33% of top priority non-conformance issues): weak emergency procedures; insufficient emergency training issues and preparation drills; insufficient fire alarm and protection systems; lack of medical response equipment; and lack of training.

- Environment and management systems (6% of top priorities): lack of administrative compliance, management tools, and systems; and insufficient waste management and pollution prevention systems.
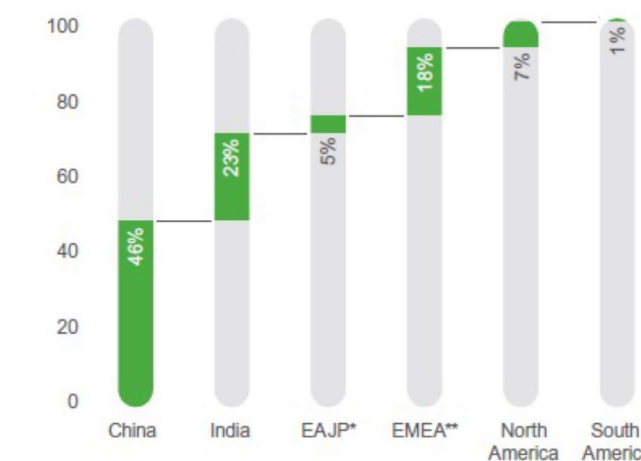
5.3.4 Remote self-assessment

From 2021 to 2025, Schneider Electric has defined new objectives as part of its sustainability strategy: conduct 1,000 on-site audits on high-risk suppliers and deploy 3,000 self-assessment audits for other suppliers. This year, in 2021, a specific self-assessment questionnaire has been elaborated, building on the experiences of on-site audits performed during the past three years. Among the questions asked, the core ones aim at checking whether the suppliers are compliant on mandatory subjects of labor, human rights, environment, and health and safety. After an initial pilot test, a large-scale launch was made in second half of 2021. At the end of the year, 624 suppliers had submitted answers. Procurement teams are currently in the process of reviewing answers to identify which suppliers may be eligible, in a second phase, to an on-site audit.

5.3.5 Remediation and mitigation actions

As of end of 2021, Schneider Electric has closed 97% of 2020 and 3% of 2021 non-conformances (all types). Schneider Electric's approach is to help suppliers remediate the issues by sharing good practices and providing them with guidance and training. When non-conformances are not remediated (mainly top priorities), escalation to the Chief Procurement Officer may lead to an end of the business relationship. In 2021, one relationship with a supplier has been terminated.

In order to reinforce the co-ordination between Schneider Electric teams and suppliers on vigilance topics, a specific training program has been implemented. One of the target audiences is the Schneider Electric Procurement team, where the training modules aim to increase their knowledge on the natures of risks, so they can integrate these topics early in the discussions with suppliers. At the end of 2021, ~ 580 employees have taken this training. These trainings combine in-class experience with e-learning sessions. In parallel, to raise suppliers' awareness, improve their ability to identify risks earlier, and implement mitigation solutions, Schneider Electric organized face-to-face workshops dedicated to vigilance subjects. At the end of 2021, ~500 supplier team members have attended these events. These sessions include in-class face-to-face workshops and digital webinars.

% Risky suppliers identified in 2021 by geography – Graph 1
China 46%, India 23%, EAJP* 5%, EMEA** 18%, North America 7%, South America 1%

% Audits carried out in 2021 by geography – Graph 2
China 55%, India 24%, EAJP* 6%, EMEA** 4%, North America 8%, South America 3%
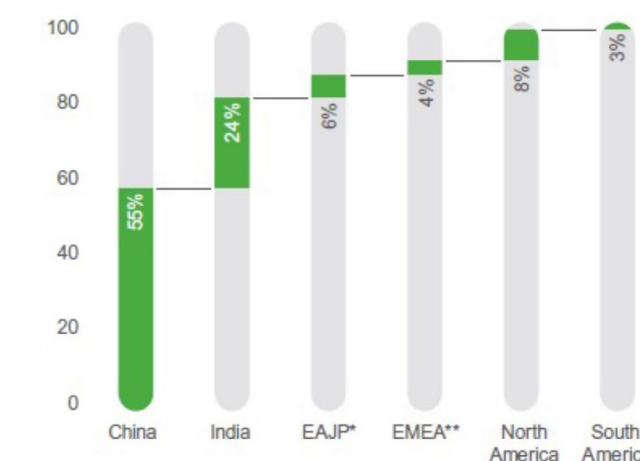
% Non-conformances in 2021 by topic – Graph 3
Health & Safety 36%, Labor 29%, Management 20%, Environment 10%, Ethics 5%

% Non-conformances in 2021 by geography – Graph 4
China 56%, India 39%, EAJP* 4%, EMEA** 0%, North America 1%, South America 0%
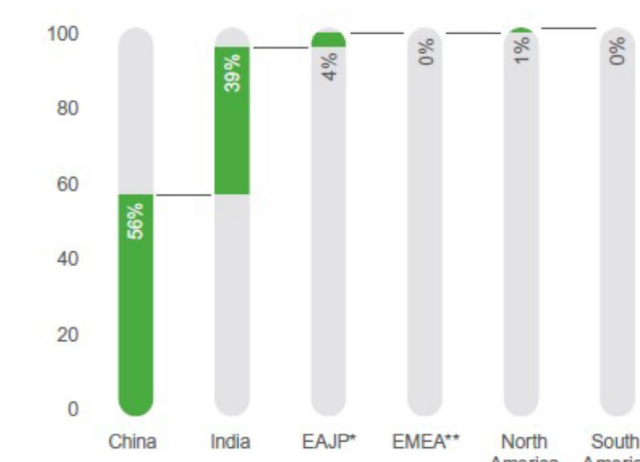
*   EAJP: East Asia Japan Pacific
** EMEA: Europe Middle East Africa

5.3 Supplier Vigilance

5.3.6 Impact

From the beginning of the program in 2017 to the end of 2021, 579 suppliers have been audited on site, and 7000+ non-conformances were raised, and subsequently remediated. 37% were related to health and safety issues, and 25% were related to labor issues. Among the most serious ones are issues of fire safety, protection of workers from accidents and injuries, respect of a decent working time including proper resting periods, payment of overtime.

Overall, the resolution of these non-conformances has allowed to improve the working conditions for the employees of these suppliers. Although this is a rough estimate, we estimate that 185,000 employees have seen their working conditions positively impacted by the Supplier Vigilance program.

5.3.7 Other actions regarding suppliers

In addition to the specific vigilance audit program at targeted suppliers, Schneider Electric is implementing several actions to reduce risk in its supply chain. These actions are not directly part of the supplier vigilance program, however they contribute to reducing the level of risk within our supply chain.

5.3.7 Suppliers – Other Actions

5.3.7.1 Suppliers – Other Actions

Risk level before mitigation ● to ● to ●

With a complex global supply chain of more than 52,000 suppliers, there are potential risks that Schneider Electric is committed to mitigating in the areas of health and safety, human rights, ethics, the environment, and sustainable development.

URD 2021: page 117-124 section 2.2.11

Actions deployed
- Target of operating a net-zero carbon emission supply chain and aims at reducing 50% of operational carbon emissions from its top 1,000 suppliers by 2025.

Results
- The GHG emission reduction reported for the indicator below, is measured as the average carbon intensity reduction of reporting suppliers, multiplied by the proportion of reporting companies among the 1,000 committed suppliers.

	2021	2020	2019	2018
Reduce CO_2 emissions by 50% from top 1,000 suppliers' operation	1%	/	/	/

Actions deployed
- Objective of using recycled cardboard in all primary and secondary packaging and to remove all single use plastic from Schneider packaging by 2025.
- An initiative launched to increase the proportion of green material in our products to 50% by 2025.

Results
- Regarding Green materials, for steel, a good progress was made notably thanks to the certification of large steel suppliers to Responsible Steel in 2021, as well as sourcing from suppliers using Electric Arc Furnace.

	2021	2020	2019	2018
Primary and secondary packaging free from single-use plastic using recycled cardboard (1) coverage is about 87% of total packaging purchases	21%	13%	/	/
Green material content in our products (2) coverage is around 30% of volume of purchased material for products	11%	7%	/	/

Actions deployed
- Deployment of REACH/ROHS supported by a data collection process to gather information from suppliers.
- Schneider has established a conflict mineral program based on the OECD due diligence guidance

Results
- Following the figures on conflict minerals, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries.

	2021	2020	2019	2018
Smelters and refiners identified and certified (in %)	85%	87%	85%	89%

Actions deployed
- Definition of a Decent Work program for Schneider's strategic suppliers.

Results
- The program was defined in 2021 and will be launched in the first quarter of 2022 with technical training sessions for participating suppliers.

Actions deployed
- Vigilance plan for suppliers (see pages 41-43)
- Assessment of strategic suppliers on ISO 26000 with the objective to achieve an average of 65 pts by 2025.

Results
- The 2021 target was set at +1 point minimum on ISO 26000 evaluation for strategic suppliers. At the end of 2021, result was +1.3 points with an average of 58.7 points.

	2021	2020	2019	2018
Average score of ISO 26000 for strategic suppliers	58.7	57.4	54.8	52.9

5.4 Relations with Project Contractors

5.4.1 Project execution environment

Schneider Electric's products and solutions are usually combined into larger systems such as electricity distribution and energy management in a building, or production process automation in a factory. The build-up of such systems can be complex and typically involves several different parties before they are commissioned by end customers. For Schneider Electric, there are two options: to sell components through channel partners who take the responsibility to build and deliver the system; or to build and deliver the system directly for the end customer, as a project. This second option requires coordinating several project contractors (panel manufacturers, system integrators, building contractors etc.), usually on the premises of the end customer. The common characteristics of these projects are that they happen primarily off-site (mostly on customer premises, existing or future), and they involve several different parties, global or local, bringing their specific added value. Each project is specific, in its size, duration, and location. Therefore, the relations with contractors are specific to a contract, and not necessarily recurrent. In 2021, Schneider Electric worked with more than 9,900 active solution suppliers in the group's portfolio (with a spend value of over €1B).

5.4.2 Risks and opportunities

In the frame of the "Duty of Vigilance" plan, specific risks have been identified.

Human Rights: as project sites are located in countries where Schneider may not be present, and involve independent subcontractors, there is a risk that the Schneider Electric recommended policies in terms of health and safety, as well as decent workplace, may not be properly implemented. The main risks are physical accidents and injuries, or the improper treatment of employees (wages and salaries, resting time), especially temporary and/or foreign employees.

Business Ethics: Projects that are conducted in countries where business ethics standards are insufficient may be subject to specific risks such as corruption, bribery, or pressures of a similar nature.

Cybersecurity: Some subcontractors may have digital interactions with the end customer and Schneider at the same time. Therefore, their level of cybersecurity and data protection may create some risks for the project and the final customer.

A solid management of Schneider Electric's subcontractors allows to reduce the risks of incidents or accidents on site, and therefore protects workers, the communities living around the project site, and the final customer's employees and assets.

5.4.3 Group policy

As part of its Duty of Vigilance program, Schneider Electric has deployed a policy of identification of risky subcontractors and implemented an on-site audit program. The results are described in the "Due diligence and results" section below. In 2021, to further anticipate and reinforce its risk mitigation measures, the Group introduced an evolution of its project decision-making process. The aim is to include a risk assessment of human rights and environmental impacts at all key decision milestones of the process, and to select the mitigation measures that will allow to reduce these risks. During the execution of the project, a regular review of the efficiency and effectiveness of these measures will be conducted. This process evolution will be effectively applied to project reviews from early 2022.

5.4.4 Due diligence and results

Schneider Electric operates with a pool of project contractors (or "solution suppliers") from more than 9,900 companies. Not all of them may be active during a year. In its supplier risk mapping exercise, Schneider Electric has identified approximately 200+ solution suppliers categorized as "high risk". Since 2018, 62 suppliers have already been audited, slightly below the ambition due to a slowdown in 2021, as a result of COVID-19. The 13 audits on solution suppliers performed in 2021 have allowed Schneider to raise 157 non-conformances. Out of these non-conformances, 11 are assessed as "top priority".

5.4 Relations with Project Contractors

The most recurring non-conformances with high-risk solution contractors are: need of adequate and effective fire emergency evacuation and response drills, improvement of on-site security measures to protect workers (safety hazards, permit and testing reports for occupational injury and illness.), effective emergency measures correctly identified.

In addition to these non-conformances, specific risks related to local contract negotiation and relations with local authorities may occur. Actions following non-conformances are the same as with other suppliers (re-audits, trainings, workshops). Specific measures are implemented for this project environment: Schneider Electric implements regular reviews of safety incidents on customers' sites, involving the Global Safety team and the Project Management leadership. The Group also reinforced training on Anti-Corruption and Business Agent policies for its employees involved in commercial negotiations. The project follow-up with contractors and the selection processes for contractors has been adapted to ensure vigilance topics are considered early in the project stage.

5.5 Local Communities

5.5.1 Context

In 2020, Schneider Electric has extended the scope of its risk analysis to communities. The notion of communities, here, corresponds to people living in a geographic proximity of Schneider's local operations. As a result of this proximity, their conditions of living could be affected by the Group's activity. Schneider's local operations can be of two types:

• Local facilities, such as a factory or an office building.

• Local project sites where Schneider is operating as a contractor or subcontractor for a customer.

2020 was the first time Schneider Electric was formally addressing this risk analysis for communities, developing a framework with the help of an external consultant. In 2021, the Group deepened its level of analysis by selecting the sites that may present some risks for communities and conducting an analysis specifically for each of these sites.

5.5.2 Communities living around Schneider's local sites

Risk assessment for the 30 largest Schneider sites

This detailed risk evaluation covers the 30 largest sites by size and employees, both commercial and industrial.

Potential impacts analysis
The first step of this evaluation was to analyze the potential impact that a Schneider site may have on its surroundings. For that purpose, a comparison was made between the size of the site, and the size of the urban area surrounding it. To take a practical example, in Shanghai, a large Schneider Electric office site may be important at Schneider level (>2,000 employees) but will have very little impact on its immediate urban surrounding (Shanghai is a multi-million inhabitants city). On the opposite end, a smaller site may have a bigger impact on its rural surrounding in Africa or South Asia.

Risk nature and level
The second step was to qualify the natures of risk and their level, using public data available at country level on topics such as ethical standards (National Corruption Index), individual development (Human Development Index), or health and human rights (Human Right score). Using this data, a composite country risk index was built to reflect the risk level for countries where Schneider's main sites are located.

Conclusions
The third step was to combine Schneider's site impact level with the composite country risk index. The overall result shows that the level of risk on local communities living around Schneider Electric sites is "low" in most cases. This owes mainly to the fact that the Company is usually located in large, urban, or peri-urban areas, crowded with many similar or larger companies. In case of factories, they are mostly located in already existing dedicated industrial areas, with solid infrastructures and transportation networks, and Schneider Electric's presence does not have an impact on them.

Among the top 30 sites, the Group only identified a few that may have a "moderate" impact on local communities and found no site where Schneider Electric could have a "high" or "very high" impact. It is to be noted that although we speak about risks, the notion of impact can also be positive, as it is part of Schneider Electric's policy to include local parameters in its sourcing policy: providing employment; including a percentage of local companies and contractors for services (catering, maintenance, etc.).

In depth evaluation of 5 sites

The management and safety officers of these sites are engaged with a dedicated questionnaire, covering environmental and human rights potential risks and opportunities for the local communities. The result of the evaluation shows that among the five sites reviewed, four have no significant impact and one may have some specific impacts.

5.5 Local Communities

Four sites with low impact, well mitigated:

• The four factories studied are located within dedicated industrial parks, with specific infrastructures including transportation and access. No competition for local resources (water, power, staple goods, etc.) were reported. Their impact on the urban surroundings is low, as they are either located next to a very large city, or in one case, in the countryside and at a reasonable distance from the nearest village.

• These sites provide a significant source of employment for local people. Besides, these entities foster local development initiatives supporting schools, cultural programs, or local infrastructures (such as hospitals).

• The industrial activities performed on these four sites are mostly the assembly of components. There are some marginal activities of plastic injection that are subject to local and national regulations, with regular compulsory reporting.

• One of the sites is part of an industrial park, that includes housing facilities for workers (dormitories). These facilities have been recently enhanced, are compliant to local standards, and have not been subject to any specific alert report. However, they remain a point of attention and follow-up on Schneider's side.

One site with medium risk, mitigation actions in progress:

• This specific site is hosting an industrial process that involves the use of chemicals. Although these are not critical and restricted substances, they are required to be monitored and processed specifically.

• The site is located close to a small urban area, therefore risks of marginal pollution are present.

• Several mitigation actions have been implemented by the local team. A specific review of the adequacy of these measures is in progress.

5.5.3 Communities living around Schneider Electric's customer project sites

Context

In 2021, Schneider Electric has engaged into a review of risks for local communities residing close to the sites where the Groups is implementing projects for customers. These projects can be, for example, the building of an electrical switchgear station to distribute electricity, either to the grid or to private large users (factories, professional buildings, etc.). Depending on the profile of the end-customer, these projects necessitate the on-site coordination of several types of contractors: civil engineering, industrial process experts, electricity specialists, communication infrastructure experts. Relations with local communities, when relevant, are usually handled by the main contractor, or by the end customer.

Characterizing the sites, ranking them by risk level, and selecting the ones for a deep dive

To identify the main sites presenting potential risks, Schneider Electric has pre-selected customer projects based on the combination of two criteria: country risk and customer activity. Country risk is a compound of several external publicly available indicators (transparency, human rights, etc.). Customer activity is based on the industrial process specific to the end-customer. For illustration, the top five countries and market segments risks are ranked as follows:

Country	Customer activity
1. Chad	1. Mining, minerals and metals
2. Mauritania	2. Oil, gas and petrochemicals
3. Angola	3. Power and grid
4. Nigeria	4. Life sciences
5. Tanzania	5. Water

5.5 Local Communities

Based on these criteria, the Group has established a list of 25 projects to be reviewed with their management team.

Evaluating the impact for selected sites

Projects reviewed can be grouped into three categories, each reflecting the type of involvement of Schneider Electric, and the mitigation capabilities of Schneider.

- **Type 1:** Schneider Electric is providing switchgear and/or industrial equipment, is also the main contractor for the project, and is present on site. Mitigation actions can be decided and implemented by Schneider.

- **Type 2:** Schneider Electric is providing switchgear and/or industrial equipment, but it is not the main contractor. Mitigation capabilities are limited.

- **Type 3:** Schneider Electric is providing software and control, and is mostly working remotely, being present on site only for final testing and commissioning. Mitigation capabilities are very low.

Among the projects reviewed, two were of type 1, six of type 2, and 6 of type 3.

- Two projects of type 1: the study of these projects is show the following risks and benefits on local populations:

  - Temporary/brief disturbance in the transportation and mobility due to large materials and equipment delivery.

  - Temporary and planned power outages.

  - No environmental or pollution risk.

  - Local security implemented by final customer, with no or little impact on the neighboring communities.

  - The project is a source of employment for local companies.

- 12 projects of type 2 and 3: Among these projects, five are projects with significant impact on the local communities (petrochem, etc.) and seven have no impact (desert or remote location). For these projects with significant impact, relations with local communities are handled by the end user or the main contractor. Given the small size of Schneider Electric's contribution to the overall project investment, the capacity of Schneider to be a significant contributor to the mitigation measures is very limited. Specific policies that would increase this capacity, adapted to these project profiles, are currently studied.

6 | Perspectives

6.1 Looking Back Since 2017

In conclusion to this report, the implementation of the Duty of Vigilance program has been a source of transformation for Schneider and also a source of learning. Here is a synthetic overview of what we learned, and what the next steps will be.

- The risk mapping exercise implemented specifically for the Duty of Vigilance program has allowed to dive in certain areas of the business and characterize more precisely the level of risk. This is the case, for example, for suppliers or for communities. Today, we consider that our risk mapping allows to cover globally most salient risk areas, nevertheless the risk approach will need in the future to get into deeper detail for specific subjects, in order to evaluate more precisely and implement, where found needed, specific mitigation or preventive actions.

- Some specific programs internal to Schneider were existing prior to the Duty of Vigilance law of 2017. This is the case for example with Diversity & Inclusion, or Health & Safety. These programs are consolidated and reported in our Vigilance Plan and have also been a source of inspiration to build programs that will be deployed outside Schneider, within our supply chain.

- Supplier vigilance has allowed to structure a full program of supplier audits that has been tested, deployed, and that allowed to implement corrective actions and bring practical improvements to our suppliers. Today the program is mature enough to be expanded to a larger scale.

- An exchange initiated with stakeholders had encouraging results; we received many questions and suggestions. We are conscious that this is an important part of the Duty of Vigilance and that we need to further reinforce such dialogue.

- Some vigilance indicators (KPIs) have been embedded in the group strategic reporting (SSI and SSE) for 2021 to 2025, which demonstrates that the vigilance approach is part of Schneider's strategy. Furthermore, achievement of SSI targets is linked to incentives each year for 60,000+ managers & leaders in the Group

6.2 Focus For the Future

Key initiatives for the coming years:

• Supplier vigilance is going to be expanded on a larger scope from 2021 to 2025: leveraging the current on-site audit methodology, we target to cover 1,000 suppliers, and after testing our new remote audit methodology, we target to cover an additional 3,000 suppliers.

• Finally, we would like to emphasize two important initiatives launched in 2021 in our supply chain with our key strategic suppliers. These projects go beyond the "strict" Duty of Vigilance scope, but they illustrate the notion of responsibility and transformation that we want to foster at Schneider.

  - With the Zero Carbon Project, the Groups partners with 1,000 suppliers. In order to have optimum impact, suppliers are required to take decarbonization commitment on the full scope of organization (mandatory Scope 1 & 2 CO_2 ; scope 3 is optional) and not just on the proportion of sales to Schneider Electric. The active participation of upstream supply chain is also critical because it represents multiple times GHG emission compared to Schneider Electric's own operations. The top 1,000 suppliers come from 64 categories across direct material, indirect material and project procurement and have been nominated by the respective

  - Decent Work: taking inspiration from the pioneering work of ILO, Schneider has defined 10 pillars of Decent Work (1. Employment opportunities, 2. Adequate earnings and productive work, 3. Decent working hours, 4. Stability and security of work, 5. Social dialogue and workplace relations, 6. Fair treatment in employment, 7. Safe work, 8. Social protection, 9. Purchasing practices, and 10. Balancing work and family life). The program requires strategic suppliers to develop a pro-active policy and provide a safe, attractive, inclusive workplace to their employees, and treat all workers as we treat our own workforce.

• Risk mapping is an area that requires permanent monitoring, as natures and levels of risk do fluctuate over time. Our approach will focus on bringing more granularity on certain specific risks, which means working in more detail either on a geographical axis (focus on one country, or region within a country) and/or on a specific topic or nature of risk. We are in particular

conscious that some events like the covid pandemic, raw material shortages and inflation, or some political crisis have immediate effects, but they will also have longer term consequences, and we will be particularly focused on assessing these consequences on our vigilance risk environment.

• Our focus on external communities living around Schneider sites will continue. We are planning to enlarge our assessment of current large projects currently in execution mode, as well as integrate this dimension among some ESG criteria that will be reviewed during important decision-making milestones for such projects.

7. Correspondence Table

			Vigilance Plan 2021	Universal Registration Document 2021
Risk mapping and regular assessment procedures			• 4. Risk mapping (p18-21) • 5.3.1 Supplier risk categories (p.41)	• 2.2.9.2 Evaluation of the main risks towards Schneider Electric's environment (p.112-114) • 2.2.11.6 Vigilance plan for suppliers - Supplier risk categories and audit plan (p.119)
Actions to mitigate risks or prevent serious harm	**Schneider Electric's sites**	**Human Rights**	• 5.1.2 Human Rights (p.24-29)	• 2.2.7 Human Rights (p.106-108) • 2.5 Great People making Schneider Electric a great company (p.164-187) • 2.8.2 Social indicators (p.232-239)
		Environment	• 5.1.3 Environment (p.30-31) • 5.2 Focus on the fight against climate change (p.37-40)	• 2.5 Great People making Schneider Electric a great company (p.164-187) • 2.4 Being efficient with Resources (p.144-163) • 2.8.1 Environmental & Climate indicators (p.226-231)
		Business Ethics	• 5.1.5 Business Ethics (p.35)	• 2.2.2 Ethics & Compliance program (p.95-100) • 2.2.3 Focus on anti-corruption (p.101-102) • 2.2.11.7 Conflict Minerals rule (p.121)
		Offer Safety	• 5.1.6 Offer Safety (p.36)	• 2.2.5 Compliance and safety of our products (p.102-104)
		Cybersecurity & Data Privacy	• 5.1.7 Cybersecurity and data privacy (p.37)	• 2.2.7 Digital Trust and security (p.105-106)
	Suppliers' sites		• 5.3 Risk mitigation with suppliers (p.41-43)	• 2.2.11.6 Vigilance plan for suppliers (p.119-120) • 2.2.10 Relations with subcontractors and suppliers (p.117-124)
	Subcontractors		• 5.4 Risk mitigation with customer projects execution environment (p.44-45)	• 2.2.10 Relations with project execution contractors (p.116)
	Communities	**Around Schneider Sites**	• 5.5.2 Communities living around Schneider's local sites (p.46-47)	• 2.2.12.1 Communities living around Schneider's local sites (p.124)
		Around Customers project sites	• 5.5.3 Communities living on Schneider's customer projects sites (p.47-48)	• 2.2.12.2 Communities living around Schneider Electric's customer projects Sites (p.124)
		Positive Impact on various communities		• 2.6 Delivering social impact for a just transition (p.188-205) • 2.8.3 Societal indicators (p.240-241)
Alert system	**Schneider's employees**		• 2.4 Alert system (p13)	• 2.2.2.2.6 Whistleblowing (p.99)
	External Stakeholders			
Follow-up process for the measures implemented and the evaluation of their effectiveness			• 2.1 Schneider global governance (p.9) • 2.2 Position of DoV steerco, composition, responsibilities (p.10)	• 2.2.9.3 Governance (p.114)

The Schneider Electric Vigilance Plan is a collective effort **coordinated by the Corporate Citizenship and Institutional Affairs Team**. Should you have any questions, comments or suggestions please contact us.

Ethics & Compliance: https://www.se.com/ww/en/about-us/sustainability/responsibility-ethics/
Sustainability: https://www.se.com/ww/en/about-us/sustainability/

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