

## **INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS OF SCHNEIDER ELECTRIC SE**

Schneider Electric refers to the AFEP/MEDEF corporate governance code. The present internal regulations have been drawn up in application of Article 13.7 of the company's articles of association. These regulations were adopted by the board of directors on April 25, 2013 and last amended on December 11, 2019.

### **ARTICLE 1**

#### **Method of exercising general management – chairmanship and vice-chairmanship of the board of directors**

##### **A. Method of exercising general management**

1. General management of the company is under the responsibility of either the chairperson of the board of directors, who will then go by the title of Chairman and Chief Executive Officer, or of another natural person appointed by the board of directors going by the title of Chief Executive Officer.
2. The board of directors decides between these two methods of exercising general management at the time when the chairman of the board of directors or the chief executive officer is appointed or when renewing their terms of office. If the board of directors has decided to combine the functions of chairman and chief executive officer, it will deliberate on this choice every year.
3. In order to maintain continuity in the company's operation if the chairman serving as CEO leaves his role or is prevented from doing so, the deputy CEO(s) shall take the interim responsibility for general management functions in the company, unless otherwise decided by the board, until such time as a new CEO is appointed. The vice-chairman shall temporarily take the Chair of the board of directors.

##### **B. Chairperson of the board of directors**

1. The board of directors shall elect a chairperson amongst its members ("chairman"). The chairman shall be appointed for a period that can be no longer than his/her term of office as a director. The chairman is eligible for re-election. He/she may be removed from office by the board of directors at any time.
2. The chairman of the board of directors organizes and manages the board's activities, and reports thereon at the annual general shareholders meeting.
3. The chairman of the board of directors sets the agenda and the schedule for board meetings with assistance from the vice-chairman lead director.

4. The chairman of the board of directors ensures that the different corporate bodies operate correctly and especially that the directors are in a position to fulfill their mission. The chairman may request any document or item of information useful to enlighten the board of directors when preparing its meetings.

### **C. Vice-chairman of the board of directors – lead independent director**

1. The board of directors may appoint a vice-chairman. The vice-chairman shall be appointed for a period that may not be any longer than his term of office as a director. The vice-chairman is eligible for re-election. The vice-chairman may be removed from office by the board of directors at any time.
2. The vice-chairman shall preside over board meetings in the absence of the chairman.

The vice-chairman shall be called upon to replace the chairman of the board of directors in the event of any temporary inability of the latter to fulfill his/her functions or in the event of death. In the event of the chairman's inability to fulfill his/her functions, he/she will be replaced by the vice-chairman as long as his/her inability may last and, in the case of death, until the election of a new chairman.

3. In exception to 1 above, and in compliance with Article 12.2 of the articles of association, the appointment of a vice-chairman is compulsory if the roles of chairman and CEO are combined. In this case, the vice-chairman also takes on the role of lead independent director. In this respect:
  - The vice-chairman is kept informed of major events in Group life through regular contacts and monthly meetings with the chairman serving as CEO;
  - The vice-chairman is consulted by the chairman serving as CEO on the agenda and the sequence of events for every board meeting as well as on the schedule for board meetings;
  - At the end of every board meeting, the vice-chairman convenes executive sessions with non-executive members of the board of directors, over which he will preside. It is the vice-chairman's responsibility to appreciate for each topic discussed whether the employee directors should leave the meeting till the topic is closed. In addition, the vice-chairman may convene an executive session between two board meetings. Any director may ask the vice-chairman to convene additional executive sessions;
  - The vice-chairman shall promptly report to the chairman serving as CEO on the conclusions of executive sessions;
  - The vice-chairman shall draw the attention of the chairman and of the board of directors to any possible conflicts of interest that he may have identified or which may be reported to him;
  - The vice-chairman is the chairperson of the Governance and remuneration committee;
  - Like any other member of the board, the vice-chairman may attend any meetings of committees of which he is not a member;
  - In order to complement his knowledge, the vice-chairman may meet the Group's leading managers and visit company sites;

- The vice-chairman carries out annual assessments of the board of directors and, in this context, assesses the actual contribution of every member of the board to the board's activities;
  - The vice-chairman shall report on his actions at annual general shareholders meetings;
  - The vice-chairman shall meet any shareholder who wishes so and inform the board of their concerns on governance matters.
4. The vice-chairman lead director must be an independent member of the board, as defined in accordance with the criteria published by the company.

## **ARTICLE 2**

### **Roles and powers of the board of directors**

1. The board of directors shall determine company business policies in accordance with its social interest and while considering its social and environmental aspects, and ensure that they are implemented. Subject to the powers expressly conferred to annual general shareholders meetings and within the limit of the corporate purpose, it shall deal with any issue affecting the company's efficient operation and take business decisions within its remit.

The board regularly reviews, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly. To this end, the board of directors receives all of the information needed to carry out its task, notably from the executive corporate officers (Chief Executive Officer, deputy Chief Executive Officers).

The board ascertains the implementation of a process aimed at preventing and detecting corruption and influence peddling. It receives all of the information required for this purpose.

The board also checks that the executive corporate officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on the governing bodies.

2. In accordance with legal or statutory provisions, it is the board of directors' responsibility to:
- Determine the method of exercising general management of the company;
  - Appoint executive corporate officers and also remove them from office as well as to set their remuneration and the benefits granted to them;
  - Co-opt directors whenever necessary;
  - Convene annual general shareholders meetings;
  - Approve corporate and consolidated accounts;
  - Draw up management reports and reports for annual general shareholders meetings;
  - Draw up management planning documents and the corresponding reports;

- Draw up the corporate governance report as provided for in Article L.225-37 of the French Commercial Code;
- Decide on the use of the delegations of authority granted at annual general shareholders meetings, more particularly for increasing company capital, redeeming the company's own shares, carrying out employee shareholding operations and cancelling shares;
- Authorize the issue of bonds;
- Decide on the handing out of options or restricted/performance shares within the limits of authorizations given at annual general shareholders meetings;
- Authorize statutory conventions (conventions covered by Article L.225-38 and following of the Commercial Code);
- Implement a process to regularly assess that the rules used to qualify a related party transaction as regulated agreement or not, are relevant and effective;
- Authorize the issue of sureties, endorsements and guarantees;
- Decide on the constitution of study committees and designate their members;
- Decide on the dates for the payment of dividends and any possible down-payments on dividends;
- Distribute directors' remuneration allocated at the annual general shareholders meeting amongst members of the board of directors.

In compliance with the provisions set forth in the Commercial Code, the board of directors delegates all powers to the chairman serving as CEO (or the CEO if appropriate):

- For issuing, with the possibility of sub-delegating, sureties, endorsements or guarantees within a maximum annual sum of 500 million euros, limited per surety, endorsement or guarantee to:
  - (i) EUR150 million for commitment guarantees made by Group subsidiaries for Group financial optimization operations,
  - (ii) EUR250 million for commitment guarantees made by Group subsidiaries, for taking over the company's commitments whenever acquisition operations are made on companies or business activities,
  - (iii) EUR100 million for other guarantees.
 The above limits are not applicable to any sureties, endorsements and guarantees that may be issued with regard to tax or customs authorities.
- For formally recording any increases in capital following conversions of convertible bonds, exercising warrants and stock options, as well as subscribing to capital securities or shares giving access to company capital in the context of increases in capital reserved for employees and carrying out all prior and subsequent formalities related to any such changes in capital and to any modifications to the articles of association.

3. To enable the board to exercise its duties as defined in 1 and beyond its specific powers summarized in 2, the board of directors:

- Shall be informed by its chairman or by its committees of any significant event concerning the company's efficient operation as well as the successful conclusions of any significant projects;
- Shall give prior authorization for:
  - . All disposals or acquisitions of holdings or assets by the company or by a Group company for a sum of more than 250 million euros,
  - . Concluding any strategic partnership agreement;

- Shall review every year its composition, its organization and its mode of operation;
  - Shall be consulted prior to acceptance by the chief executive officer or deputy chief executive officers of any corporate appointment in a listed company outside the Group;
  - Shall be informed about market developments, competitive environment and the most important challenges the company has to face, including in the area of social and environmental responsibility.
4. The activities of the board of directors and its committees shall be described in the corporate governance report.

### **ARTICLE 3**

#### **Membership of the board of directors**

In the proposals it makes and the decisions it takes, the board of directors shall ensure:

- That it reflects the international nature of the Group's activities and of its shareholders by having a significant number of members of non-French nationality;
- That it protects the independence of the board through the competence, availability and courage of its members;
- That it pursues its objective of diversifying the board of directors in compliance with the legal principle of attaining balanced representation between men and women on the board;
- That it appoints persons with the expertise required for developing and implementing the Group strategy while considering the objectives of diversity based on criteria such as age, professional skills and experiences;
- That employee shareholders and employees shall continue to be represented on the board in compliance with the provisions set forth in Articles 11.3 and 11.4 of the articles of association;
- That it preserves the continuity of the board by changing some of its members at regular intervals, if necessary by anticipating the expiry of members' terms of office.

### **ARTICLE 4**

#### **Meetings of the board of directors**

1. The board of directors shall meet whenever the interests of the company so require and at the least six times a year, including one meeting for examining strategy in detail.

Notices to attend shall be issued by all means, including verbally. They shall be sent via the secretary of the board.

2. Board meetings shall be convened by the chairman or, if such person is unable to do so, by the vice-chairman.

Moreover, if no board meeting takes place for over two months, the chairman must convene a meeting of the board at a date no later than fifteen days after at least one-third of the members of the board have made a justified request for this purpose. If the request goes unheeded, the person or persons requesting the meeting may convene a meeting himself or themselves, stating the agenda of the proposed meeting.

Similarly, the chief executive officer, if he is not chairman of the board of directors may also address a request to the chairman to convene a meeting on any given agenda.

The person responsible for convening the meeting shall set its agenda. The agenda may be modified or completed at the time of the meeting.

Board meetings shall be held at the company's registered offices or at any other place specified in the notice of the meeting, whether in France or abroad.

3. Any member of the board may appoint another member to represent him at a board meeting by means of a proxy form.

During the same meeting, each member of the board may only use one proxy form that he has received further to the foregoing paragraph.

Members of the board may attend board meetings by videoconference or telecommunication links, which allow them to be identified and which guarantee their effective participation. In such a case, they are counted among the members present to the meeting. However, in accordance with applicable laws, for the purposes of checking and controlling annual accounts, consolidated accounts and the management report, the members of the board of directors who attend the meeting by videoconference or telecommunication links shall not be taken into account for the purposes of determining the quorum or the majority.

Deliberations of the board of directors shall only be valid if at least half of the directors are present. However, in application of Article 15 of the articles of association, the board of directors may only deliberate validly on the methods for exercising general management if two-thirds of the directors are present or represented.

Decisions shall be taken on a majority vote by the directors present or represented. In the event of equality of votes, the chairman of the meeting shall have the casting vote.

4. Besides the secretary of the board, the deputy CEO in charge of finance shall attend board meetings.

The board of directors shall hear operational managers concerned by major issues submitted to examination by the board.

The board of directors may authorize persons who are not members of the board to attend board meetings including by videoconference or by telecommunication links.

5. An attendance register shall be kept at the registered office.

The proceedings of the board of directors shall be recorded in minutes.

The secretary of the board shall be authorized to certify copies or excerpts from the minutes of the board's proceedings.

## **ARTICLE 5**

### **Information for the board of directors**

Members of the board of directors shall be provided with all the information necessary to enable them to carry out their duties and this within time limits that enable them to familiarize themselves with this information in a meaningful way. They may procure any documents they require for this purpose prior to meetings.

Any request for information made by members of the board on specific subjects shall be addressed to the chairman serving as CEO (and, if appropriate, to the CEO), who will reply thereto as promptly as possible.

In order to provide members of the board of directors with complete information, visits to sites and customers shall be organized for them. Members of the board of directors shall have the right to meet the main company executives. They shall inform the chairman serving as CEO (and, if appropriate, the CEO) thereof.

The chairman serving as CEO shall meet each member of the board individually once a year.

## **ARTICLE 6**

### **The status of members of the board of directors**

1. Members of the board of directors shall represent all the shareholders and shall act in the interests of the company in all circumstances.
2. Members of the board of directors shall attend board meetings and meetings of the committees of which they are members.

Any member, who has not attended at least half of the meetings held during the year, unless there are exceptional reasons, shall be deemed to wish to terminate his term of office and shall be invited to resign from the board of directors or the committee concerned, as appropriate.

3. Members of the board of directors shall be bound by a general confidentiality obligation with respect to the deliberations of the board and the committees and with respect to information which is not in the public domain, which they receive further to performing their duties.
4. Directors may not exercise more than 4 other terms of office in listed companies outside the Group.
5. Members of the board of directors shall have a duty to inform the board of directors of any office they may hold or no longer hold in other companies.
6. Members of the board of directors have a permanent duty to ensure that their personal situation shall not give rise to a conflict of interest with the company. In this respect, they shall disclose:
  - the existence of any conflict of interest, even a potential one, upon assuming their duties and then each year in response to a request made by the company at the time of preparation of its Universal Registration Document;
  - upon occurrence of any event which would render the statement above mentioned totally or partially inaccurate.

Any member of the board of directors having a conflict of interest, even a potential one, has a duty to notify it to the vice-chairman lead director who shall in turn inform the board of directors. The board of directors shall rule upon the conflict of interest and may request to the member(s) of the board of directors concerned to correct his/her situation. The member of the board of directors having a conflict of interest, even a potential one, shall not take part to the discussions nor to the vote of the corresponding decision and shall leave the meeting of the board of directors when the decision is debated.

7. During their term of office, members of the board of directors, to the exclusion of the directors representing employees, shall possess at least 1,000 shares in Schneider Electric SE. For applying this obligation, except for the 250 shares which must be held to comply with Article 11.1 of the articles of association, shares held via a company mutual fund essentially invested in the company shares can be taken into account. The Schneider Electric shares that they hold shall either be in purely registered (*nominatif pur*) or in managed registered (*administré*) form.
8. Members of the board of directors shall inform the French financial market authority within three business days from the completion of the operation, by e-mail at the following address: <https://onde.amf-france.org/RemiseInformationEmetteur/Client/PTRemiseInformationEmetteur.aspx>, as well as the secretary of the board, of any acquisition, sale, subscription or exchange concerning shares issued by Schneider Electric SE or any operation on financial instruments linked thereto, conducted on their own account or on their behalf.
- 8A. Members of the board of directors shall provide the secretary of the board with the list of the persons closely associated with them as defined by the European Regulation n°596/2014 (“Market Abuse Regulation”), whom they shall notify of their individual duties to inform the French financial market authority and Schneider



Electric SE (to the attention of the secretary of the board), similar to those applicable to themselves pursuant to paragraph 8 above.

9. Members of the board of directors undertake to abide by the compliance code governing stock-market ethics, of which they have received a copy, with respect to their personal financial transactions. In consequence, members of the board of directors may not acquire or dispose of options or any other derivative relating to Schneider Electric SE shares, except authorized hedging of stock-options plans in order to hedge stock option plans (eg: hedging of shares subscribed upon exercise of options).

Members of the board of directors shall refrain from carrying out any transaction involving company's listed shares during the 31 days before the day following publication of annual or half-yearly accounts, and during the 16-day period before the day following publication of quarterly information. The same principle applies when they hold insider information, i.e. precise information concerning the company, which has not been made public and which, if it were made public, could have a marked impact on share price or on any financial instrument related to them.

10. Members of the board of directors shall attend annual general shareholders meetings.
11. Members of the board of directors shall be remunerated by the payment of an annual fixed amount allocated at annual general shareholders meetings. The said amount will be distributed by the board of directors to its members.  
The board of directors may grant exceptional remuneration for assignments or offices conferred upon directors.
12. Travelling expenses, notably including hotel and restaurant expenses, incurred by the members of the board of directors in relation to the performance of their duties, shall be borne by the company on presentation of supporting documents.
13. Members of the board of directors shall complete the on-boarding programme offered to them at the beginning of their first term.

## **ARTICLE 7**

### **Non-voting directors**

The non-voting directors shall attend board meetings in a consultative capacity.

They shall receive the same information as the other members of the board. They may be appointed as members of committees, except for the Audit committee.

They shall act in the interest of the company under all circumstances.

They shall be bound by the same general confidentiality obligation as the members of the board of directors and shall be subject to the same limitations regarding

transactions involving the company's shares. Their remuneration shall be determined by the board of directors.

## **ARTICLE 8**

### **The committees of the board of directors**

1. The committees created by the board of directors shall be as follows:
  - Governance and remuneration committee,
  - Audit and risks committee,
  - Human Resources and Corporate Social Responsibility committee,
  - Investment committee,
  - Digital committee.
2. The role of these committees shall be to research and prepare certain matters to be considered by the board of directors. They shall make proposals, give recommendations and issue opinions, as appropriate, in their area of competence.

Created by virtue of Article 13 of the articles of association, they shall only have a consultative role and shall act under the authority of the board of directors.

3. The chairpersons and members of the committees shall be appointed by the board of directors. However, the vice-chairman lead director shall preside over the Governance and remuneration committee. They shall be appointed in a personal capacity and may not be represented.

The terms of office of committee members shall coincide with their terms of office as members of the board of directors. The terms of office of committee members may be renewed.

As a matter of good governance and to the exclusion of the Governance and remuneration committee chaired by the vice-chairman lead director, committee chairs should be rotated and not exceed four years for a given committee. The board of directors shall deliberate annually on the chairmanship of the concerned committee whenever such four-year limit is reached or exceeded.

4. Committees shall meet on the initiative of their chairperson or on request from the chairman of the board of directors or the CEO.
5. The chairman serving as CEO or the CEO shall be kept informed of committee meetings. He/she shall be in regular contact with committee chairmen.
6. Committee meetings shall be held at the company's registered offices or any other place decided upon by the chairperson of the committee with an agenda prepared by the latter. If necessary they may be held by audio or video conference. Members of the board of directors may attend meetings of committees of which they are not a member. Only the members of the committee shall take part in the committee's discussions.

A secretary will prepare the minutes of the meetings, which shall be recorded in an *ad hoc* register specific to each committee by the secretary of the board.

A report on each committee's activities shall be given by the committee's chairperson or one of its members at the next board meeting. Minutes of committee meetings shall be provided for the members of the board of directors.

After referring the matter to the chairman of the board, every committee may request studies from external consultants. Every committee may invite any person of its choice to its meetings, as and when required.

7. Other than the permanent specialist committees that it has created, the board of directors may also decide to set up any *ad hoc* committees for specific operations or assignments.

## **ARTICLE 9**

### **The Audit and Risks committee**

#### 1. Membership and operation of the Audit committee

The committee shall be comprised of at least three members, two-thirds of whom must be independent members of the board of directors. At least one of the members must possess special skills concerning matters of finance and accountancy and be independent with regard to specified, published criteria.

The deputy CEO in charge of finance shall act as the Audit committee's contact.

The head of internal audit shall act as secretary to the Audit committee.

The committee shall meet at least five times a year. The chairperson of the committee shall draw up agendas for meetings.

The meetings shall be attended by members of the finance department and of the company's internal audit department and, with respect to meetings devoted to examining accounts, by the statutory auditors. The committee may invite any person it wishes to hear to its meetings. It may also require the CEO to provide any documents it deems to be useful.

Outside the presence of company representatives, the committee shall regularly hear the statutory auditors and the head of the internal audit.

#### 2. The duties of the Audit committee

The Audit Committee monitors questions on drawing up and controlling accounting, financial and extra-financial information. It prepares the board of directors' decisions in these domains. It issues recommendations to the board for the purpose of ensuring the integrity of the financial and extra-financial information and gives advices. For this purpose:

- It shall prepare for annual and half-yearly accounts to be approved by the board and therefore, more particularly:
  - . Checks the appropriateness and consistency of the accounting methods used for drawing up consolidated and corporate accounts, as well as checking that significant operations on Group level have been dealt with appropriately and that rules relating to the consolidation perimeter have been complied with;
  - . Examines off-balance-sheet risks, including those of a social and environmental nature, and commitments as well as the cash situation;
  - . Examines the process for drawing up financial and extra-financial information.
- It examines the draft annual report, which bears the status of universal registration document and contains the information on internal control, the draft half-yearly report and, where applicable, any remarks made by the French Financial Market Authority (AMF) concerning these reports, as well as the other key financial information documents.
- It handles follow-up on legal control of annual and consolidated accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors.
- After a consultation process, it shall suggest reappointing the existing statutory auditors or appointing new statutory auditors.
- It shall check the independence of statutory auditors, especially at the time of examining fees paid by the Group to their firm or their network, and by giving prior approval to any missions that are not strictly included in the scope of the statutory audit.
- It monitors the efficiency of internal control and risk management systems. For this purpose:
  - . It shall examine the organization and resources used for internal audit, as well as its annual work program. It shall receive summaries of reports produced on audits on a quarterly basis. However, the chairperson of the committee shall receive these reports in full;
  - . The committee shall examine operational risk-mapping and make sure that measures exist for preventing or minimizing risks;
  - . It shall examine how to optimize risk coverage on the basis of reports requested from internal audit;
  - . It shall examine Group internal control measures and look into the results of entities' self-assessments with respect to internal control. It shall ensure that a relevant process exists for identifying and processing incidents and anomalies;
  - . It shall ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics and data protection and the measures implemented to ensure that these policies are circulated and applied.

The Audit committee shall examine proposals for distribution as well as the amount of financial authorizations submitted for approval at annual general shareholders meetings.

The Audit committee reports to the board on the implementation of Schneider Electric SE's Charter on the related party transactions and on the relevance of the criteria to qualify related party transactions as regulated agreements or not.

The Audit committee shall examine all financial and accounting questions and questions related to risk-management submitted to it by the board of directors.

The Audit committee reports to the board on the findings of its works and how they contributed to the integrity of the financial and extra-financial information. It informs the board of the follow-up actions that it proposes to take. The chairperson of the Audit Committee shall keep the chairman and the vice-chairman lead director promptly informed of any difficulties encountered by the committee.

## **ARTICLE 10**

### **Governance and remuneration committee**

#### **1. Membership and operation of the Governance and remuneration committee**

The committee shall be comprised of at least three members.

The Governance and remuneration committee shall be presided by the vice-chairman lead director. Failing this, the board shall appoint the chairperson of the committee.

The secretary of the board shall be the secretary of the Governance and remuneration committee.

The committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the committee after consultation with the chairman of the board of directors. The committee shall meet at least three times a year.

In order to carry out its assignments, the committee may hear any person it wishes.

#### **2. The Governance and remuneration committee's duties:**

The committee will formulate proposals to the board of directors in view of any appointment made:

(i) To the board of directors:

- Directors or non-voting directors,
- Chairman of the board of directors, vice-chairman and vice-chairman- lead director,
- Chairpersons and members of committees;

(ii) For general management of the company. The committee will also give its opinion to the board on nominations for any deputy CEO's.

The committee shall formulate proposals to the board of directors on the compensation policy of the executive corporate officers (chairman of the board of

directors and/or CEO, deputy CEO), ensuring in particular its alignment with the corporate interest. The committee shall prepare annual assessments of the persons concerned and make recommendations to the board of directors concerning the determination of the components of the compensation due to executive corporate officers in accordance with the compensation policy. To this end, it uses the works of the Human Resources and CSR committee.

The committee shall prepare the draft corporate governance report of the board of directors.

When the committee reports to the board on these matters, the board of directors debates and deliberates without the presence of the executive corporate officers.

The committee shall propose measures to the board of directors that will reassure both shareholders and the market that the board of directors carries out its duties with all necessary independence and objectivity. For this purpose, it will organize for yearly assessments to be made of the board of directors. It shall make proposals to the board of directors on:

- Determining and reviewing directors' independence criteria and directors' qualifications with regard to these criteria;
- Missions carried out by the committees of the board of directors;
- The evolution, organization and operation of the board of directors and its committees;
- The company's use of national and international corporate governance practices;
- The total amount of board members' remuneration proposed at annual general shareholders meetings together with its allocation amongst them.

## **ARTICLE 11**

### **Human Resources and Corporate Social Responsibility committee**

#### **1. Membership and operation of the Human Resources and Corporate Social Responsibility Committee**

The committee shall be comprised of at least three members.

The director of Human Resources for the Group shall be the secretary to the Human Resources and Corporate Social Responsibility committee.

The committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the committee after consultation with the chairman serving as CEO. The committee shall meet at least three times a year.

In order to carry out its assignments, the committee may hear any person it wishes.

#### **2. The committee's duties:**

The committee shall formulate proposals to the board of directors on setting up share subscription / purchase options plans and free/performance shares plans.

The committee shall formulate projects on proposals made by general management on:

- Compensation of the members of the executive committee.
- Principles and criteria for determining the compensation of Group executives.

The committee shall be informed of any nomination of members of the executive committee and of the main Group executives.

It shall examine succession plans for key Group executives.

The committee shall prepare the board of directors' deliberations on (i) expansion of employee shareholding, (ii) review by the board on social and financial impacts of major re-organization projects and major human resource policies, (iii) monitoring risks management in relation to human resources and (iv) examining the different aspects of the "CSR" Group policy.

## **ARTICLE 12**

### **Investment Committee**

#### **1. Membership and operation of the Investment committee**

The committee shall be comprised of at least three members.

The director of Group Strategy will be secretary to the Investment committee.

The committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the committee after consultation with the chairman serving as CEO. The committee shall meet three times a year, less or more depending on the circumstances.

In order to carry out its assignments, the committee may hear any person it wishes and call upon the Group M&A director.

#### **2. The Investment committee's duties:**

The committee prepares the board of directors' deliberations on investment policy.

To this purpose, the committee:

- Shall elaborate recommendations for the board on major capital deployment decisions;
- Shall advise the management team on capital deployment strategies;
- May launch, at the board's request, or suggest research projects leading to material investments for the company, typically for capital deployment decisions of €250million or above;

- May investigate matters of smaller scale, if the strategic significance warrants it or the board/chairman of the board specifically requires it;
- Shall provide recommendations on major merger, alliances and acquisition projects;
- Shall pay special attention to reconfiguration or consolidation scenarios happening in the sectors the company is operating in or likely to operate in;
- Shall examine portfolio optimizations and divestment projects of financial or strategic significance;
- Shall support the management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments;
- Shall present to the board social and environmental aspects of the strategic projects submitted to it such as M&A projects.

## **ARTICLE 13**

### **Digital Committee**

#### 1. Membership and operation of the Digital committee

The committee shall be comprised of at least 3 members.

The Chief Digital Officer or the Chief Information Officer will be secretary to the Digital committee.

The committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the committee after consulting with the chairman & CEO. The committee shall meet at least three times a year, including a joint review on Cyber-security risks with the Audit and risk committee.

In order to carry out its assignments, the committee may hear any person it wishes.

#### 2. The Digital committee's duties

The purpose of the Digital committee is to assist the board in digital matters in order to guide, support and control the Group in its digitization efforts. The Digital committee prepares the board of directors' deliberations on digital matters.

For this purpose, the Digital Committee will review, appraise and follow-up projects and, generally, advise, inter alia on 7 areas:

1. Development and growth of the EcoStruxure digital business, including (i) enhancing Core Businesses with Connectivity & Analytics, (ii) building new digital offers & business models, (iii) establishing its contribution to and consistence with the overall strategy;
2. Improvement and transformation of the Group's Digital Customers & Partners Experience;



3. Improvement of Schneider Electric's Operational Efficiency through the effective use of Information Technology and digital automation capabilities;
4. Assessment of Cyber Risks and enhancement of the Group's Cyber Security posture (jointly with the audit committee);
5. Assessment of the contribution of potential M&A operations to the Group's Digital strategy;
6. Monitoring and analysis of the Digital landscape (competitors and disrupters, threats and opportunities);
7. Checking that the company is equipped with the right pool of talents for digital transformation.

## **ARTICLE 14**

### **Perimeter of internal regulations**

The present internal regulations have been unanimously approved by the board of directors. A purely internal act, their objective is to complete the articles of association by stipulating the main conditions of organization and operation of the board of directors. Their purpose is not to replace the articles of association. They may not be relied upon by shareholders or third parties for use against members of the board of directors, the company, or any company in the Schneider Electric Group. They may be modified at any time solely by deliberation of the board of directors.