

Written questions

Rueil-Malmaison (France), April 23, 2020 - On the dedicated email address set-up for this purpose, the Board of Directors received on March 31, 2020 from *Institut pour l'Investissement Responsable*, shareholder holding 1 share of the company, the twelve following questions:

Environment

- 1. What is the list of your activities that are not compatible with the Paris Agreement (i.e. a climate scenario keeping the global temperature rise to a level well below 2°C and continuing the efforts to further limit the increase in temperature to 1.5°C)? What actions have you taken to disengage from these activities in 2020?**

Schneider Electric has been a leading contributor to the fight against climate change for the past 15 years by implementing its own energy management and industrial automation services across operations, by supporting its clients in achieving their low-carbon and efficiency objectives and by allowing more than 27 million people to gain access to electricity.

Schneider also takes an active part in a variety of multi-stakeholder organizations to promote solutions to climate change, call for a price to CO₂ and strengthen CO₂ governance globally. Finally, Schneider contributes since 2011 to the Livelihoods funds, which proposes innovative investment models to simultaneously address environmental degradation, climate change and rural poverty, while helping businesses become more sustainable.

In its new Principles of Responsibility, launched in 2019, Schneider adopts an unequivocal position regarding impact on climate change and CO₂ emissions. At COP25, the Group reaffirmed its ambition to be a role model in the fight against climate change, by sharply decarbonizing its own operations and by delivering services and solutions that allow its customers to reduce more CO₂ emissions than those produced by its activity. Climate ambitions are defined for 2025, 2030 and 2050 as follows:

- To be carbon neutral in the Group's operations by offsetting remaining emissions no later than 2025;
- To reach the COP21 goal of carbon neutrality in its expanded ecosystem by 2025 – 5 years ahead of schedule – by delivering more CO₂ savings to customers than its carbon footprint;
- To achieve net-zero operational emissions and reduce scope 3 emissions by 35% by 2030 (vs 2017) as part of its validated 1.5°C Science-Based Target;
- To engage with suppliers towards a net-zero supply chain by 2050.

These commitments were taken as part of the “Business Ambition for 1.5°C – Our Only Future”. Since 2018, Schneider is one of the 15 companies (out of 4,500+ signatories) to join the Global Compact LEAD initiative “Pathways to Low-Carbon and Resilient Development” to proactively share best practices in sustainable climate strategies.

For more details, please refer to the 2019 Universal Registration Document, page 132.

2. How are your CapEx / development plans aligned with a climate scenario compatible with the Paris Agreement?

In its mission, Schneider Electric clearly places green offers to customers as essential:

“At Schneider Electric, we believe access to energy and digital is a basic human right. We empower all to make the most of their energy and resources, ensuring Life Is On everywhere, for everyone, at every moment. We provide energy and automation digital solutions for efficiency and sustainability. We combine world-leading energy technologies, real-time automation, software and services into integrated solutions for Homes, Buildings, Data Centers, Infrastructure and Industries. We are committed to unleash the infinite possibilities of an open, global, innovative community that is passionate about our Meaningful Purpose, Inclusive and Empowered values.”

In line with this mission, Schneider Electric activities and revenues evolve, to bring more efficiency and sustainability everywhere. In 2019, Green Revenues represent around 70% of the Group’s total revenues.

To further contribute to a new electric and digital world, 100% of Schneider Electric’s innovation projects are aligned with its purpose, more than 90% being either strictly green or neutral, according to the definition outlined below.

For more details, please refer to the 2019 Universal Registration Document, page 111.

3. How do you analyze the impact of your activities on global and local ecosystems (for example, biodiversity)? What would you consider as your 5 main impacts on these ecosystems (positive and negative)?

Locally, Environmental risks related to manufacturing include soil, water, and air contamination. For instance, release of hazardous substances can be harmful for fauna, flora, and human health, as well as disrupt continuity of operations and tarnish reputations.

The release of greenhouse gas emissions is the main global impact on ecosystems.

The Group takes a proactive approach to managing environmental liabilities and risks. Environmental regulatory compliance, environmental management systems and continuous improvement are the foundation of the Group’s environmental risk management and prevention program for current, former and prospective operations.

On this topic, a number of initiatives are in place, and major ones which were again executed in 2019 can be thrown light on:

- The Integrated Management System (IMS) covers the Group's supply chain sites (plants, distribution centers, large offices) and hosts ISO 14001, ISO 50001, ISO 9001, and OSHAS 18000/ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally. Such a program is a key pillar towards robust environmental governance;
- The phase 2 of our CLEARR program (Company-wide Look at Environmental Assessment and Risk Review) was successfully rolled-out, with investigations on top sites with historical and current potential environmental risks;
- Periodical environmental risk and provisions reviews are done locally with Finance and Legal function;
- Risks and mitigation actions are presented to the board's Audit Committee;
- Schneider Electric's Company-wide risk repository reflects its biggest environmental risks (on suppliers, products, sites and customer projects);
- As part of mergers, acquisitions and disposals, thorough environmental due diligence of sites is conducted where chemicals are or have been used. Any environmental risks or liabilities identified are addressed through proper risk management activities.

Historical environmental liabilities are managed on a regional level to ensure local expertise, regulatory knowledge and cultural awareness is applied. Using external consultants, known environmental issues are thoroughly investigated, and if appropriate, remediated or otherwise managed through engineered or institutional controls to reduce potential risks to non-significant levels and in compliance with local regulations.

For more details, please refer to the 2019 Universal Registration Document, pages 137-142.

For many years, we have been reporting several environmental KPIs in our annual reports, concerning waste, water, energy, and CO₂ emissions (*cf. 2019 Universal Registration Document, page 201*).

As part of the Schneider Sustainability Impact, we publish quarterly the performance for 21 programs on 5 pillars (Climate, Circular economy, Health & equity, Ethics, Development).

There are 4 indicators under the Climate pillar:

- 80% renewable electricity,
- 10% CO₂ efficiency in transportation,
- 120 million metric tons CO₂ saved on our customers' end thanks to our EcoStruxure offers,
- 25% increase in turnover for our Energy & Sustainability Services.

And 4 others under the Circular economy pillar:

- 75% of sales under our new Green PremiumTM program,
- 200 sites labeled towards zero waste to landfill,

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- 100% cardboard and pallets for transport packing from recycled or certified sources,
- 120,000 metric tons of avoided primary resources consumption through Ecofit, recycling and take-back programs.

These programs reflect the Group's positive impact to reduce Global CO2 emissions, and to make operations resource and energy efficient.

For all results, please refer to the 2019 Universal Registration Document, page 96.

Social

4. The coronavirus crisis will strongly hurt the economic landscape and be especially harmful to the small and medium size companies. In this context, does the Group plan to change the payment terms of its suppliers and if the answer is yes, how and in which geographies?

In this context of crisis and uncertainty, Schneider Electric is committed to support its ecosystem of suppliers, esp. SMEs, to help them navigate through this troubled period.

We have taken several measures to support them during the crisis prepare for the future:

- collaborate with them, to maintain their activity, even if their capacity is limited by the constraints linked to the context and give them an extended visibility on our needs;
- Inform them about the measures taken by our invoice processing centers to maintain continuity of payments despite confinement measures;
- We are helping them to understand government initiatives and directives to ensure business continuity.

We are all impacted by the Covid-19 context. In this context, we cannot 100% guarantee the effectiveness of our processes and our coverage. This is why we pay particular attention and are open to any SME that appears to be encountering difficulties in its relationship with Schneider and have implemented a rapid escalation process dedicated to our Suppliers.

5. How does your company prepare its employees for the transitions of the 21st century that are shaking your industry?

At Schneider we are proactively preparing our employees for the workforce of the future via several levers.

- Energy Transition and Digitalization: we are preparing for a 'new electric world' where digital acumen and capabilities is key in how we approach employee hiring, training and learning. Examples include targeted hiring of digital profiles and skills, assessing employees on their digital acumen vis-à-vis the Digital Citizenship and competency framework, and providing training on digital skills through e-learning for both NDVC and DVC employees. In 2020, we launched a global Future Skills initiative to identify the crucial digital, job-related and 'soft' skills and relevant learning paths to support employees to build those skills.

- Globalization and Diversity: we are preparing for multi-local and global world that is diverse and agile. Examples include our multi-local, multi-hub business model to support workforce geographic flexibility and empowerment, global flexibility and remote working programs, Senior Talents initiative to address the maturing workforce and to leverage expertise and knowledge management, and trainings and assets to support 'new and smarter ways of working' through technology.
- Employee Value Proposition: we are anticipating the growing priorities of employees to work at a company with a purpose-driven, inclusive, employee empowered culture. Examples include:
 - continued evolution of our EVP (meaningful, inclusive, empowered) and Company story;
 - enhancement of our Digital employee experience,
 - global launch of our Open Talent Market with employees empowered to seek internal jobs, projects and mentors,
 - policies to support equity and care like Pay equity, family leave and flex work.

6. Do you have a definition of “living wage” that is not limited to the local legal minimum wage? If yes, which one? How does your company guarantee its employees a decent salary, especially in the main countries where you operate?

In line with its Human Rights Policy and Principles of Responsibility, Schneider Electric believes earning a decent wage is a basic human right. Schneider is committed to paying employees in the lower salary ranges at or above the living wage to meet their families' basic needs.

By basic needs, the Group considers food, housing, sanitation, education, healthcare plus discretionary income for a given local standard of living.

In 2018, Schneider started working with an independent advisor – Business for Social Responsibility (BSR) – to implement a living wage commitment. Schneider Electric has initiated a global process to analyze wage levels and employment practices against local living wage standards set by BSR. At the end of 2019, the analysis had covered 63 countries, reaching 99% of the Schneider footprint. This partnership and process will continue in 2020.

7. Do you take environmental and social criteria into account in the context of the profit-sharing agreement formulas for your employees in France? If yes, how and in what proportion?

12.5% of the profit-sharing given to the employees in France is directly depending upon the Group's social and environmental performance, measured through the *Schneider Sustainability Impact* (SSI) index. The SSI score is made public every quarter together with the financial KPIs of the Group.

In addition to the French profit-sharing *stricto sensu*, the annual variable compensation of 60,000 employees of Schneider worldwide is directly correlated to the social and environmental performance of the Group, up to 10% of their total target annual compensation (to the exclusion of profit-sharing which adds up to it). In the same manner as the profit-sharing, this non-financial performance is measured through the *Schneider Sustainability Impact* index.

8. In the context of employee savings plans, what proportion of funds have a responsible label (CIES, Finansol, Greenfin, ISR)?

The fund Schneider Electric Solidaire was constituted to facilitate access to energy to unprivileged populations and entrepreneurship initiatives related to electricity and renewable energies. The fund has received the labels of Finansol and ISR and represents nearly 3% of the Group employees savings.

Governance

9. Is the breakdown of taxes paid in each country debated by the board of directors and / or by the audit committee? Do you plan to make the outcome public?

Among other duties, the audit and risks committee analyses the risks, examines the process for drawing up financial and extra-financial information, and handles follow-up on legal control of annual and consolidated accounts. In this context, the committee may have to dive into tax subjects such as the breakdown of taxes paid in each country.

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. Its findings are debated by the board.

10. Are the problems of social cohesion due to gaps in wages examined by the board of directors and are they the subject of a policy?

The pay-equity ratio prescribed by article L. 225-36-3 6° of the French Commercial code have been established and published on a larger perimeter than the one prescribed by law. The results have been jointly analyzed by the governance and remunerations committee and the human resources and CSR committee, which reported to the board thereon.

As a responsible employer, Schneider prioritizes pay equity and fairness, a culture of diversity & inclusion, and a healthy workplace where all employees can feel recognized and safe to bring their authentic self to work.

Further, the Group, with the support and guidance of the board of directors, aims at implementing a proactive policy ensuring decent wages for all employees in the lower salary ranges (see above). Many other initiatives supervised by the board are taken to ensure, among other guarantees: fair compensation, equal opportunity and pay equity, adequate social benefits for the employees and their dependents. More details can be found in the 2019 Universal Registration Document, pages 173 and subs.

11. Are the policies to ensure equality between women and men in terms of remuneration, career and access to positions of responsibility and the targets to be reached discussed by the board of directors?

The human resources and CSR committee, who reports thereon to the board for deliberation every year, examines the many aspects of the Group's CSR policy as well as the diversity and inclusion policy. The gender equity policy is part of it.

The gender equity policy embraces all dimensions of the professional life: hiring, pay, career opportunities, working conditions, etc. The deployment of this policy and its results are measured quarterly in the *Schneider Sustainability Impact* which directly affects the variable compensation of approximately 60,000 employees (for more details, see the 2019 Universal Registration Document, pages 167-168).

While reviewing this policy and its results, the board of directors noted that as far as the French perimeter was concerned, the main entity of the Group, SEI-SEF, which represents 70% of the French workforce, had received a score of 94/100 in the French gender equity index for the year 2018 (<https://www.se.com/fr/fr/about-us/newsroom/actualites/schneider-electric-publie-la-note-obtenue-a-lindex-de-legalite-femmes-hommes-par-sa-principale-entite-legale-en-france-pour-2018-ff66-636ff.html>).

At the Group level, the board noted the tremendous efforts to build a gender-balanced leadership pipeline and their positive outcome, reflected by the executive committee which comprises now 35% women (for more details, see the 2019 Universal Registration Document, pages 164-165).

12. Do you plan to make public the opinion of the social partners on the Group's Non-Financial Performance Declaration?

The social partners have not issued any opinion in relation to the Group's Non-Financial Performance Declaration.

About Schneider Electric

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