

## 1. Governance Report

### 1.7.3 Statutory auditors' report on related party agreements

#### To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) of the continuation of the implementation, during the year, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

#### Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized during the year to be submitted to the Annual General Meeting for approval in accordance with Article R. 225-38 of the French Commercial Code (*Code de commerce*).

#### Agreements previously approved by the Annual General Meeting

##### Agreements approved in prior years

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year.

##### Agreements approved during the year

In addition, we have been notified of the implementation during the year of the following agreement which was approved by the Annual General Meeting of April 23, 2020 based on the statutory auditors' report on related party agreements dated March 10, 2020.

With Mr. Emmanuel Babeau (Deputy Chief Executive Officer in charge of Finance and Legal Affairs until his departure from the Group on April 30, 2020)

As part of his departure from the Schneider Electric group, Mr. Emmanuel Babeau benefited from a related party commitment setting out the terms and conditions for the termination of his duties, whose effects were as follows:

- **Fixed compensation for fiscal year 2020**

The amount of the fixed annual compensation of the Deputy Chief Executive Officer remained unchanged at 680,000 euros for fiscal year 2020. The fixed compensation paid to Mr. Emmanuel Babeau has been calculated prorata temporis until the term of his duties as Deputy Chief Executive Officer.

He has thus received 212,500 euros until April 30, 2020 as a fixed compensation, after waiving part of his compensation for the month of April 2020 in accordance with the decision of the Board of Directors held on April 6, 2020.

- **Variable compensation for fiscal year 2020**

The target level of 680,000 euros, corresponding to 100 % of the fixed compensation, has been granted to Mr. Emmanuel Babeau for fiscal year 2020. The variable compensation paid to Mr. Emmanuel Babeau has been calculated prorata temporis until the term of his duties as Deputy Chief Executive Officer.

He has thus received 226,667 euros until April 30, 2020 as a variable compensation.

- **Additional pension payments (cash benefit)**

Mr. Emmanuel Babeau has received the following amounts in respect of additional pension payments for 2020, calculated prorata temporis until the term of his duties as Deputy Chief executive Officer:

- a fixed part of 51,100 euros (calculated on an annual basis of 153,300 euros); and
- a variable part of 51,100 euros (calculated on an annual basis of 153,300 euros).

- **Application of a new non-compete agreement and of additional commitments**

With respect to his non-compete agreement and his other commitments in the context of his departure (non-solicitation, non-disparagement, confidentiality and cooperation in judicial or administrative proceedings involving the company) for a period of two years, Mr. Emmanuel Babeau retains, after applying the performance conditions related to the 2018 share plans, the benefit of a maximum of 27,117 performance shares as of December 31, 2020:

- 17,728 performance shares granted in 2018 which will be deemed vested on March 26, 2021, subject to the Deputy Chief Executive Officer's compliance with his commitments until that date; and
- a maximum of 9,389 performance shares granted in 2019 which will be deemed vested on March 28, 2022, subject to the Deputy Chief Executive Officer's compliance with his commitments until that date.

The final number of performance shares likely to be acquired by Mr. Emmanuel Babeau will be known at the end of the respective acquisition periods, subject to his continuous compliance with his commitments and, with respect to the shares granted in 2019, to the Board of Directors' decision on the achievement rate of the applicable performance conditions.

It is specified that the performance shares likely to be acquired by Mr. Emmanuel Babeau represent an individual value of 54.69 euros per performance share granted in 2018 and 53.84 euros per performance share granted in 2019.

The valuation of the performance shares was calculated in accordance with the Company's past practices and in accordance with the recommendations of the Afep-Medef Code. This valuation represents a total amount of 1,474,948.56 euros (969,454.19 euros for the preference shares granted in 2018 and 505,494.37 euros for the preference shares granted in 2019).

- **Legal and tax assistance**

Mr. Emmanuel Babeau benefits from legal and tax assistance until the completion of the study on the consequences of his expatriation to the United Kingdom from July 2014 to July 2018 for the purposes of the integration of Invensys Ltd. The maximum cost of this benefit is estimated at 15,000 euros.

The compensation allocated or paid to Mr. Emmanuel Babeau in connection with the termination of his duties as Deputy Chief Executive Officer of the Company represents a maximum amount of 2,031,315.56 euros as of December 31, 2020.

Signed in Courbevoie and Paris-La Défense on March 10, 2021

The Statutory Auditors  
*French original signed by*

<b>MAZARS</b>	<b>ERNST &amp; YOUNG et Autres</b>
Loïc Wallaert	Jean-Yves Jégourel
Mathieu Mougard	Alexandre Resten

## 6. Statutory auditors' report on the consolidated financial statements

# 6. Statutory auditors' report on the consolidated financial statements

To the Annual General Meeting of Schneider Electric SE,

### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Schneider Electric S.E. for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the audit and risks committee.

### Basis for Opinion

#### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

#### Independence

We conducted our audit engagement in compliance with independence requirement rules required by the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors for the period from January 1st, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

### Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

### Measurement of goodwill and trademarks with an indefinite useful life

Notes 1.3, 1.8, 1.11, 5, 9 and 10 to the consolidated financial statements

Risk identified	
	As at December 31, 2020, the carrying amount of goodwill and trademarks with an indefinite useful life is M€ 19.956 and M€ 2.071 respectively, totaling 45 % of the group consolidated assets.
	As described in notes 1.8 and 1.11 to the consolidated financial statements, the trademarks with an indefinite useful life and the Cash Generating Units (CGUs), to which the goodwill is allocated, are tested for impairment at least once a year and whenever there is an indication of impairment risk.
	The Group's CGUs are Low Voltage, Medium Voltage, Industrial Automation, and Secure Power, and correspond to the smallest identifiable groups of assets generating cash inflows that are largely independent from the cash inflows from other assets or groups of assets.
	The recoverable value of a CGU is defined as the highest value between its value in use and its realizable value net of costs. The value in use of a CGU is determined by discounting future cash flows that will be generated by its underlying assets and which are based on the Group management's economic assumptions and operating forecasts. The Group expects to recover its sales and margin level in the near perspective.

<b>Risk identified</b> <i>continued</i>	<p>An impairment loss is recognized when the recoverable value of a CGU is lower than its book value, for the excess amount of the book value over the recoverable value. When the tested CGU comprises goodwill, any impairment loss is primarily deducted there from.</p> <p>We considered the measurement of goodwill and trademarks with an indefinite useful life to be a key audit matter as these assets account for a large part of the group's consolidated balance sheet and because of the level of management's judgment required to:</p> <ul style="list-style-type: none"> <li>• define the CGUs, as an improper mapping could lead your Group to not recognize or underestimate an impairment of goodwill;</li> <li>• determine the assumptions used for the impairment tests of goodwill and trademarks, particularly the discount rates, perpetuity growth rates and the expected margin rates or royalty rates.</li> </ul>
<b>Our response</b>	<p>As regards the goodwill, our audit work consisted in:</p> <ul style="list-style-type: none"> <li>• assessing the Group's definition of the CGUs in light of the applicable accounting standards;</li> <li>• reconciling the carrying amount of assets tested with the accounting data;</li> <li>• assessing the procedures implemented by the Group to evaluate the future discounted cash flows underlying the determination of the value in use of each CGU and check their consistency with the business plans/cash flow projections updated by Management following the COVID-19 pandemic;</li> <li>• reconciling the business forecasts underlying the future cash flows by comparing past estimates to actual results;</li> <li>• with the assistance of our valuation experts, assessing the assumptions used such as discount rates, perpetuity growth rates and expected margin rates, as well as the sensitivity of tests results to a variation of these assumptions;</li> <li>• reconciling the sensitivity analyses performed by the Group with our sensitivity calculations;</li> <li>• verifying the arithmetical accuracy of the computations underlying the impairment tests.</li> </ul> <p>As regards significant trademarks with an indefinite useful life, our work consisted in:</p> <ul style="list-style-type: none"> <li>• with the assistance of our valuation experts, assessing the method used to evaluate their recoverable amount and the assumptions used, including the discount rate, the perpetuity growth rate and the royalty rate, as well as the sensitivity of the results of these tests to changes in these assumptions;</li> <li>• reconciling the business forecasts underlying the future cash flows by comparing past estimates to actual results;</li> <li>• verifying the arithmetical accuracy of the impairment tests.</li> </ul>

### Capitalization and measurement of development costs

Notes 1.3, 1.8, 1.11, 4 and 10 to the consolidated financial statements

<b>Risk identified</b>	<p>As at December 31, 2020, the Group's consolidated balance sheet includes capitalized development costs recognized as intangible assets for M€ 1.186.</p> <p>As described in notes 1.8 and 1.11 to the consolidated financial statements, the costs the Group incurs as part of its new projects are capitalized when certain criteria are strictly met and, in particular, when it is probable that future economic benefits attributable to the project will flow to the group.</p> <p>Development-related assets are amortized from the commercial launch and over the lifespan of the underlying technology.</p> <p>Development-related assets which are not amortized yet are tested for impairment at least on an annual basis and whenever there is an indication of impairment risk. As for development-related assets, which are in the amortization period, they are tested for impairment when an impairment risk has been identified. The Group recognizes an impairment loss when the recoverable amount of a development-related asset is lower than the corresponding capitalized costs.</p> <p>The capitalization and the measurement of development costs are considered to be a key audit matter due to their materiality when compared to the consolidated assets of the Group, and to the management's judgment exercised when initially determining whether such development costs should be accounted for as intangible assets and when subsequently carrying out impairment tests.</p>
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## 6. Statutory auditors' report on the consolidated financial statements

<b>Our response</b>	<p>We analyzed the processes the Group implemented for the initial recognition in intangible assets of development costs, for the identification of projects to be potentially impaired and for the determination of estimates used for the purpose of testing the development-related assets for impairment. Based on a selection of projects, our work consisted in:</p> <ul style="list-style-type: none"> <li>• ensuring the criteria for recognizing an intangible asset, as set out in IAS 38, were met and consistently applied;</li> <li>• reconciling, the costs capitalized as at December 31, 2020 with the underlying supporting documentation;</li> <li>• assessing the data and assumptions used by the Group when testing development-related assets for impairment, mainly sales forecasts, discount rates and long-term growth rates, by inquiring of management and by comparing future cash flows to past performance;</li> <li>• comparing the sensitivity analyses performed by the Group to our sensitivity calculations;</li> <li>• verifying the arithmetical accuracy of these impairment tests.</li> </ul>
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### Recognition and recoverability of deferred tax assets related to tax losses carried forward

Notes 1.3, 1.16 and 14 to the consolidated financial statements

<b>Risk identified</b>	<p>As at December 31, 2020, the deferred tax assets recognized in the Group's balance sheet, with regards to tax losses carried forward, amount to M€ 738 and are mainly related to France for M€ 577.</p> <p>As described in note 1.16 to the consolidated financial statements, the Group recognizes future tax benefits, arising from the utilization of tax losses carried forward, to the extent they can reasonably be expected to be achieved, including when such amounts can be indefinitely carried forward.</p> <p>Management assesses at year-end the recoverability by the Group of its deferred tax assets on tax losses carried forward based on its consumption plan. The recognition and appropriate estimation of deferred tax assets relies on the Group's ability to accurately forecast its future taxable income.</p> <p>We considered the initial recognition and the subsequent recoverability of deferred tax assets on tax losses carried forward to be a key audit matter due to the judgment exercised by management.</p>
<b>Our response</b>	<p>In considering the Group's capacity to benefit from its deferred tax assets on tax losses carried forward by offsetting them with future taxable income, our audit approach consisted, with the assistance of our tax specialists when necessary, in:</p> <ul style="list-style-type: none"> <li>• inquiring about the consumption plans of tax losses carried forward for the subsidiaries or tax consolidation groups at stake;</li> <li>• assessing the data and assumptions underlying the consumption plans of tax losses carried forward supporting the recognition and the measurement of deferred tax assets by the Group.</li> </ul>

### Risk assessment and measurement of provisions, uncertain tax positions and contingent liabilities

Notes 1.1, 1.21, 1.20, 21 and 26.2 to the consolidated financial statements

<b>Risk identified</b>	<p>The Group operates in many countries and is thus exposed to different environments in terms of law, regulation and tax. The Group is also subject to the inherent risks of its operations, especially with regard to commercial and industrial aspects.</p> <p>In this context, the Group may face uncertain, litigious or contentious situations, particularly when analyzing uncertain tax positions.</p> <p>As described in note 1.21 to the consolidated financial statements, the Group recognizes a provision when it has an obligation towards a third party prior to the balance sheet date, and when the loss or liability is likely and can be reliably measured. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability.</p> <p>Each subsidiary and relevant departments of the group assess the identified risks on a regular basis, with the assistance of external counsels when necessary.</p> <p>We considered the recognition and measurement of provisions, uncertain tax positions and contingent liabilities to be a key audit matter given the various risks the Group is exposed to and to the judgment required from management to estimate the risks and the amounts of provision and tax liabilities, if any. In case of an incomplete identification of the risks and/or an incorrect evaluation of its exposure, the Group could under- or overestimate its provisions and contingent liabilities.</p>
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<b>Our response</b>	<p>Our audit approach consisted mainly in:</p> <ul style="list-style-type: none"> <li>• assessing the procedures implemented by the Group to identify and gather the different types of risks it is exposed to;</li> <li>• obtaining an understanding of the risk analyses performed by the Group, with the relating supporting documentation, and studying written statements from internal and external legal advisors, where applicable;</li> <li>• assessing, for the main risks identified, the assumptions used by management to measure the provisions and tax liabilities accounted for, with the assistance of our tax or environmental risk assessment specialists if necessary;</li> <li>• reading the information provided by the group with regards to these liabilities and contingent liabilities disclose in the consolidated financial statements.</li> </ul>
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## Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matter to report as to its fair presentation and its consistency with the consolidated financial statements.

We certify that the consolidated statement of non-financial performance provided for in Article L. 225-102-1 of the French Commercial Code (*code de commerce*) is included in the information pertaining to the Group provided in the management report, it being specified that, in accordance with the provisions of Article L. 823 10 of this code, the information contained in this statement has not been verified by us as to its accuracy or consistency with the consolidated financial statements and must be the subject of a report by an independent third-party body.

## Report on Other Legal and Regulatory Requirements

### Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standards applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in article L451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of Schneider Electric S.E. by the annual general meetings held on May 6, 2004 for MAZARS and on June 25, 1992 for ERNST & YOUNG et Autres.

As at December 31, 2020, MAZARS was in the seventeenth year of its engagement without interruption and ERNST & YOUNG et Autres in the twenty-ninth year.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The audit and risks committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## 6. Statutory auditors' report on the consolidated financial statements

### Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

#### Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

#### Report to the audit and risks committee

We submit a report to the audit and risks committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit and risks committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the audit and risks committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the audit and risks committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, March 10, 2021

The Statutory Auditors  
French original signed by

<b>MAZARS</b>	<b>ERNST &amp; YOUNG et Autres</b>
Loïc Wallaert	Jean-Yves Jégourel
Mathieu Mougard	Alexandre Resten

## 4. Statutory auditors' report on the annual financial statements

# 4. Statutory auditors' report on the annual financial statements

To the Annual General Meeting of Schneider Electric SE,

### Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Schneider Electric S.E. for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the audit and risks committee.

### Basis for Opinion

#### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

#### Independence

We conducted our audit engagement in compliance with independence requirements of rules required by the French Commercial Code (*code de commerce*) and the French Code of ethics (*code de déontologie*) for statutory auditors for the period from January 1st, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

### Justification of Assessments – Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

### Valuation of investments in subsidiaries and affiliates and advances to subsidiaries and affiliates "Accounting principles" and note 2 "Investments" of the notes to the parent company financial statements

<b>Risk identified</b>	<p>As at December 31, 2020, investments in subsidiaries and affiliates and the related advances amount to M€ 5,347 and M€ 3,983 respectively in the balance sheet of Schneider Electric S.E., net of any impairment loss.</p> <p>As described in the accounting principles of the notes to the financial statements, investments are recognized at their acquisition cost and impaired, should their carrying amount exceed their estimated value in use at closing date. The estimated value in use of investments is determined primarily based on the subsidiaries' and affiliates' net assets as well as on their earnings outlook and the underlying economic forecasts. For listed securities, the average stock price over the month before the closing is used.</p> <p>Due to the judgment exercised by management as part of this estimate, especially when relying on forecasts, we considered the valuation of investments in subsidiaries and affiliates, as well as the valuation of related advances, to be a key audit matter.</p>
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<b>Our response</b>	<p>As part of our audit, we analyzed the procedures implemented by your Company to determine the value in use of investments in subsidiaries and affiliates. Our work consisted in:</p> <ul style="list-style-type: none"> <li>• comparing the shares in the subsidiaries' and affiliates' net assets, when used as a proxy for their value in use, with their underlying accounting data, which were subject to an audit or to analytical procedures;</li> <li>• assessing the appropriateness of the valuation method used to determine the value in use when based on forecasts;</li> <li>• assessing the reasonableness of key assumptions used to estimate values in use, mainly the long-term growth rate and the discount rate, by inquiring of Management and with the assistance of our experts, when needed;</li> <li>• verifying the arithmetical accuracy of the computations performed by your Company.</li> </ul> <p>We also assessed the recoverability of advances to subsidiaries and affiliates, based on the impairment tests results of the corresponding investments.</p>
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### Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

#### Information provided in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

In accordance with French law, we report to you that the information relating to payment times referred to in Article D. 441-6 of the French Commercial Code (*code de commerce*) is fairly presented and consistent with the financial statements.

#### Information relating to corporate governance

We attest that the Board of Directors' section of the management report devoted to corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 et L.22-10-9 of the French Commercial Code (*code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled companies which are part of its consolidation perimeter. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*code de commerce*), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

#### Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

### Report on Other Legal and Regulatory Requirements

#### Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, 1 of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

#### Appointment of the Statutory Auditors

We were appointed as statutory auditors of Schneider Electric S.E. by the Annual General Meetings held on May 6, 2004 for MAZARS and on June 25, 1992 for ERNST & YOUNG et Autres.

As at December 31, 2020, MAZARS was in the seventeenth year of its engagement without interruption and ERNST & YOUNG et Autres in the twenty-ninth year.

## 4. Statutory auditors' report on the annual financial statements

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The audit and risks committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

### Statutory Auditors' Responsibilities for the Audit of the Financial Statements

#### Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### Report to the audit and risks committee

We submit a report to the audit and risks committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit and risks committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the audit and risks committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the audit and risks committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, March 10, 2021

The Statutory Auditors  
*French original signed by*

<b>MAZARS</b>	<b>ERNST &amp; YOUNG et Autres</b>
Loïc Wallaert	Jean-Yves Jégourel
Mathieu Mougard	Alexandre Resten

## 2. Statutory auditors' special reports

# 2. Statutory auditors' special reports

## 2.1 Statutory auditors' report on the issuance of shares and various securities with and/or without preferential subscription rights

### To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with articles L. 228-92 and L. 225-135 et seq. as well as article L. 22-10-52 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed authorizations allowing your board of directors to decide on whether to proceed with various issues of shares and/or marketable securities, operations upon which you are called to vote.

Your board of directors proposes, on the basis of its report, that:

- it be authorised, with the right of subdelegation, for a period of twenty-six months, to decide on whether to proceed with the following operations and to determine the final conditions of these issues and proposes, where applicable, to cancel your preferential subscription rights:
  - issue, without cancellation of preferential subscription rights (sixteenth resolution), of ordinary shares and marketable securities of the company giving access, immediately and/or in the future, to ordinary shares of the company or of any company in which it owns directly or indirectly more than half of the share capital;
  - issue, with cancellation of preferential subscription rights through a public offering other than those referred to in Article L. 411-2-1° of the French Monetary and Financial Code (seventeenth resolution), of ordinary shares and marketable securities of the company giving access, immediately and/or in the future, to ordinary shares of the company or of any company in which it owns directly or indirectly more than half of the share capital, it being specified that these securities could be issued in consideration for shares which may be tendered to the company as part of public exchange offers initiated by the company in compliance with the conditions set forth in article L. 22-10-54 of the French Commercial Code (*Code de commerce*);
  - issue, with cancellation of preferential subscription rights through a public offering referred to in Article L. 411-2-1° of the French Monetary and Financial Code (eighteenth resolution), of ordinary shares and marketable securities of the company giving access, immediately and/or in the future, to ordinary shares of the company or of any company in which it owns directly or indirectly more than half of the share capital, within the annual limit of 20 % of the share capital;

- it be delegated, with the right of subdelegation, for a period of twenty-six months, the powers necessary to issue ordinary shares and/or marketable securities of the company giving access, immediately and/or in the future, to ordinary shares of the company or of any company in which it owns directly or indirectly more than half of the share capital, in consideration for the contributions in kind made to the company and consisting of equity securities or marketable securities giving access to the capital (twentieth resolution), within the limit of 10% of the share capital.

The overall nominal amount of increases in capital that can be implemented immediately or at a later date may not exceed M€ 800 in respect of the sixteenth, seventeenth, eighteenth and twentieth resolutions, it being specified that:

- the overall nominal amount of the increases in capital may not exceed M€ 224 in respect of the seventeenth, eighteenth and twentieth resolutions;
- the overall nominal amount of the increases in capital may not exceed M€ 120 in respect of the eighteenth resolution.

The overall nominal amount of debt securities that can be issued may not exceed Bn€ 7 in respect of the sixteenth, seventeenth, eighteenth and twentieth resolutions.

These ceilings reflect the additional number of securities to be created as part of the implementation of the delegations referred to in the sixteenth, seventeenth and eighteenth resolutions, in accordance with article L. 225-135-1 of the French Commercial Code (*Code de commerce*), if you adopt the nineteenth resolution.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to these operations provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the board of directors' report relating to these operations and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of directors' report in respect of the seventeenth and eighteenth resolutions.

Moreover, as the methods used to determine the issue price of the equity securities to be issued in accordance with the sixteenth and twentieth resolutions are not specified in that report, we cannot report on the choice of constituent elements used to determine the issue price.

As the final conditions in which the issues would be performed have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights for the seventeenth and eighteenth resolutions.

Signed in Paris-La Défense and in Courbevoie on March 10, 2021

The Statutory Auditors  
French original signed by

**MAZARS**

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Mathieu Mougard

**ERNST & YOUNG et Autres**

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Alexandre Resten

## 2. Statutory auditors' special reports

### 2.2 Statutory auditors' report on the issuance of shares or securities giving access to capital reserved for members of a company savings plan

#### To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your board of directors to decide whether to proceed with an issue of shares or securities giving access to the share capital of your company with cancellation of preferential subscription rights, reserved for participants in a company savings plan of the company and of the French or non-French companies affiliated with it, in accordance with article L. 3344-1 of the French Labor code (*Code du travail*), an operation upon which you are called to vote.

The maximum nominal amount of the increase in capital that may result from this issue is 2% of the share capital on the date of this shareholders' meeting.

This operation is submitted for your approval in accordance with articles L. 225-129-6 of the French Commercial code (*Code de commerce*) and L. 3332-18 et seq. of the French Labor code (*Code du travail*).

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of twenty-six months, to decide on whether to proceed with issues and proposes to cancel your preferential subscription rights to the shares and securities to be issued. If applicable, it shall determine the final conditions of these issues.

This delegation cancels, effective August 1, 2021, the authorization given by the annual shareholders' meeting of April 23, 2020 in its twentieth resolution for its amounts unused by the board of directors.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to these issues provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issues have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization, in the event of the issue of shares or securities giving access to other equity securities and of the issue of securities giving access to equity securities to be issued.

Signed in Paris-La Défense and in Courbevoie on March 10, 2021

The Statutory Auditors  
*French original signed by*

<b>MAZARS</b>	<b>ERNST &amp; YOUNG et Autres</b>
Loïc Wallaert	Jean-Yves Jégourel
Mathieu Mougard	Alexandre Resten

## 2.3 Statutory auditors' report on the issuance of shares or securities reserved for a category of beneficiaries

### To the Shareholders,

In our capacity as Statutory auditors of your company and in compliance with articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to delegate to the Board of Directors the competence to decide on the issue of ordinary shares or securities giving access to the share capital of the company, with cancellation of preferential subscription right, an operation upon which you are called to vote.

This resolution is reserved to the following classes of beneficiaries: (i) employees and officers of companies of Schneider Electric Group affiliated with the Company under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code and the head office of which is located outside France; (ii) and/or OPC mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph; (iii) and/or any banking institution or affiliate or subsidiary of such institution acting at the Company's request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, to the extent that subscription of the person authorized in accordance with this resolution would make it possible for employees of subsidiaries located outside France to benefit from and take advantage of forms of shareholder incentive or investment or savings plans equivalent in terms of economic benefit to those from which the other employees of the Group benefit.

The maximum nominal amount of the increase in capital that may result from this issue is 1% of the share capital on the date of this shareholders' meeting, it being specified that this amount shall be deducted from the ceiling set under the twenty-second resolution of this annual shareholders' meeting.

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of eighteen months, to decide on whether to proceed with an increase

in capital and to cancel your preferential subscription rights to the ordinary shares and securities to be issued. If applicable, it shall determine the final conditions of this operation.

This delegation cancels, effective August 1, 2021, the authorization given by the annual shareholders' meeting of April 23, 2020 in its twenty-first resolution for its amounts unused by the board of directors.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to the share issue provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization, in the event of the issue of shares or securities giving access to other equity securities and of the issue of securities giving access to equity securities to be issued.

Signed in Paris-La Défense and in Courbevoie on March 10, 2021

The Statutory Auditors  
French original signed by

<b>MAZARS</b>	<b>ERNST &amp; YOUNG et Autres</b>
Loïc Wallaert	Jean-Yves Jégourel
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## 2. Statutory auditors' special reports

### 2.4 Statutory auditors' report on the reduction of capital

#### To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with article L. 22-10-62 of the French Commercial Code (*Code de commerce*) in the event of a capital reduction by cancellation of acquired shares, we have prepared this report in order to inform you of our opinion on the causes for and the terms and conditions of the proposed capital reduction.

Your board of directors proposes that you delegate to the board, for a period of twenty-four months, all powers to cancel, up to 10% of company capital on the date of the transaction, per twenty-four month period, the shares purchased under the implementation of an authorization of purchase by your company of its own shares under the provisions of the aforesaid article.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in examining whether the causes for and the terms and conditions of the proposed capital reduction, which is not likely to adversely affect the equality of shareholders, are in order.

We have no comment to make on the causes for and the terms and conditions of the proposed capital reduction.

Signed in Paris-La Défense and in Courbevoie on March 10, 2021

The Statutory Auditors  
*French original signed by*

<b>MAZARS</b>	<b>ERNST &amp; YOUNG et Autres</b>
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## 2.5 Statutory Auditors' additional report on the issue of bonds convertible and/or exchangeable for new and/or existing shares (OCEANEs) without pre-emptive subscription rights

### To the Annual General Meeting of Schneider Electric SE,

In our capacity as Statutory Auditors of your Company and in accordance with Article R.225-116 of the French Commercial Code (*Code de commerce*), and further to our report of March 8, 2019, we hereby report to you on the issue, with or without pre-emptive subscription rights for existing shareholders, of ordinary shares or securities carrying rights to shares through an offer referred to in Paragraph II of Article L.411-2 of the French Monetary and Financial Code (since the entry into force on 23 October 2019 of ordinance n°2019-1067 amending the provisions in relation to securities public offerings, an offer referred to in "Article L.411-2, 1° of the French Monetary and Financial Code"), as authorized by the Extraordinary Shareholders' Meeting of April 25, 2019.

The Extraordinary Shareholders' Meeting of April 25, 2019 authorized the Board of Directors – or any duly empowered representative – to issue ordinary shares of the Company or securities carrying rights to new and/or existing ordinary shares of the Company. The Annual Shareholders' Meeting decided that the delegation shall be valid for a twenty-six (26) month-period and granted within a maximum nominal amount of capital increase of €115 million being deducted from the capital increase ceiling of €230 million provided for in the 17th resolution and to the capital increase ceiling of €800 million provided for in the 15th resolution, of said Annual Shareholders' Meeting.

At its meeting of October 21, 2020, the Board of Directors decided to use the powers granted to it by the General Meeting of April 25, 2019 in its 20th resolution and to approve the principle of an issuance, by the Company, of securities giving access to the share capital, represented by OCEANEs, in the context of a public offering referred to in Article L.411-2, 1° of the French Monetary and Financial Code to qualified investors in France and outside France (as the case may be, except in the United States of America, Australia, Japan, Canada and/or South Africa), without the shareholders' preferential subscription right within the limits of a total nominal amount of such issuance of OCEANEs of €750 million and a maximum total nominal amount of the corresponding capital increase(s) resulting from the potential conversion of the OCEANEs into new ordinary shares of €21 million (excluding any adjustments to preserve the rights of holders of OCEANEs).

The Board of Directors subdelegated until January 30, 2021 to the Chairman and Chief executive officer all powers to decide the issuance of OCEANEs and to set its conditions.

The Chairman and Chief executive officer using this subdelegation decided on November 17, 2020 to issue 3,683,972 OCEANEs with a nominal value of €176,44 and a per-unit price of €190.11.

At its meeting of February 10, 2021, the Board of Directors placed on record the completion of this issuance.

Paris La Défense and Courbevoie, February 25, 2021

The Statutory Auditors  
*French original signed by*

<b>MAZARS</b>	<b>ERNST &amp; YOUNG et Autres</b>
Loïc Wallaert	Jean-Yves Jégourel
Mathieu Mougard	Alexandre Resten

It is the responsibility of the Board of Directors to prepare an additional report in accordance with Articles R.225-115 et seq. of the French Commercial Code as well as in article R. 22-10-31. Our role is to report on the fairness of the financial information taken from the financial statements, on the cancellation of pre-emptive subscription rights and on certain other disclosures relating to the issue, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures mainly consisted in verifying:

- the fairness of the financial information taken from the annual financial statements authorized for issue by the Board of Directors but not yet approved by the shareholders' meeting. These annual financial statements have been audited by us in accordance with professional standards applicable in France and our report on the annual financial statements is in the process of being issued.
- the compliance of the terms and conditions of the issue with the delegation of authority granted by the Extraordinary Shareholders' Meeting;
- the information provided in the Board of Directors' additional report on the choice of constituent elements used to determine the issue price and on its final amount.

We have no matters to report as to:

- the fairness of the financial information taken from the financial statements and included in the Board of Directors' additional report, being specified that the financial annual statements have not yet been approved by the annual general meeting;
- the compliance of the terms and conditions of the issue with the delegation of authority granted by the Extraordinary Shareholders' Meeting of April 25, 2019 and with the information provided to the shareholders;
- the choice of constituent elements used to determine the issue price and its final amount;
- the presentation of the impact of the issue on the situation of the holders of shares and securities carrying rights to shares, as expressed in relation to shareholders' equity, and on the Company's share price;
- the proposed cancellation of pre-emptive subscription rights, upon which you have voted.