

At a glance

Our performance

A signature year: 2020 has been a strong and defining year financially, demonstrating our agility and resilience.

€25.2B

Revenues

-4.7% organic

€3.7B

Free Cash Flow

159% conversion rate

15.6%

Adjusted EBITA margin

+20 bps organic

€2.60

Proposed Dividend per Share

+2%

€2.6B

Adjusted Net Income*

-4.4%

€118.3

Share Price (at December 31, 2020)

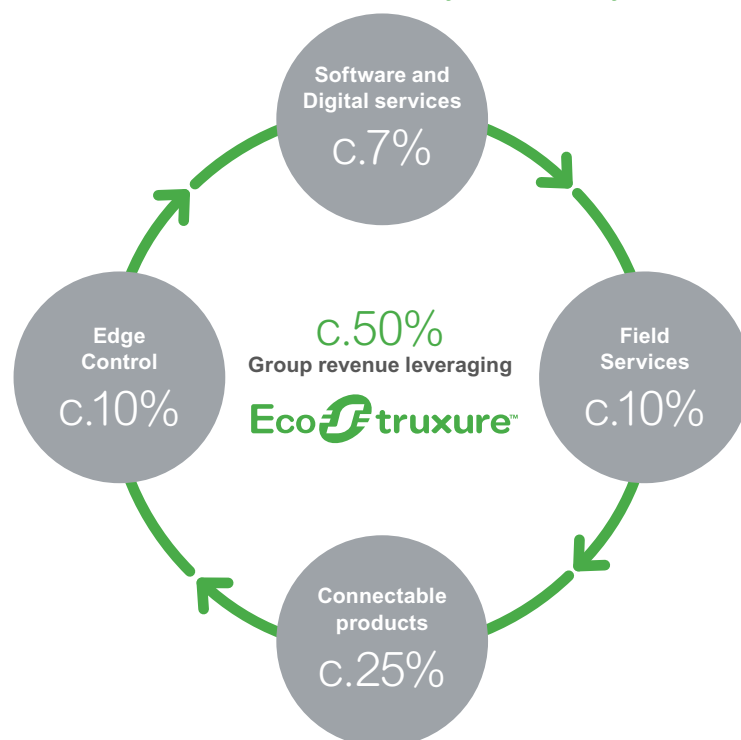
c.72%

Green Revenues**

134 million tons

CO₂ Saved for Customers

Digital and service business for increased efficiency across life cycle



* In 2019, the Group changed its definition of Adjusted Net Income, which includes the Adjusted EBITA, amortization expenses of purchase accounting intangible assets (excluding impairment), net financial income and loss, income tax expense on the above at the effective tax rate (excluding non-recurring items), discontinued operations net income and share of profit and loss of associates, deducting impact of non-controlling interests. This definition of Adjusted Net Income was created to be more transparently derived from the financial statements.

** Green Revenues definition: offers that bring energy, climate, or resource efficiency to customers, while not generating any significant harmful impact on the environment and are split into four categories described on page 99.

Our business

● Percentage of total employees by geography in 2020

● Percentage of revenue by geography in 2020

North America

24%

29%

Western Europe

27%

26%

Rest of the World

17%

15%

Asia Pacific

32%

30%

128,000+

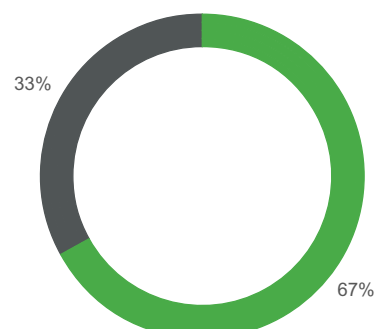
Employees in over 100 countries

c.5%

Revenue spent on innovation

Overall workforce gender balance

● Male
● Female



A statement from Chairman and CEO, Jean-Pascal Tricoire

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

Jean-Pascal Tricoire
Chairman and CEO



2020 was a signature year. A year of incredible disruption, a year of strong performance, and a year of acceleration of our strategy. While the COVID-19 pandemic continues to disrupt our lives, we saw a reinforcement of the trends that support our business.

Although we have learned to live with the virus, in 2020, we were forced to change. We now live and work differently. We adapted to new ways of working with much less travel and many more digital meetings. The disruption of 2020 went far beyond the pandemic, with social upheaval and geopolitical tension. We saw the conclusion of Brexit, an acceleration in technologies and innovation, such as electric vehicles and 5G, as well as increasing commitments to halt climate change.

For Schneider Electric, it has been a signature year. We've changed more than we ever thought we could, while staying true to our mission.

We delivered on our purpose and mission

Our first priority in 2020 was the health and safety of our people and the communities in which we operate. We supported and helped our ecosystem, our customers and partners, and all the people close to us by putting in place dedicated safety, security, and work policies. We also launched the Tomorrow Rising Fund, with more than 70 local projects supporting the response, resilience, and recovery of communities in more than 60 countries.

Our purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. At Schneider we call this, Life Is On, and never has this been more true than in 2020, as we ensured continuity for our communities supporting critical infrastructure, such as electricity and water networks, hospitals, data centers and industrial plants, pharmaceuticals, and food cold chains. We were recognized as providing mission critical services to many sectors, in more than 90 countries, and as such, were asked by authorities to keep our business running. All our teams remained committed and continued to serve customers. In a matter of days, we transitioned our customer care centers from in-office to work-from-home set ups. We were able

to support our customers in reducing risk in their operations and to operate remotely with our automation and digital solutions. Our manufacturing plants remained up and running, allowing us to meet the critical needs of this crisis year.

2020 confirmed that, at Schneider, great people make a great company.

In 2020, we achieved resilient business performance and, at the same time, built the future.

In 2020, we achieved four things:

1. A resilient business performance;
2. We shaped our future, realizing strategic acquisitions;
3. We increased our sustainability impact; and
4. We transformed how we work, to adapt to circumstances in record time.

Resilient business performance

This year of crisis has proven that the execution of our strategy, and the repositioning of Schneider Electric over the past 15 years, has made us more resilient. Compared to the global financial crisis of 2009, when our sales decreased by 15.7%, and our profitability by -310 bps versus 2008; in 2020, we were much more resilient. We have been able to achieve strong business performance, with EUR 25.2 billion in Revenues (-4.7% with the previous year), a Gross Margin at a 12-year high of 40.4%, an Adjusted EBITA margin expanding +20 bps organically, and a record-high Free Cash Flow of EUR 3.7 billion, which is a signature of our quality of execution. Both Energy Management and Industrial Automation businesses delivered very solid profitability and all geographies contributed to the rebound in the second half of the year.

The transformation towards more digitization and services, our sustainability leadership, and our multi-hub organization, positively impacted the Group's 2020 performance.

We witnessed a **step-change in our customers' adoption of our solutions for digitization and sustainability**. The Group's assets under management grew by 46% over this past year, and software and services, which now represent 17% of our revenue, grew 6 pts higher than the rest of the Group's portfolio. Our business related to digital solutions and EcoStruxure™, including software, controls, connected products, and services, and representing more than 50% of our total revenue, has become an indisputable catalyst for growth and is due to increase further in the future.

The **accelerated execution of our long-standing strategy** of more products, more services, more software, and better systems supported strong resilience. We were able to support customers across all sectors in managing their operations remotely, providing more efficiency and resiliency. We continued to engineer and deliver projects. In the second half of the year, we were back to growth and sold more services, digital solutions, and products than in 2019, thanks to our unrivalled network of partners.

We **fully leveraged our global set up and our multi-local model** to benefit from our global scale and adapt with speed and reactivity to the very different local COVID-19 situations. We truly believe that trusting and empowering local teams is the most efficient way to deal with the unexpected and to swiftly define local and innovative solutions. Our supply chain recovered quickly and its performance, in terms of customer-centricity, sustainability and digitization, was recognized and in 2020 ranked #4 globally and #1 in Europe by Gartner.

We shaped our future and realized strategic acquisitions

This strong performance made it possible to continue investing for the future and to provide continued dividend growth for shareholders for the 11th consecutive year.

We **acted nimbly to accelerate our transformation journey**. We finalized the acquisition of the Electrical & Automation business of Larsen & Toubro, building the foundation for stronger development in India and of a new global hub to serve global markets from India. We also constructed defining deals in software, with the completed acquisitions of RIB Software, to accelerate the digital transformation of the construction sector, and ProLeiT, to reinforce our automation capabilities in the food and beverage sector. We realized the strategic investment in Planon, to extend our cloud-based capabilities for construction orchestration and facility management optimization, as well as the proposed acquisition of ETAP to form a unique suite electrical design tools, and we supported AVEVA's planned acquisition of OSIsoft. As such, we are uniquely positioned to address the software needs of our customers across the life cycle of their projects and installations.

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Our customers support our solutions for an all-digital, all-electric world, transitions we enable with more products, more software, more services, and systems.”

Our mission is to be the digital partner of our customers for **sustainability and efficiency, as digitization becomes increasingly pervasive** in buildings, in data centers, across smart grids, industries, and in homes. For years, we have continuously developed and reinforced a full offer for an all-digital, all-electric world. By combining digital and electric solutions and services, we deliver a unique efficiency value proposition based on four dimensions of integration. Firstly, we enable integration of energy and automation for energy and resource efficiency. Secondly, we connect everything from end-point to the cloud, making every installation transparent and the data available to all those who need it, from operators to the control room. Thirdly, based on a fully integrated suite of software and digital twins, we enable the integration of an installation's life cycle across all phases, from design and build, to operate and maintain. And finally, digitization allows us to connect and manage companies across sites to reach new levels of enterprise-wide efficiency.

At Schneider Electric, we relentlessly innovate for our customers, with technology and in the way we do business. We launched new innovations, such as EcoStruxure™ Automation Expert and our SM AirSeT switchgear to eliminate SF₆ from our systems. In 2021, more than 20 new, innovative offers will be released. In 2020, our eCommerce business grew over 20% year-on-year, now representing 25% of our overall distribution business.

A step-change in sustainability

This year we have seen a strong call for sustainability, and a deep move towards smart and green recovery plans. We realized that, even as we continue to fight COVID-19, climate change is the next risk on the horizon – and that it is a risk that will impact everyone around the world, even more severely than the pandemic. Corporations are making ambitious commitments and the sense of emergency has increased with the COVID-19 crisis. Today, more than 370 companies have joined the UN Global Compact's Business Ambition for 1.5°C, and many other coalitions have taken shape. Governments are turning a corner, as shown by the Green Deal in Europe, China's targets to peak emissions in 2030, and the new US administration's return to the Paris Agreement. This has been strongly fostered over the past two years by growing demand from investors and shareholders to boards and CEOs, to put together science-based targets for carbon neutrality.

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In 2020 we accelerated and prepared for the future.”

A statement from Chairman and CEO, Jean-Pascal Tricoire

At Schneider Electric, sustainability is at the core of everything we do, in line with our purpose. We keep on progressing and consolidating our position as a practitioner and an expert in sustainability and ESG, that is, environment, social and governance. **We have put more resources behind our sustainability business and advisory services** to help our customers and partners navigate this landscape and to lead them on a proven decarbonization pathway that combines both strategy and action, while also positively impacting their bottom line. We have already developed strong partnerships for sustainability and efficiency and since 2018, our systems business alone has helped save 134 million tons of CO₂ for our customers.

We are grateful for the international recognition we achieved as a leader in sustainability, ranked as the world's #1 most sustainable corporation on Corporate Knights' Global 100 in 2021, recognized as a CDP A List Company for ten years in a row, trusted by numerous ESG investors all around the world, listed as one of the most ethical companies, and recognized with a Glassdoor 4.0 ranking. In 2020, we completed our Schneider Sustainability Impact 2018-2020 program, delivering a strong performance of 9.32 out of 10 against the year-end target of at least 9 out of 10, despite the disruption caused by COVID-19. However, we want to continue to raise the bar and go even further, so in 2020, we took a new step towards our environment, society and economy goals, with six long-term commitments to sustainability, including carbon emissions (to be carbon neutral on full end-to-end footprint by 2040) and resource preservation goals (net zero biodiversity loss in our operations by 2030), substantiated by more than ten concrete detailed targets. For example, we want 80% of our revenues to be green revenues by 2025 and increase gender diversity in hiring (50%) to front-line managers (40%) and leadership teams (30%). **Sustainability is a strong driver for growth.**

Doing business as unusual

In 2020, we **transformed faster than ever, and adopted new ways of doing things** that we had previously thought impossible. We demonstrated agility, through our fast reaction and ability to adapt to the pandemic, with both our customers and internally.

We innovated to transform the way we work:

- 100% of our customer care centers across 62 locations moved to remote working;
- We developed remote services in many areas; and
- We organized more than 5,600 digital events, 600,000 digital trainings, and hundreds of digital smart factory tours. We held our first ever all-digital Annual Shareholders' Meeting, allowing more shareholders to participate than ever before.

I personally spoke with many more customers, employees, shareholders, investors, and partners than in a normal year. We reinforced the communication with our suppliers and distributors, and stepped up collaborative services, such as AVEVA 3D, IGE-XAO, and RIB Software's M2 platform. Collaboration and trust are a major catalyst of resilience. We swiftly changed the way we work across the Company, leveraging our multi-hub organization, further empowering our local teams, and encouraging a hybrid home/office way of working. This was possible thanks to the day-to-day experience with digital tools that our teams operating in different global sites, have acquired over the past ten years. We encourage flexible working and our employees have been working from home a few days per week for years, which helped a lot. As such, we were able to reorganize quickly when the pandemic broke out.

The future operating model will be more digital and decentralized: a hybrid of what we have learned and how we worked before.

2021 Perspectives

2020 was a pivotal year for digitalization and sustainability. Looking ahead, 2021 will be a year of a strong rebound and momentum in all our geographies and many sectors, with growth opportunities in buildings, homes, data centers, infrastructure, and industry. Electrification, digitization, and sustainability are at the top of the agenda of all our customers.

A year of intense action and transformation in 2020 has prepared us for a continuation of strong execution in 2021. We are well-positioned with our end-markets, our portfolio, our model, our organization, and our leadership to grow our business and deliver digital solutions for efficiency and sustainability to our customers across the life cycle. We remain focused on the deployment of our priorities and our 2021 financial target is in line with our ambition to achieve c.17% Adjusted EBITA margin by 2022.

Strength resides in agility, local reactivity, and speed. Let's build on everything we learned in 2020. Crises are a powerful learning accelerator because they leave us no choice. They also remind us that we are more resilient, more flexible, and more able to change than we all imagine, attributes which are a solid foundation for innovation and growth.

Jean-Pascal Tricoire,
Chairman and CEO

Read more about our strategy on page 16 

€25.2B

Revenues

Consistent strategy drives resilient performance

What were the highlights of Schneider Electric's 2020 performance?

2020 highlighted the strength of our multi-local business model and our ability to act with agility and to change the way we work all while continuing to execute on our major business transformations. We finished 2020 with Revenue of EUR 25.2 billion, down -4.7% organic, better than our external guidance and market expectations. We saw a strong uptick in activity in the second half, particularly in China, India, and the United States and with sequential improvement across geographies. Demand in certain segments, such as residential buildings, smart grids, and data centers, stepped-up amidst the pandemic. Gross Margin continues to develop well and reached 40.4%, with consistent improvement over the past five years, reflecting our focus on more products, services, and software; our consistent delivery of industrial productivity and our track-record of RMI and cost recovery over the cycle. Gross Margin was also boosted by positive net price and mix, factors expected to normalize in 2021. We improved Adjusted EBITA margin by +20 bps organic, reaching +15.6%. Recent acquisitions (L&T, RIB Software, and ProLeiT) contributed positively, with the integration process on track. As a result of this strong operational performance, coupled with an improving cost of financing, our Adjusted Net Income was down only 4.4% organic.

Our Free Cash Flow reached an all-time record of EUR3.7 billion (including IFRS 16 impact), partly boosted by lower activity in 2020, showing our capacity to convert our result into cash with good control on our working capital and enabling continued strategic investments in innovation. Returning cash to our shareholders remains a priority in our capital allocation strategy and we continued our track-record of progressive dividends for an 11th year, increasing our proposed dividend by +2% to EUR 2.60 per share.

Could you share your medium-term ambition to increase operating profitability, what are the key levers?

We are well positioned both strategically and financially to drive strong and profitable growth across the economic cycle. First, through our consistent strategy focused on delivering efficiency, reliability, and sustainability to our customers, increasingly through digitally enabled solutions. And we are well positioned in our end-markets with a portfolio well-aligned for growth in a post COVID-19 world.

In mid-2020, we reaffirmed our medium-term ambitions: across-cycle organic growth of +3% to +6% in Revenues, Adjusted EBITA margin of around 17% by 2022, and across-cycle Free Cash Flow of around EUR 3 billion, on average. This improvement in profitability will be achieved through a combination of organic growth, organizational simplification and efficiency, continued productivity, and portfolio optimization.

What is the outlook for Schneider Electric in 2021?

Our priority for 2021 is to continue to deliver profitable growth. We expect this strong and sustainable performance to be achieved through a combination of topline growth, where we are targeting organic sales growth between +5 and +8% and Adjusted EBITA margin expansion of +60 bps to +100 bps organic. This implies



Hilary Maxson
Chief Financial Officer

Adjusted EBITA margin of around 16.1% to 16.5% for 2021 (including scope based on transactions completed in 2020 and FX based on current estimation).

Could you tell us more about what you think will contribute to the future success of Schneider Electric, particularly after the challenges of 2020?

Though we are very committed to our shorter-term targets, we are also very focused on preparing the Group for the medium and longer term. We believe that our focus on more connected and green products, more digital offerings, and more services – including sustainability services – will enable growth in future years. In 2020, based on our ability to act with agility and our strong cash flow profile, we maintained our investments in strategic R&D and closed or proposed a number of transformational acquisitions focused on positioning Schneider Electric for longer-term success. To ensure success over the medium and longer-term, we also ensure to allocate specific time in our internal business reviews towards elements of ESG – specifically focusing on quality and safety, customer satisfaction, employee engagement, and ethics within the Group as well as with our suppliers and broader ecosystem. We continue to raise the bar on our ESG commitments with our new Schneider Sustainability Impact program for 2021-2025. Our first sustainability-linked convertible bond, issued in November 2020, reiterates our sustainability commitments.

We emerged from a crisis year and we have strong plans for future efficiency, effectiveness, and growth. With our strong operating model, future-ready portfolio of businesses, and focus on innovation we are positioned to drive strongly organic growth and attractive returns to shareholders in an increasingly all-electric and all-digital world.

Hilary Maxson,
Chief Financial Officer

Read more about our performance on page 8

€66B

Market Cap. (end-2020)

2020 Key Financial Indicators

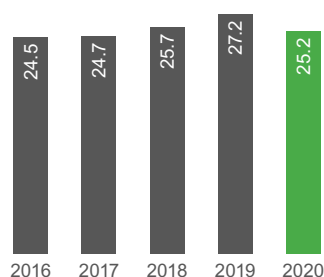
Strong execution and resilient business model driving quick rebound from crisis

2020 has been a signature year with intensive and agile execution ending with a record high Gross Margin and Free Cash Flow while maintaining the same profit margin level as the previous non-crisis year. To be future ready, the Group accelerated its transformational acquisitions in both business portfolios and presence in India, with a step-change in sustainability, and focused its investment in innovation, services, and cybersecurity. The step-change seen in customer adoption of digitization and sustainability accelerated and supported software and services growth, despite lockdowns. The Group remains committed to its strategic priorities of more products, more software, more services, and more sustainability.

Revenue

In billions of euros

€25.2B



Revenues were down -7.4% (-4.7% organic), a net scope effect of -0.2%, mostly due to disposal of Pelco and Converse Energy Projects, and deconsolidation of Electroshield Samara, offset by consolidation of L&T E&A, RIB Software, and ProLeiT, and a negative exchange rate effect of -2.5% mainly driven by the appreciation of the Euro against USD.

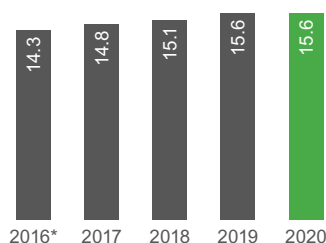
2020 delivered resilient results, with Energy Management down -4.5% organic, with strong revenue growth in residential, data center, utilities, and consumer packaged goods, and Industrial Automation down -5.3%, with discrete markets being resilient while process and hybrid markets remained challenged. Across those two businesses, Software and Services now account for around 17% of turnover, showing resilience versus Group performance and bringing both recurring revenue and customer stickiness.

Most geographies were strongly impacted by the COVID-19 pandemic over the year: North America -4.9%, Asia Pacific -4.1%, Western Europe -5.3%, and Rest of the World -4.1%.

Adjusted EBITA

In % of consolidated revenues

15.6%

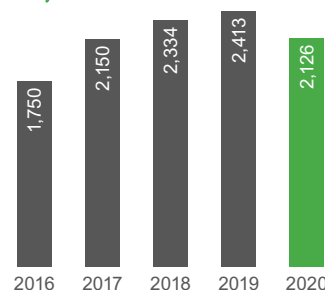


2020 delivered very solid profitability by maintaining Adjusted EBITA at the same level as 2019, despite the crisis, at 15.6%, with organic expansion of 20 bps versus 2019, thanks to pricing actions, RMI tailwind, strong productivity, and strong delivery of savings. This represents the fifth consecutive year of Adjusted EBITA margin expansion, increasing by +300 bps organic over the period covering both lower- and higher-growth years.

Net Income

In millions of euros

€2,126M



Net Income (Group share) was EUR 2,126 million, -12% from 2019. Restructuring charges were -EUR 421 million in 2020, EUR 166 million higher than last year due to the Group's structural savings and cost efficiency plan.

Other operating income and expenses were -EUR 210 million, mainly consisting of M&A and integration costs, versus -EUR 411 million in 2019. Increase of the amortization and impairment of intangibles (-EUR 207 million in 2020) was mainly linked to recent acquisitions.

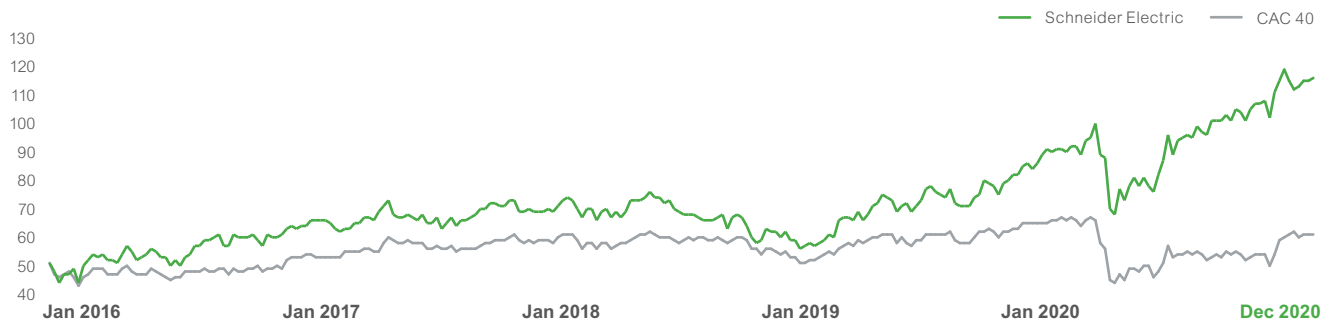
Net financial expenses were -EUR 278 million, EUR 17 million higher than in 2019, mainly driven by the cost of net debt decrease, offset by a write-off of a subsidiary loan and lower dividends from equity investments.

Income tax amounted to -EUR 638 million. The effective tax rate was 22.7%, in line with expectations.

Share of profit on associates decreased slightly to EUR 66 million, from EUR 78 million last year. The Group share of Delixi net income was €73m, up c. EUR 8 million year-on-year.

* 2016 figures restated due to the deconsolidation of the Group's solar activity.

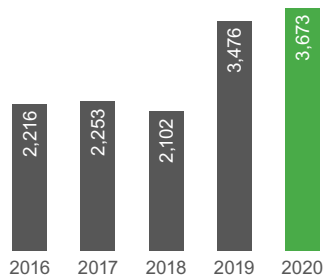
Share price against CAC 40 index over five years



Free Cash Flow

In millions of euros

€3,673M



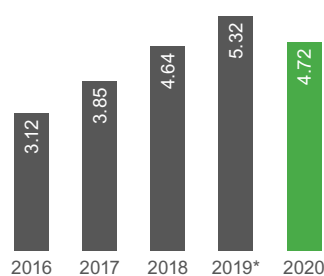
Free Cash Flow was exceptionally strong at EUR 3,673 million, a record cash performance and the second successive year above EUR 3 billion. The performance was supported by favorable working capital evolution, typical of a lower growth environment, and accentuated by certain favorable timing impacts from COVID-19. As indicated previously, the Group expects to have an average across the cycle Free Cash Flow of around EUR 3 billion (excluding impacts from IFRS 16). Net capital expenditure of EUR 762 million remained stable at ~3% of Revenue.

Cash conversion was 159% in 2020 (before the impact of IFRS 16) compared to 133% in 2019. Taken on a normalized basis, adjusting the Net Income (Group share) for one-off non-cash items, cash conversion in 2019 was 121%.

Adjusted Earnings Per Share*

In euros

€4.72

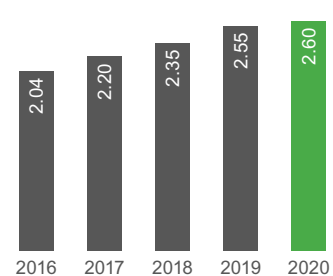


Earnings per Share were down -11%, mostly driven by sales decrease, higher M&A integration and restructuring costs, and higher amortization of purchase price accounting intangibles.

Dividend per Share

In euros

€2.60



The proposed dividend is EUR2.60 per share, up 2.0% versus 2019, subject to Shareholders' approval at Annual Meeting of April 28, 2021, for payment on May 12, 2021. The Group maintains its progressive dividend policy despite the impacts of COVID-19 on the Adjusted Net Income generated in the year. As a result, and due to the importance which the Group places on its commitment to a progressive dividend, the dividend payout ratio for 2020 will reach 55%, above the c.50% which has been typical in the recent past.

* In 2019, the Group changed its definition of Adjusted Net Income, which includes the Adjusted EBITA, amortization expenses of purchase accounting intangible assets (excluding impairment), net financial income and loss, income tax expense on the above at the effective tax rate (excluding non-recurring items), discontinued operations net income and share of profit and loss of associates, deducting impact of non-controlling interests. This definition of Adjusted Net Income was created to be more transparently derived from the financial statements.



2021 outlook and target

Though the uncertainty emanating from the COVID-19 crisis remains, the Group expects the following trends in each of its main end-markets and geographies, driving growth in 2021.

By end-market

- **Buildings:** strong growth expected in residential markets, and good growth in specialized areas of non-residential, including warehouse and healthcare.
- **Data center:** a continuation of robust demand is expected, leading to strong growth.
- **Infrastructure:** good growth is expected in the Utilities segment, supported by strong project execution, with continued demand for the Group's offers in relation to Smart Grid.
- **Industry:** strong growth expected in short-cycle, led by Original Equipment Manufacturer (OEM) demand. Mid- and late-cycle to remain impacted in the near-term, with hybrid segments better oriented.

The Group expects positive growth in aggregate in 2021 as it continues to deploy its strategic priorities in key markets. The Group targets 2021 Adjusted EBITA growth between +9% and +15% organic. The target would be achieved through a combination of organic revenue growth and margin improvement, currently expected to be:

- Revenue growth of +5% to +8% organic.
- Adjusted EBITA margin up +60bps to +100bps organic.

This implies achieving Adjusted EBITA margin of around 16.1% to 16.5% (including scope based on transactions completed in 2020 and FX based on current estimation).

+5% to +8%

Target organic revenue growth












































By geographic market

- **North America:** strong growth expected for the region, including in both residential and data center markets. Mid- and late-cycle industrial markets to remain challenged in the near-term, while short-cycle is expected to grow well. Continued softness expected in Mexico.
- **Asia Pacific:** strong growth expected for the region. China to continue growth momentum, with good traction across most end-markets and segments. The rest of the region to see continued improvement, supported by a recovery in global trade.
- **Western Europe:** good recovery to continue in the region, led by residential and data center end-markets. Discrete automation markets are expected to perform better than process and hybrid. Green Deal stimulus could start to contribute towards the end of the year.
- **Rest of the World:** strong growth expected overall for the region, although with performance contrasted by country. Rising commodity prices are expected to be supportive of growth in certain countries.

Sustainability Impact

Strong environmental and social impact



Megatrends and SDGs	Our 21 2018-2020 programs	2020 results
Climate      	80% renewable electricity 10% CO ₂ efficiency in transportation 120 million tons of CO ₂ saved on our customers' end thanks to EcoStruxure offers 25% increase in turnover for our EcoStruxure™ and Energy & Sustainability Services	80% 8.4% 134 17.6%
Circular economy        	75% of sales under our new Green Premium™ program 200 sites labeled Towards Zero Waste to Landfill 100% of cardboard and pallets for transport packing from recycled or certified sources 120,000 metric tons of avoided primary resource consumption through ECOFIT™, recycling, and take-back programs	76.7% 206 99% 157,588
Health & equity      	70% scored in our Employee Engagement Index 0.88 medical incidents per million hours worked 90% employees have access to a comprehensive well-being at work program 100% of employees are working in countries that have fully deployed our Family Leave Policy 100% of workers received at least 11.25 hours of learning in 2020, and 30% of workers' learning hours are done digitally 90% of white-collar workers have individual development plans 95% employees are working in a country with commitment and process in place to achieve gender pay equity	69% 0.58 90% 100% 90% 92% 99.6%
Ethics          	+5.5 pts increase in average score of the ISO 26000 assessment for our strategic suppliers 350 suppliers under human rights and environment vigilance received specific on-site assessment 100% of sales, procurement, and finance employees trained every year on anti-corruption	+6.3 pts 374 94%
Development             	x4 turnover of our Access to Energy program 400,000 underprivileged people trained in energy management 15,000 volunteering days thanks to our VolunteerIn global platform	x1.64 281,737 18,469

All indicators are audited annually by an independent third-party body.

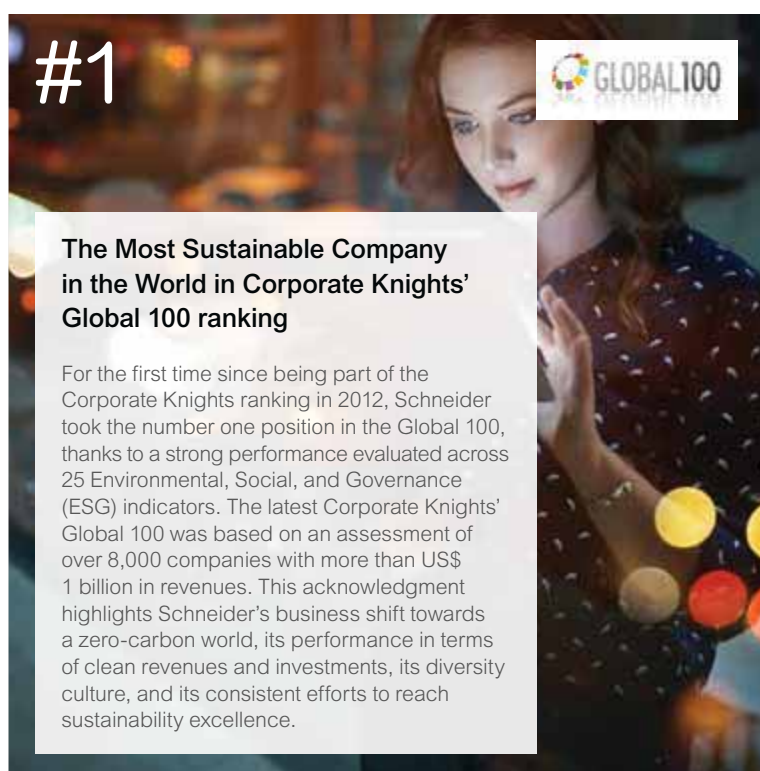
Learn more about Schneider Sustainability Impact program on page 82 ●●●

Proud of 2020's achievements



Part of the CDP A-List 10 years running

Once again, Schneider Electric made it onto the CDP A-List, thanks to strong commitments to integrate climate action across business models, governance, risk management, actions, and incentives, both at Group-level and extended to our ecosystem. The CDP rating is awarded based on a questionnaire and a scoring methodology embedding the most advanced requirements, such as *Science-Based Targets*, and recommendations from the *Task Force on Climate-related Financial Disclosures*. CDP is a non-profit running a global disclosure system where more than 9,600 companies report on their climate impact at the request of 515 investors with 106 trillion US dollars in assets. In 2020, 273 companies were awarded an A rating. Over 800 cities and 120 states and regions disclose their impacts through CDP.



Learn more about our ratings and awards for sustainable development, see page 94 ●●●

Business Model

Bridging progress and sustainability for all

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

Our key resources and relationships

Our unique way



People

We are the most local of global companies with **128,000+** colleagues, in **over 100** countries representing our diverse talents. **33%** of our 2020 workforce were women.



Industrial

Our **115** smart factories and distribution centers deliver efficiency and productivity across our unique end-to-end supply chain to better serve customers.



Innovation

Our community of **over 1,400** certified R&D engineers are nurtured to fuel our innovation strategy. Schneider Electric holds more than **19,000** active patents and patent applications worldwide, and in 2020 **more than 750** new patent applications were filed on both our core and digital technologies.



Environment

We optimize our energy and resources across **232** ISO14001-compliant facilities and **206** sites committed to zero landfill waste. **80%** of electricity was from renewables in 2020 and **157,588** tons of primary resource consumption was saved with circular models.



Partners and Suppliers

We empower our **650,000+**-strong partner ecosystem to expand our coverage and we arm our **3,800+** ecoXpert program partners to drive new digital business opportunities. We extend our sustainability excellence requirements to our suppliers representing **EUR 12 billion** in procurement volume.



Financial strength

Our organic growth, consistent margin improvement and disciplined capital allocation drives sustainable, positive free cash flows of **EUR 3.7 billion**.

Homes and buildings



Data centers



Energy transition



Energy Management

Adjusted EBITA margin

18.8%

Electrification
SUSTAINABILITY



Learn more about the Group's commitments on page 73

Our sustainable value for all stakeholders

Infrastructure



Industry



Industrial Automation

Adjusted EBITA margin

17.1%

Industry 4.0

Digitization
EFFICIENCY

Focusing on the welfare of people

- We are committed to gender equality through equal opportunities for everyone, everywhere.
- **99.6%** of our global workforce covered by our Gender Pay Equity Framework.
- We strive to guarantee the highest safety standards and eliminate workplace accidents.

Medical incidents per million hours worked reduced to **0.58**.

Achieving sustainability goals with customers

- We help customers reduce their CO₂ footprint with EcoStruxure™ solutions and Energy & Sustainability Services.
- On average, businesses achieve **20%** reduction in carbon emissions.
- We enable sustainable performance providing comprehensive environmental information for all eco-designed Green Premium™ offers.
- **77%** of sales from Green Premium™ products in 2020.

Empowering underserved communities

- Our Access to Energy program supports training, entrepreneurship, startups, and technologies for the world's most energy-deprived populations.
- **281,737** underprivileged people received vocational training.

Prioritizing ethical partnership with suppliers

- As responsible corporate citizens, we uphold the highest standards of ethical business conduct to strengthen collective trust, cultivate long-term viability, and comply with local regulation.
- **374** suppliers under Human Rights & Environment vigilance received specific on-site audits.

Delivering return and profits to shareholders

- Our business model delivers consistent, sustainable, and strong financial performance and attractive returns.
- **+29%** share price growth.
- **EUR 66 billion** market capitalization (December 31, 2020).
- Proposed Dividend per Share **EUR 2.60**, **+2%** versus 2019.

Executing on our growth commitments



Sustainability and efficiency

Our purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. We want to be the digital partner of our customers for sustainability and efficiency.

2020 progress

We delivered **efficiencies** for our customers:

- During the COVID-19 crisis, Schneider Electric was recognized as mission-critical in over 90 countries, ensuring that hospitals, grids, water, food and beverage and cold chain installations, and mission-critical infrastructure were running and able to adapt to the new reality.
- During lockdowns, we continued to service critical infrastructure thanks to field services teams and remote monitoring capabilities.

We **innovated in sustainability** with:

- Unique SM AirSeT switchgear to avoid using SF₆, the greenhouse gas commonly found in electrical equipment.
- Launch of GreenStruxure with Huck Capital to deliver renewable Energy-as-a-Service contracts for buildings.
- Strategic venture with Verkor in France, to accelerate European battery cell production.
- Green Premium™ program and c.72% of our business labeled as Green Revenues⁽¹⁾.

2021 priorities

- Continue to accompany our customers across the whole life cycle of their assets, portfolios, and installations.
- Focus on delivering our full value proposition to support the future of buildings, homes, data centers, industries, infrastructure, and grid.
- Scale up growth with sustainability and prosumer technologies.



Digital innovation

We believe digital solutions create opportunities to connect the physical and digital world, and combine energy management and automation. Our EcoStruxure™ platform and core innovations help change the way buildings, industries, and cities are designed, built, and operated.

2020 progress

We reinforced our software portfolio across the life cycle, with:

- Voluntary public takeover of **RIB Software** to expand capabilities in building life cycle digitization.
- Announced acquisition of **OSIsoft** by AVEVA, connecting customers' real-time industrial data for efficiency.
- Minority investment in **Planon** for Integrated Workplace Management to transform buildings into safe, sustainable, and resilient assets.
- Proposed investment in **ETAP** to design, model, simulate, and optimize critical power systems with digital twins.

We released new innovations at virtual Innovation Summit 2020 World Tour events, including:

- Low-voltage PrismaSeT Active switchboards, using cloud-connectivity to monitor hazardous power losses.
- Ergonomic and connectivity-ready ComPacT breakers and modular plug-and-play accessories.
- EcoStruxure™ Automation Expert to program and run open, virtualized, and interoperable applications for industrial efficiency and resiliency.
- New digital services and software, such as EcoStruxure™ Power Monitoring Expert and Power SCADA Operations.

2021 priorities

- Successfully integrate and grow with software and services.
- Drive synergies of recent software acquisitions.
- Bring further added value to our customers with digital services.
- Continue to make the most of our digital channels.

(1) Green Revenues are stringently defined as offers that bring energy, climate or resource efficiency to our customers, while not generating any significant harmful impact to the environment. Learn more about Green Revenues on page 99.



Diversity and inclusion

Strive for diversity, equity, and inclusiveness, valuing difference and welcoming people from all walks of life. Facilitate agility and flexibility and offer equal opportunities to all, reinforced by our multi-hub approach, which makes us the most local of global companies.

2020 progress

- Employees celebrated International Women's Day, Pride Month, International Men's Day, Global Mental Health Day, and awareness campaigns for LGBT+ and People with Disabilities.
- 91% of white-collar employees discussed their development with their managers.
- In June, all employees were surveyed with specific questions related to COVID-19 and 68% of employees took part.
- Over 7,000 students joined the *Global Virtual Student Experience* to learn about Schneider Electric through self-learning and project simulations.
- Diversity and Inclusion awards from *Forbes*, *Financial Times*, *Bloomberg*, *Great Place to Work*, *Glassdoor*, *Workhuman*, and *Universum*; partnerships with *Gender & Diversity KPI Alliance*, *ILO Global Business*, and *Disability Network*.
- 45,000 employees registered on *Open Talent Market* to drive upskilling, career development, and mentoring.
- Employee Resource Groups in more than 40 countries helped empower and advance women in leadership locally.

2021 priorities

- Build behavior and results-driven culture through *New Ways of Working*.
- Deliver recruitment experience for Schneider Electric's workforce of the future.
- Increase gender diversity, from hiring to frontline managers and leadership teams (50/40/30).
- Create opportunities for the next generations.
- Build employee career and development plans for 10 years before retirement.



Trust and resilience

Trust is at the core of what we do and is a signature of our brand. We believe that trust is the foundation of resilience and empowerment. We do not compromise on safety, quality, delivery, cybersecurity, ethics, and compliance.

2020 progress

Our trusted and empowered local teams swiftly defined innovative solutions to deal with unexpected situations:

- Local response teams acted to protect employee, supplier, and customer health and safety and mitigate exposure to COVID-19 (personal protective equipment, business travel restrictions, limited site access, and progressive return to work after lockdowns).
- Teams, especially in our supply chain, displayed resilience and flexibility to work remotely and maintain operations.

We upheld commitments to ethics, digital trust, and cybersecurity:

- 98% of employees completed cybersecurity training.
- Schneider Electric's first *Ethics & Compliance Day* recognized working environments that promote a speak-up culture.
- Enforcing the highest standards in business ethics and compliance for employees, customers, and partners, notably through our alert system.

2021 priorities

- Launch our *Ethics and Compliance Risk Assessment* as part of the new *Enterprise Risk Management Framework*.
- Advance our *Principles of Responsibility* as our *Charter of Trust*.

2020 Business Highlights

January

On the opening day of the annual meeting of the World Economic Forum in Davos, Schneider Electric was ranked in Corporate Knights' Global 100 Most Sustainable Corporations, and the Carbon Disclosure Project (CDP) "A-List".



February



As part of EV100, Schneider Electric pledged to switch its 14,000-car fleet to electric by 2030. Electric vehicle charging infrastructure and EcoStruxure™ e-mobility solutions will also be installed in the Group's flagship sites.

Schneider Electric signed the European Plastics Pact for more responsible use of plastic in product design and packaging, by prioritizing circular materials and recycling over single use plastics.

March

As part of a French industrial COVID-19 taskforce, Schneider Electric's supply chain experts took up the challenge to increase production of Air Liquide Medical System's respirators and deliver 10,000 in 50 days.



April



Schneider Electric Foundation's Tomorrow Rising Fund mobilized employees, customers, and partners and supported 74 local projects in 67 countries, touching the lives of 1.5 million people.

June

Schneider Electric ranked fourth in Gartner's Supply Chain Top 25 recognizing the Group's supply chain transformation and its business, financial and Environmental, Social, and Governance (ESG) performance.



July

Schneider Electric successfully completed the voluntary public takeover of RIB Software to expand its capabilities in building life cycle digitization.

August



Schneider Electric acquired ProLeiT, enhancing the Group offering in Consumer-Packaged Goods.

The Schneider Electric India Private Ltd entity was born from Larsen & Toubro's Electrical & Automation and Schneider's Low Voltage & Industrial Automation businesses and confirmed its ambition as India's innovation and manufacturing hub, serving new economies.

AVEVA announced a transformative deal to acquire OSIsoft, a global leader in real-time industrial operational data software and services, to combine and create a leading Industrial Internet of Things (IIoT) portfolio.

September

Schneider Electric's 60-year old factory in Lexington, Kentucky (USA) joined the World Economic Forum's Advanced Lighthouse Network, as a showcase of digitally transformed manufacturing and production, saving energy, and water resources, cutting CO₂ emissions and reducing unplanned machine downtime.



October



Schneider Electric published its biodiversity footprint report using the Global Biodiversity Score tool developed by CDC Biodiversité, and identify ways to protect and restore biodiversity.

The 2020 Innovation Summit toured the world stopping at 10 digitally interactive events, highlighting strategies and technologies to drive electrification, digitization, and innovation for a lower-carbon world.

November

Schneider Electric's ESG-focused Investor Day highlighted how the Group focuses on all its stakeholders and on circularity, biodiversity, governance, and social values for long-term value creation.

Schneider Electric launched the first sustainability-linked convertible bond, tying its performance in three sustainability KPIs to investor returns.

Schneider Electric announced strategic transactions to enhance Energy Management's software portfolio, including minority investment in Planon for Integrated Workplace Management and the proposed investment in ETAP to design, model, simulate, and optimize critical power systems with digital twins.




December




Schneider Electric was selected among 2020's Top 25 Corporate Startup Stars, in recognition of the world's most active corporates working with startups and developing best practices in corporate-startup collaboration.

Our Leadership Team

Inspiring bold ideas for the future



Jean-Pascal Tricoire
Chairman
& Chief Executive Officer




Hilary Maxson
Chief Financial
Officer



Olivier Blum
Chief Strategy
& Sustainability Officer



Hervé Coureil
Chief Governance Officer
& Secretary General



Charise Le
Chief Human Resources
Officer



Chris Leong
Chief Marketing
Officer



Emmanuel Lagarrigue
Chief Innovation Officer



Peter Weckesser
Chief Digital Officer

Global functions Operations Business

