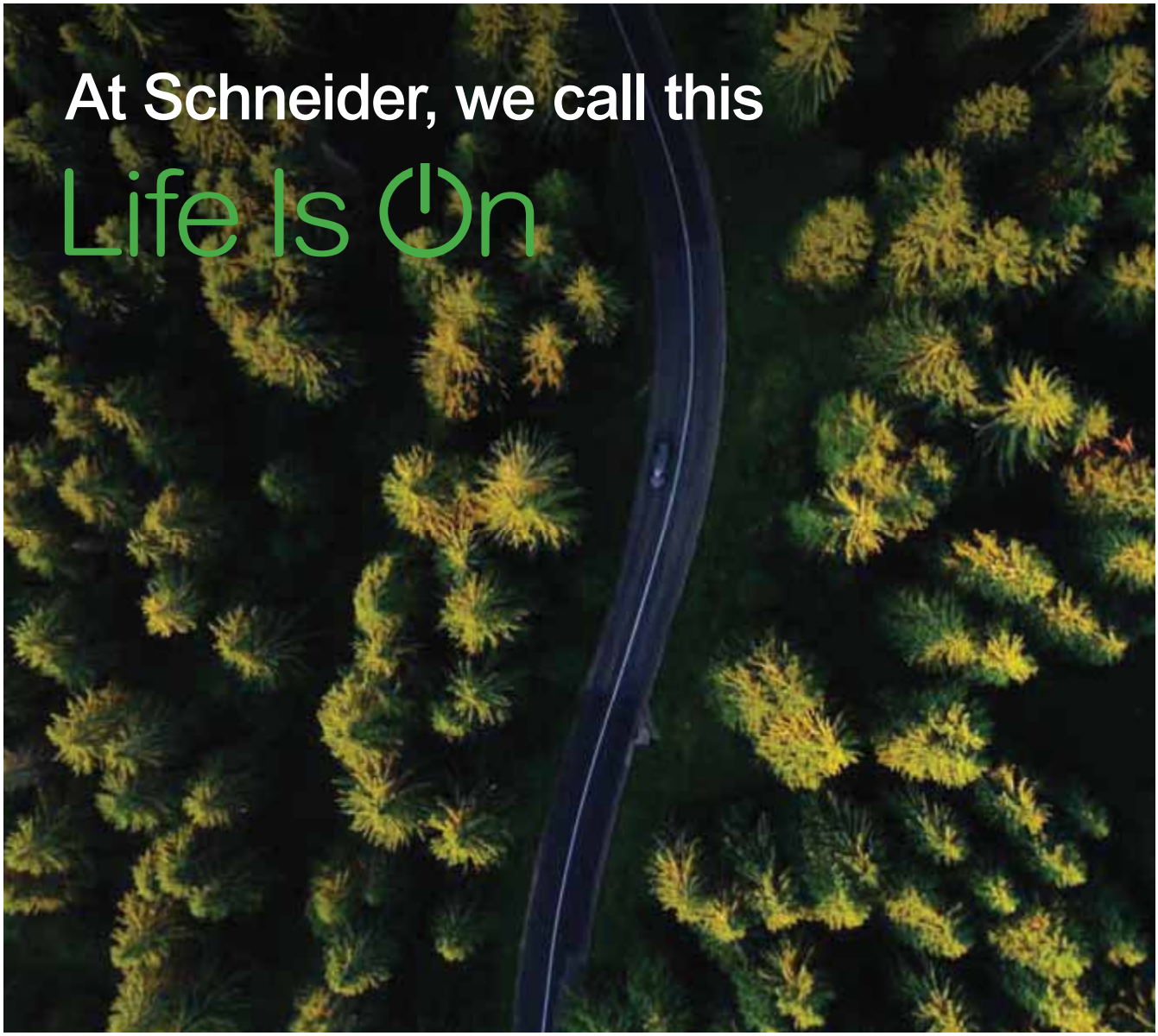
Our purpose is to empower all to make the most of our energy and resources bridging progress and sustainability for all.



Read more about our purpose on page 28

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%

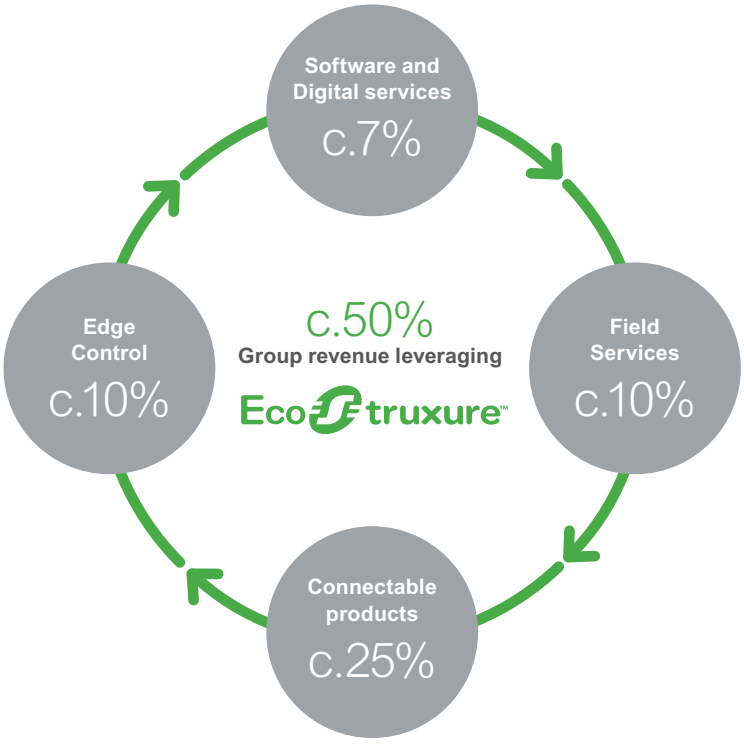
€2.6B
Adjusted Net Income* -4.4%

€118.3
Share Price (at December 31, 2020)

c.72%
Green Revenues**

134 million tons
CO_2 Saved for Customers

Digital and service business for increased efficiency across life cycle



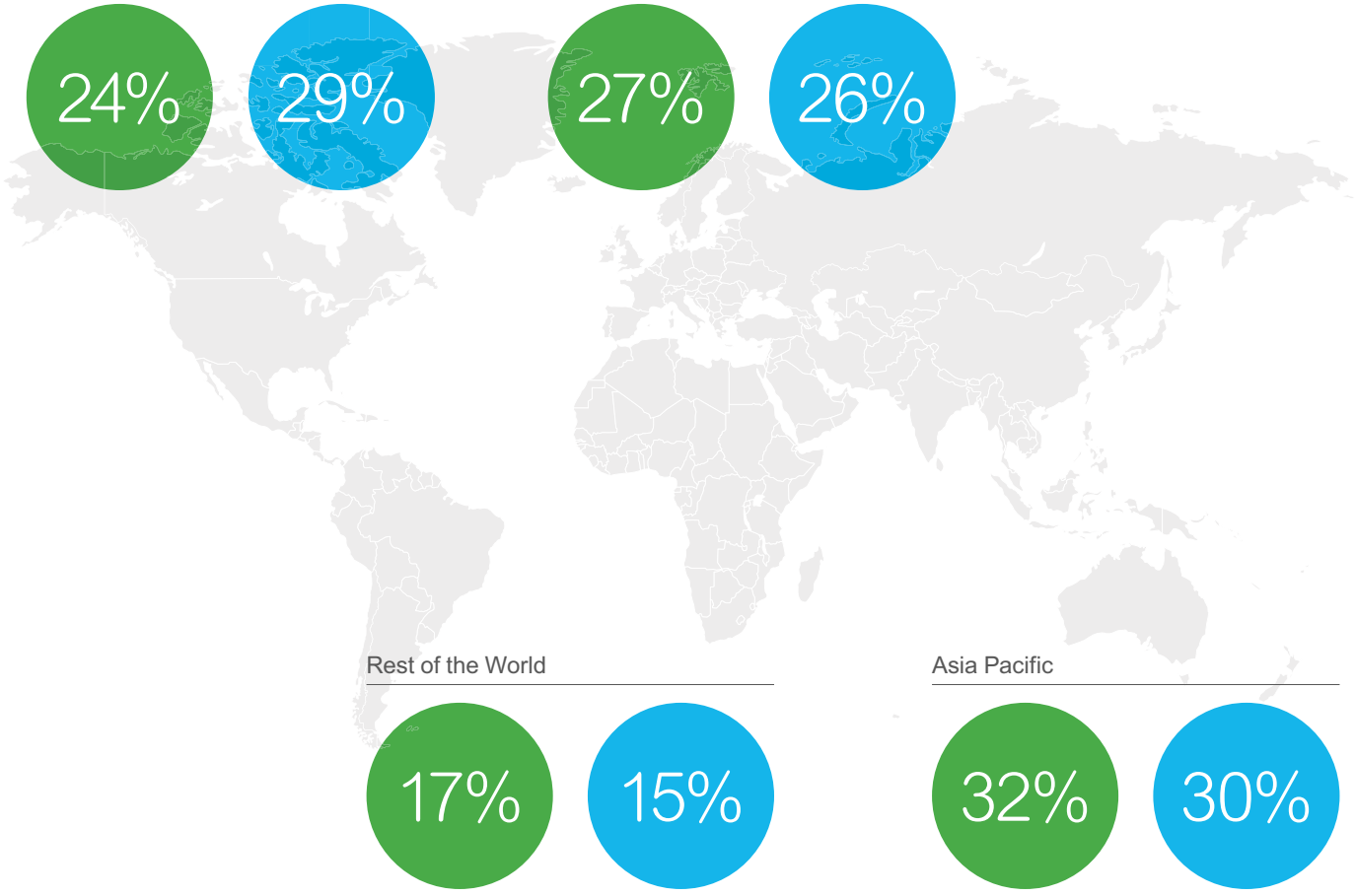
* In 2019, the Group changed its definition of Adjusted Net Income, which includes the Adjusted EBITA, amortization expenses of purchase accounting intangible assets (excluding impairment), net financial income and loss, income tax expense on the above at the effective tax rate (excluding non-recurring 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



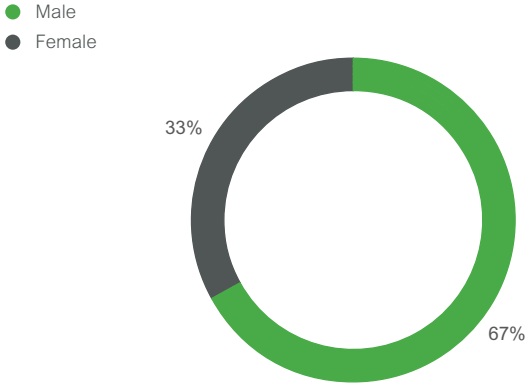
128,000+

Employees in over 100 countries

c.5%

Revenue spent on innovation

Overall workforce gender balance



A statement from Chairman and CEO, Jean-Pascal Tricoire

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.

> "In 2020 we accelerated and prepared for the future."

> "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 SF_6 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.

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 CO_2 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 eco-system. 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 strong 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

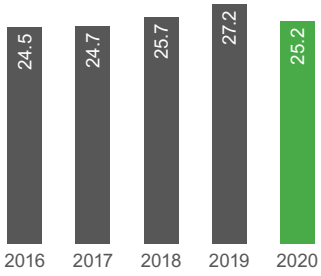
Strong execution and resilient business model driving quick rebound from crisis

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.

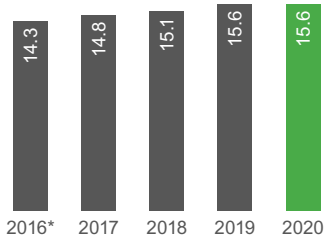
2020 delivered resilient results, with Energy Management down -4.5% organic, with strong revenue growth in residential, data center, utilities, and consumer packaged goods, and Industrial Automation down -5.3%, with discrete markets being resilient while process and hybrid markets remained challenged. 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%

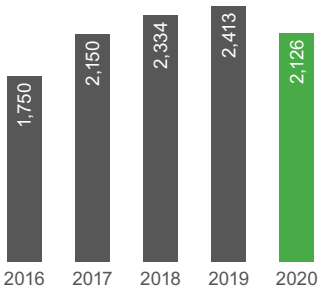


2020 delivered very solid profitability by maintaining Adjusted EBITA at the same level as 2019, despite the crisis, at 15.6%, with organic expansion of 20 bps versus 2019, thanks to pricing actions, RMI tailwind, strong productivity, and strong delivery of savings. This represents the fifth consecutive 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.

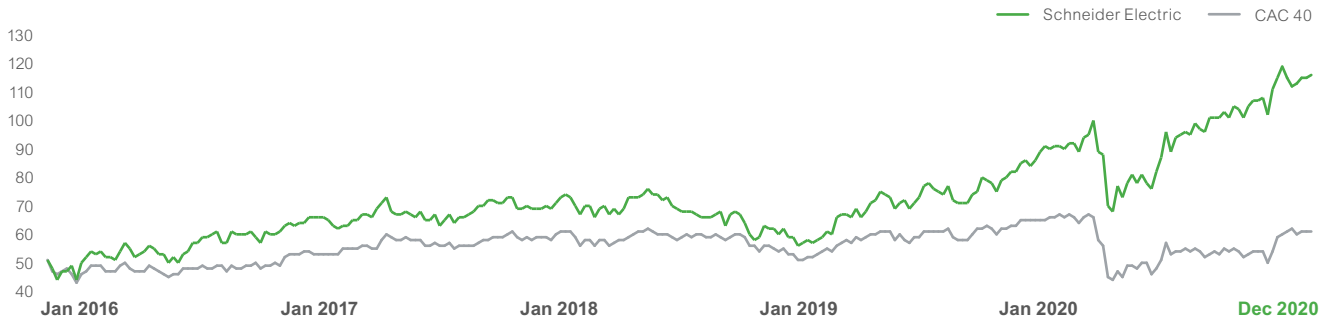
Income tax amounted to -EUR 638 million. The effective tax rate was 22.7%, in line with expectations.

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.

Read more about our performance on page 301

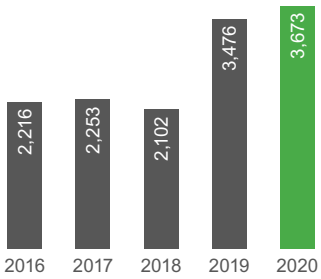
Share price against CAC 40 index over five years



Free Cash Flow

In millions of euros

€3,673M



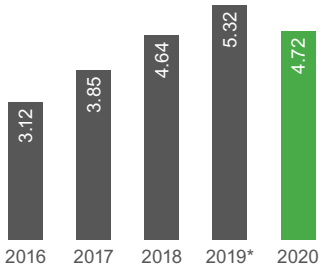
Free Cash Flow was exceptionally strong at EUR 3,673 million, a record cash performance and the second successive year above EUR 3 billion. The performance was supported by favorable working capital evolution, typical of a lower growth environment, and accentuated by certain favorable timing impacts 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

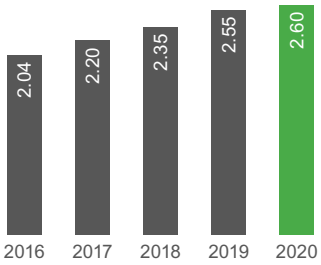


Earnings per Share were down -11%, mostly driven by sales decrease, higher M&A integration and restructuring costs, and higher amortization of purchase price accounting intangibles.

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.

Outlook

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.

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.

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

Strong environmental and social impact

Megatrends and SDGs	Our 21 2018-2020 programs	2020 results
Climate 	80% renewable electricity	**80%**
	10% CO_2 efficiency in transportation	**8.4%**
	120 million tons of CO_2 saved on our customers' end thanks to EcoStruxure offers	**134**
	25% increase in turnover for our EcoStruxure™ and Energy & Sustainability Services	**17.6%**
Circular economy 	75% of sales under our new Green Premium™ program	**76.7%**
	200 sites labeled Towards Zero Waste to Landfill	**206**
	100% of cardboard and pallets for transport packing from recycled or certified sources	**99%**
	120,000 metric tons of avoided primary resource consumption through ECOFIT™, recycling, and take-back programs	**157,588**
Health & equity 	70% scored in our Employee Engagement Index	**69%**
	0.88 medical incidents per million hours worked	**0.58**
	90% employees have access to a comprehensive well-being at work program	**90%**
	100% of employees are working in countries that have fully deployed our Family Leave Policy	**100%**
	100% of workers received at least 11.25 hours of learning in 2020, and 30% of workers' learning hours are done digitally	**90%**
	90% of white-collar workers have individual development plans	**92%**
	95% employees are working in a country with commitment and process in place to achieve gender pay equity	**99.6%**
Ethics 	+5.5 pts increase in average score of the ISO 26000 assessment for our strategic suppliers	**+6.3 pts**
	350 suppliers under human rights and environment vigilance received specific on-site assessment	**374**
	100% of sales, procurement, and finance employees trained every year on anti-corruption	**94%**
Development 	x4 turnover of our Access to Energy program	**x1.64**
	400,000 underprivileged people trained in energy management	**281,737**
	15,000 volunteering days thanks to our VolunteerIn global platform	**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.

RE100's Clean Energy Trailblazer award from The Climate Group

Schneider has been distinguished as the first 2020 Clean Energy Trailblazer by The Climate Group's RE100 in recognition of its ambitious program to optimize energy and resources and grow the share of renewables in the energy mix. As well as acknowledging the Group's efforts to decarbonize and foster clean electrification in its operations and supply chain, Schneider's work to reduce the carbon footprint of customers and address the digital and energy needs of developing communities further differentiate the Group from others. This commitment is embodied through involvement in and partnership with The Climate Group's initiatives for renewables (RE100), for energy efficiency (EP100), and for electric vehicles (EV100).

The Most Sustainable Company in the World in Corporate Knights' Global 100 ranking

For the first time since being part of the Corporate Knights ranking in 2012, Schneider took the number one position in the Global 100, thanks to a strong performance evaluated across 25 Environmental, Social, and Governance (ESG) indicators. The latest Corporate Knights' Global 100 was based on an assessment of over 8,000 companies with more than US$ 1 billion in revenues. This acknowledgment highlights Schneider's business shift towards a zero-carbon world, its performance in terms of clean revenues and investments, its diversity culture, and its consistent efforts to reach sustainability excellence.

Ranked #2 in our industry in Financial Times' Diversity Leaders

Schneider Electric ranked second in its industry (and 27th out of 850 companies) in Financial Times' (FT) Diversity Leaders. Diversity and inclusion are an integral part of who we are and what differentiates us, through the commitments we act on every day, which focus on valuing difference and welcoming people from all walks of life. FT's Diversity Leaders are identified via an independent survey of more than 100,000 employees, with insights shared with Statista from human resources and recruitment experts as well as from FT readers who also share their views.

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

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

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**.

Our unique way

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

Industry 4.0

Adjusted EBITA margin

17.1%

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 CO_2 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 SF_6, 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 CO_2 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.

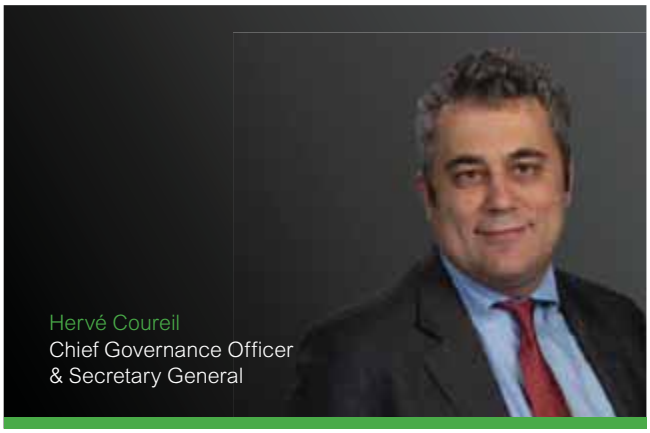
Schneider Electric launched the first sustainability-linked convertible bond, tying its performance in three sustainability KPIs to investor returns.

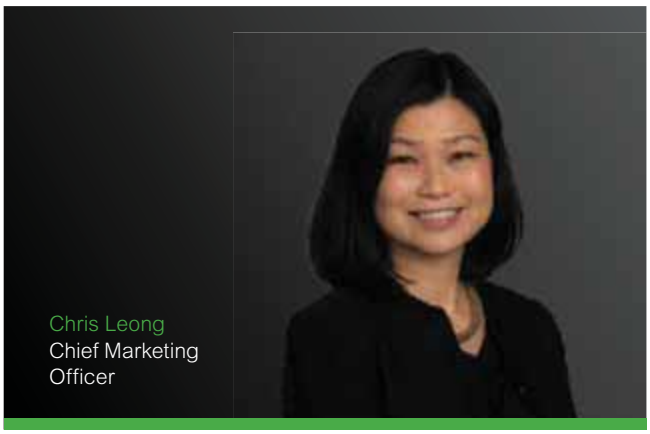
Schneider Electric announced strategic transactions to enhance Energy Management's software portfolio, including minority investment in Planon for Integrated Workplace Management and the proposed investment in ETAP to design, model, simulate, and optimize critical power systems with digital twins.

December

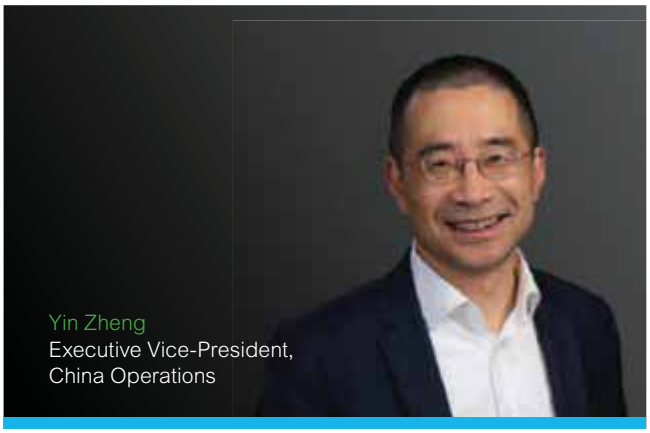
Schneider Electric was selected among 2020's Top 25 Corporate Startup Stars, in recognition of the world's most active corporates working with startups and developing best practices in corporate-startup collaboration.

Inspiring bold ideas for the future

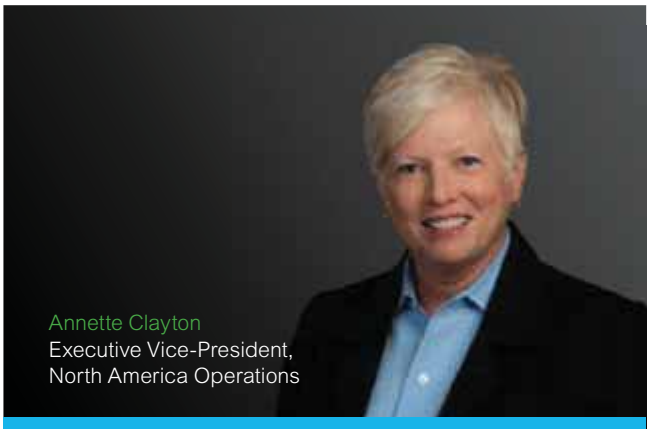




Global functions Operations Business

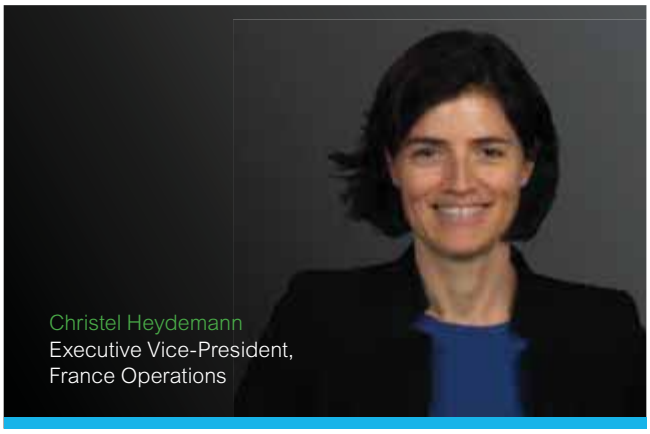


Yin Zheng
Executive Vice-President,
China Operations

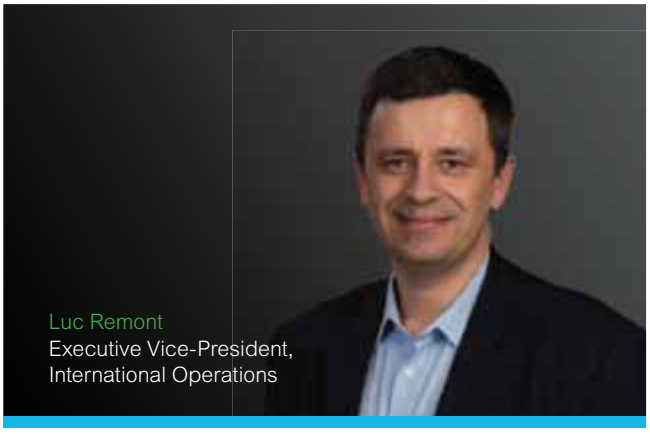


Annette Clayton
Executive Vice-President,
North America Operations

Barbara Frei
Executive Vice-President,
Europe Operations



Christel Heydemann
Executive Vice-President,
France Operations



Luc Remont
Executive Vice-President,
International Operations

Mourad Tamoud
Executive Vice-President,
Global Supply Chain

Philippe Delorme
Executive Vice-President,
Energy Management

Peter Herweck
Executive Vice-President,
Industrial Automation

For EEC Engie, enabling future innovation starts with SF_6- free solutions and EcoStruxure™ from Schneider Electric.

1

Group's strategy: opportunities and risks

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Megatrends driving our growth

Schneider Electric believes in an acceleration of digital adoption with an increasing sense of urgency to transition to cleaner, more electric and decarbonized energy, and industrial systems. For us, Electricity and Digital are the recipe for a more sustainable and resilient world. At Schneider we call this Electricity 4.0, powering the New Electric World, which combined with Industry 4.0, creates a strong catalyst for growth in energy efficiency and process efficiency.

- **Electricity makes energy green:** Electricity is the most efficient energy and the best vector of decarbonization.
- **Digital builds a smart future:** Digital and software enables supply/demand efficiency and end-to-end life cycle management.
- **Regional differences in electrical and digital regulations are more prevalent:** Solutions for a more sustainable and resilient world must be adapted to regional specificities.

The Group's positioning focuses on three megatrends: a world that is **all electric, all digital, and more multi-local**.

1. All electric

Electrification will intensify in line with the energy transition, due to several factors:

- **More electric loads**, namely:
  - The electrification of transportation as the yearly electricity consumption from electric vehicles is anticipated to grow by 18% p.a. from 2019 to 2040(1).
  - Further electrification of industrial processes currently powered by gas.
  - The acceleration of electricity demand, due to growth in internet traffic, data center infrastructure, and increased connectivity.
  - Increased electrification in buildings, driven by the electrification of heating, cooking, and cooling, and new regulations to accelerate decarbonization.
- **Innovation that promotes more cost-effective electrification and power decentralization:**
  - Energy batteries are expected to provide up to five times more energy density by 2030(2).
  - More renewables, with a variable capacity mix anticipated to reach up to 50% by 2040(3).

2. All digital

Today's digital economy is driving disruption across every sector. Digital remote interactions have become more prevalent, further revolutionizing how we work and live together.

- **Growing need to aggregate exponential amounts of data.** 11 billion smart appliances in 1 billion homes are expected to participate in interconnected electricity systems by 2040(4).
- **Large data volumes generated by IoT in industrial applications:** an offshore oil rig is expected to produce 1–2 terabytes of data daily and a smart factory 5 petabytes per week(5).
- **New business models with artificial intelligence, algorithms, and platforms** that turn vast amounts of data into insights and value. It is estimated that 70% of new value created in the economy over the next decade will be based on digitally-enabled platform business models(6).

(1) Bloomberg New Energy Finance.
(2) Rocky Mountain Institute.
(3) Includes Onshore Wind, Offshore Wind, Utility-scale PV, Small-scale PV, Solar thermal, Source: Bloomberg New Energy Finance.
(4) International Energy Agency.
(5) Quicksilver Capital, industrial digital transformation, Spring 2020.
(6) World Economic Forum: Shaping the Future of Digital Economy and New Value Creation, 2019.

3. More multi-local

Energy, power, and electrical norms and standards have been devised regionally since their inception. But, as power and electrical systems become smarter, more digital and more data-centered, they also need to align with digital regulations and standards. We believe in a multi-local world, where locally tailored solutions will be more prevalent, namely due to:

- Local data regulations on connectivity and data privacy, such as General Data Protection Regulation (GDPR).
- Regulations for higher cybersecurity adoption in North America, Europe, the Middle East and Asia.
- Diverging local or regional standards for electricity (for example, different approaches to Arc Fault detection).

Why these trends matter for Schneider Electric?

For Schneider Electric, **electrification** represents growth opportunities in buildings, industries, infrastructure and grids, data centers, and homes. **Digital transformation** is a key driving force in all our markets, enabling more data analytics and insights into operations for improved energy management and process efficiency, enabling more agility. We see many of our customers stepping up their efforts and investments in sustainability. Our solutions from connected devices, to software, digital services, and energy and sustainability services help our customers.

- **Buildings of the future** that are sustainable, resilient, hyper-efficient, and people-centric.
- **Infrastructure and grids of the future** that are sustainable, resilient, flexible, and distributed.
- **Homes of the future** are sustainable, smart homes of the future connecting the lifeline of the home – electricity – with digital, to help achieve carbon-neutral goals.
- **Data centers of the future** that are sustainable, resilient, hyper-efficient, and adaptive.
- **Industries of the future** that are sustainable, efficient and resilient, human-centric, and fully digital.

Schneider Electric is the most **local of global companies** with a balanced footprint. Equally, the diverse mix of teams across the globe ensures the highest level of local expertise and support for our customers' specific needs and global R&D expertise strengthens the Group's innovation strategy. We believe this local set-up empowers our country leaders to best react to local market changes with agility.

2. Customer focus

Meeting customer expectations

We focus on strategic segments with our unique combination of energy management, automation and process efficiency, delivered through products, control systems, software, and services.

Residential: We help create sustainable and smart homes of the future by connecting electricity with digital in individual homes, apartments, and public housing. We support our customers to achieve a net-zero future, create safe and adaptive homes with reliable power, use actionable insights to efficiently manage energy usage and costs, and enjoy personalized living experiences.

Buildings: We offer intelligent building technologies for Real Estate, Healthcare, Hotels and Retail customers. Our solutions help them maximize operational efficiency and energy savings, while lowering OpEx costs, ensuring cybersecurity and decarbonization of assets. Building on our software portfolio that includes IGE+XAO and Alpi, we now also support the digitization of construction, with RIB Software to unlock the full potential of building efficiencies and sustainability.

Cloud and service providers: We provide data center, network solutions, and edge computing to internet giants, co-location providers, and industrial customers. We help them increase reliability and power usage effectiveness, accelerate decarbonization of their operations, and increase efficiency and optimize value chains with Unified Operations Centers from AVEVA.

Power and grid: We serve companies producing, delivering, and/or selling electricity to help them reduce their carbon footprint, digitize networks, and connect customers to smart grids. We help our customers overcome challenges, such as increased intermittent renewables or decentralized generation with our Advanced Distribution Management systems to better manage system interruption duration and frequency.

Water and wastewater: We support customers across the entire water cycle, from water resources to water distribution, sewage management and treatment. Through our innovative smart water technologies and services, we help make water safe, reliable, sustainable, and efficient across the entire water cycle. We partner with our customers in their digital transformation to reach resilience and sustainability goals.

Mobility: We serve automotive manufacturers and electric car battery manufacturers to enable productivity and sustainability through digitization. We also provide solutions for critical transportation infrastructure, such as electric car charging, airports, railways, subways, and ports. Our solutions include microgrids and Energy-as-a-Service, to help customers run safe, reliable, efficient, and carbon-free operations.

Oil and gas: We provide integrated digital solutions and high-performance systems, software, and services to oil and petrochemical companies, and Engineering Procurement and Construction (EPC) companies. We help customers manage the entire life cycle of capital projects, achieve sustainability targets, and improve safety and operations with digital twins, from production to processing and supply chain operations, namely thanks to AVEVA offers and EcoStruxure™ Power and Process, which enables the convergence of power and control.

Consumer packaged goods: We enable digital transformation at every step of the value chain for Food and Beverage and Life Sciences companies. Our solutions provide improved sustainability, efficiency, and traceability, such as Manufacturing Operations Management and Manufacturing Execution software from AVEVA. With ProLeiT, we help Food and Beverage customers advance their digital transformation and optimize their production processes, driving increased productivity and efficiency.

Mining, minerals, and metals: We help mining, cement, glass, and metals customers to achieve greater energy and production efficiency and sustainability targets, thanks to EcoStruxure™ and IoT-enabled solutions. Unified Operation Centers from AVEVA provide a comprehensive view at company level to drive efficiencies at scale by connecting all assets and sites into one repository.

Leveraging a global network of over 650,000 service providers and partners

We strive to be the most partner-friendly company in our industry. A significant share of Group revenues is managed through intermediary partners, with their own added value. This network enables us to extend our segment coverage and have a strong connection to local markets. We are increasingly focusing on digital interaction with our partner ecosystem, thanks to the Partner Portals and Schneider Electric Exchange.

Distributors and retailers: Our main distribution partners are electrical distributors, specialists in IT, telecom and data center applications, DIY retailers, online marketplaces, e-tailers, and specialist technical distributors for automation and industrial software solutions, access control, and security products. Distribution now represents approximately 45% of total Group turnover. 2020 was an inflection point for eCommerce. We continued to digitally equip our customers and channel partners with more web-based trainings, web shops, and digital tools for design, selection, configuration, and customer support, while lockdowns limited access to physical stores. In 2020, eCommerce grew 22% year on year and it now represents 25% of the Group's overall distribution business.

Panel builders: Collaboration with panel builders, who build and sell electrical distribution or control/monitoring switchboards, helps bring to market our innovative solutions and provide end-users the solutions for a more digital and more electric world. Panel builders buy low and medium-voltage devices and act as specialists, or connected power system experts, who manage and maintain electrical assets after installation and throughout their entire operational lifetime.

Contractors: To design solutions tailored to end-users' specific needs, we work closely with contractors, small specialists or generalist electricians, and large companies that specialize in installation equipment and systems. We provide training and support and leverage our multichannel partner model, which is increasingly digital, via the Partner Portal and Exchange platforms.

System integrators: System integrators design, integrate, and support automation to meet their customers' needs for the performance, reliability, precision, and efficiency of their operations. We give system integrators access to all areas of automation from field control to Manufacturing Execution Systems and Building Automation Systems.

Specifiers/consulting engineers: To meet their customers' specific demands, specialist engineers, architects, and design firms are prescribing more efficient and integrated energy management solutions, specifically for critical power, security, and building automation. As our essential partners, we collaborate and provide application-focused design information and tools, with IGE+XAO, Alpi, and EcoStruxure™ Power Design software.

Electricians: We have one of the most comprehensive networks of electricians worldwide. We enable electricians to operate more efficiently through training, technical support, and digital tools, such as My Schneider Electric app, where over 400,000 electricians are registered. Our relationship with electricians is strengthened by increasing their visibility to end-users through different tools, including online "installer locators".

Original equipment manufacturers (OEMs): We work with more than 15,000 OEMs to improve machine performance and reduce time-to-market for packaging, conveyor, material handling, hoisting, and Heating, Ventilation, and Air Conditioning (HVAC) applications, providing tools and software such as EcoStruxure™ Automation Expert. We nurture strong OEM partnerships through programs to enhance their capacity to deliver internationally.

3. Company purpose

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

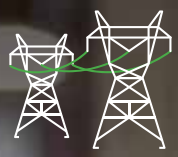
Life Is On

Buildings of the future

Capture the power of an all-digital, all-electric infrastructure for more sustainable, resilient, efficient, and people-oriented buildings.

Industries of the future

Truly open automation, agnostic software, and unique solutions that protect our planet are bringing tomorrow's industries to life today.



Data centers of the future

Leverage the power of connected infrastructure for more sustainable, efficient, adaptive, and resilient data centers.

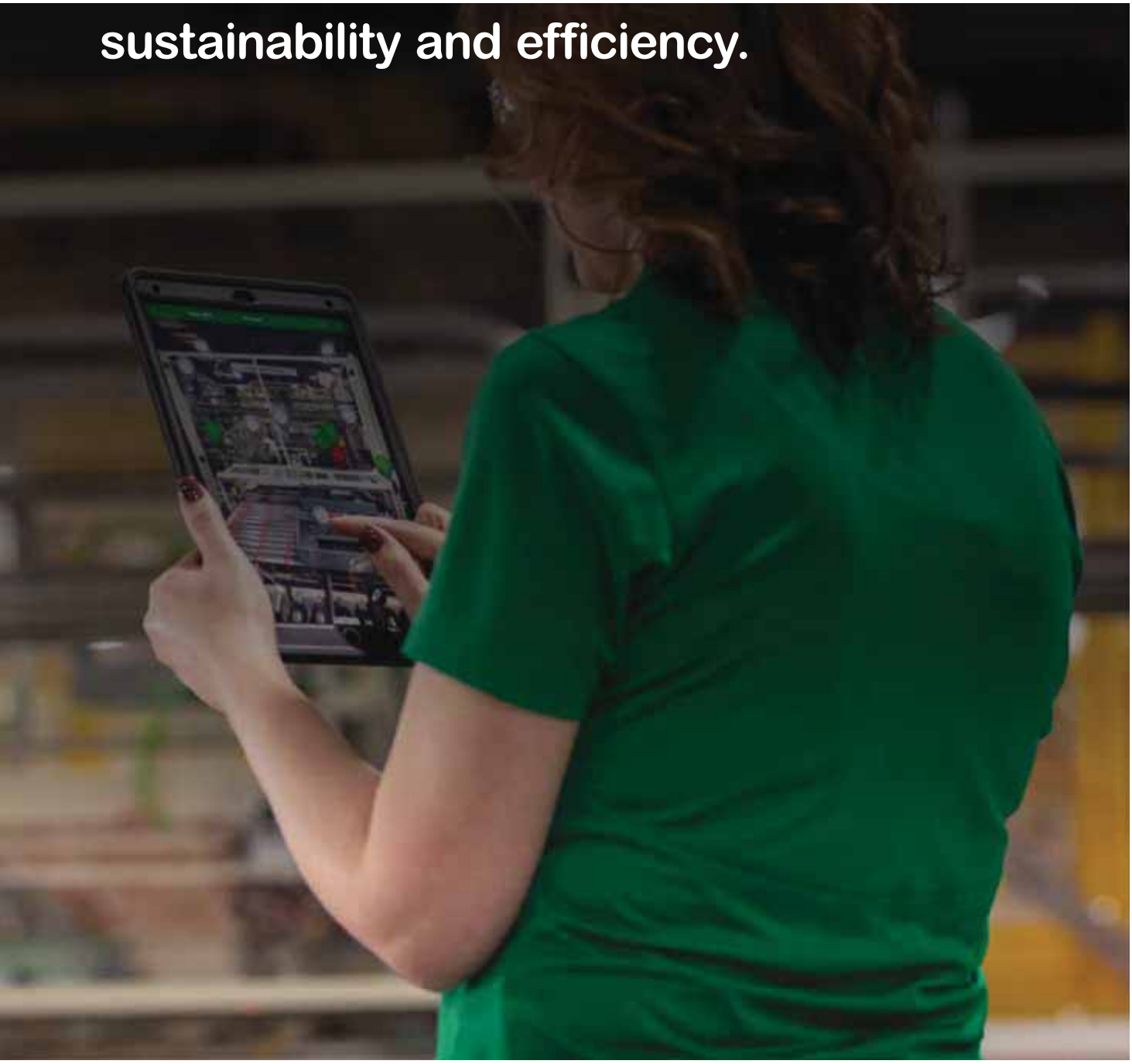
Homes of the future

Create sustainable, smart homes by connecting the lifeline of your home – electricity – with digital, to help achieve your carbon-neutral goals.

Infrastructure and grids of the future

Increase sustainability and efficiency with smart grids.

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



4. Energy Management

Powering the new electric world

The Energy Management business helps customers make the most of their energy and accelerate their journey to net-zero carbon emissions. A more electric and digital world is key to addressing the climate crisis. Electricity is the most efficient energy and the best vector of decarbonization, and with digital innovation the invisible becomes visible, unleashing huge potential to eliminate energy waste.

Our market-leading, innovative solutions connect the dots between flexible energy supply and demand, delivering **homes, buildings, data centers, industries, infrastructure, and grids of the future** that allow us to collectively share better the energy and resources that our planet can provide, delivering a future that is more sustainable, more resilient, and more efficient.

The Energy Management products, systems, software, and services include:

- Medium and low-voltage equipment
- Building and grid automation
- Critical power
- End-to-end life cycle software, from design and build, to operate and maintain
- Energy and Sustainability Services

Innovations introduced in 2020 include:

- **EcoStruxure™ Workplace Advisor and Engage Enterprise App:** Optimized space usage, improved employee experience, and reduced service costs.
- **EcoStruxure™ Building Operation:** Actionable insights to optimize building performance and improve engineering efficiency.
- **EcoStruxure™ Connected Room Solutions:** Personalized occupant experience and room control.
- **EcoStruxure™ Power Monitoring Expert, Power SCADA Operation, and Power Advisor:** Reduced energy costs and unplanned downtime, with optimized operations.
- **Low-voltage PrismaSeT™ Active switchboards:** Cloud-connectivity to monitor hazardous power losses.
- **ComPacT breakers and accessories:** Ergonomic, modular plug-and-play accessories that are connectivity-ready.
- **SM AirSeT for medium voltage switchgear:** A unique combination of pure air and vacuum to eliminate the need for SF_6, a potent greenhouse gas commonly found in medium and high-voltage electrical equipment.
- **Acti9 Active compact connected multi-function breaker:** Proactive monitoring and alerting of electrical faults.
- **Monitoring & Dispatch Services:** 24/7 remote monitoring for proactive on-site remediation of IT infrastructure issues.
- **Wiser Energy Center:** The connected AI electrical panel of the future for grid-to-plug home energy management.
- **Wiser home automation:** Room-by-room temperature control, lighting, security, and energy management.

At a glance

Revenues	Adjusted EBITA	Percentage of Group sales
€19.3B	€3.6B	76.9%

Transforming through software with bolt-on strategic investments for life cycle efficiency and sustainability

In 2020, Schneider Electric announced several major investments to enhance its Energy Management software portfolio, building on IGE+XAO and Alpi, all of which are aligned with the Group's strategic vision to grow its suite of best-in-class, end-to-end software solutions to unlock efficiency and sustainability across the life cycle, from CapEx to OpEx.

In July 2020, Schneider Electric completed the voluntary public takeover of RIB Software SE, a leading software platform provider for planning, costing, and real-time construction monitoring. With its 5D BIM cloud-based construction software – iTWO 4.0, RIB has developed the world's first enterprise cloud technology with AI integration to bring efficiency in the construction phase. RIB helps contractors, project owners, and real estate developers to gain full life cycle efficiency from design and build, to operate and maintain, enhancing Schneider Electric's EcoStruxure™ suite.

In November, Schneider Electric took a minority investment in Planon Beheer B.V. to digitize the entire building life cycle through the integration of both EcoStruxure™ and Planon's enterprise scale solutions. This combination will help scale both platforms, connecting millions of assets worldwide, whilst transforming built environments from passive, costly assets, into safe, sustainable, and resilient buildings.

Schneider Electric also proposed taking a controlling stake investment in Operation Technology Inc. (ETAP) in November. This completes Schneider's existing software portfolio for mission-critical power systems as a platform-independent supplier for large network design, modeling, simulation, and operation solutions.

Innovating climate positive IT operations

EcoDataCenter has built a climate positive data center in Falun, Sweden, providing energy efficient and sustainable co-location services and high-performance computing solutions for clients, communities, and the environment. EcoStruxure™ from Schneider Electric delivers insights into their operations, as well as efficient and reliable power and cooling solutions – including Galaxy VX UPSs which are 99% efficient in ECOnversion Mode – and leverages Green Premium™ technologies, designed with environmental transparency and end-of-life instructions.

Raising the level of safety and quality for national electricity distribution networks

Schneider Electric worked with the Egyptian Government to supply one of the largest, advanced distribution management systems in Egypt. Bringing electricity to 20 million more people, the smart grid is sustainable, digitized, resilient, and connected to more than 12,000 products and 1,000 distribution points, with the ability to continue expanding in the future.

5. Industrial Automation

Building the next generation industrial world

Industrial Automation technologies are enabling the industries of the future. Securing safe, resilient, energy efficient, and sustainable processes across the complete life cycle helps optimize supply chains and transform existing facilities into smart factories. The Industrial Automation business offers customers innovation through products, systems, and software for the automation and control of machines, plants, and processes, including world-leading brands such as Modicon, Foxboro, Triconex, TeSys, Altivar, Eurotherm, and Télémécanique Sensors.

Innovations introduced in 2020 include:

- **EcoStruxure™ Automation Expert,** the first software-centric industrial automation system creating step-change improvements throughout the complete operational life cycle.
- **EcoStruxure™ Augmented Operator Advisor** which leverages virtual reality with real-time operating data to safely enable fast diagnostics, maintenance, and operation of machines and plants.
- By combining the fully digitalized **TeSys island** load management system with the **Modicon M262** logic and motion controller, machine builders and OEMs get full Industrial Internet of Things (IIoT) machine integration with unprecedented efficiency.
- **EcoStruxure™ Secure Connect Advisor**, a cybersecure solution, allowing operators and experts to remotely program, diagnose, and troubleshoot machines from almost anywhere.

Industries of the future are open

EcoStruxure™ Automation Expert was unveiled during the Innovation Summit 2020 World Tour to deliver the benefits of open automation and interoperability with portable application software to the fourth industrial revolution. It's plug-and-produce approach boosts efficiency, resilience, productivity, agility, and sustainability across operations, and saves engineering time, eliminates vendor lock-in, and delivers business impact.

Doubling down on domain expertise in consumer packaged goods

Integrating ProLeiT's Process Control and Manufacturing Execution Systems into Schneider Electric's Digital Plant business is enhancing our business value for food and beverage manufacturers, such as breweries and dairies, among others. EcoStruxure™ for Smart Manufacturing now delivers native connectivity to Modicon PLCs (Programmable Logic Controllers) and AVEVA software, alongside ProLeiT's expertise in automation, information, and control technology to improve processing plant monitoring.

At a glance

Revenues	Adjusted EBITA	Percentage of Group sales
€5.8B	€992M	23.1%

Next generation data-driven insights to drive performance intelligence

As AVEVA's majority shareholder, Schneider Electric is poised to accelerate success with the OSIsoft acquisition. Combining AVEVA's market-leading software with OSIsoft's data management platform will harness the power of information and artificial intelligence, enabling broader, deeper optimization that drives sustainable innovation throughout the engineering and operations life cycle. Many new applications are envisioned for process and hybrid industries.

Connecting power and process solutions for sustainability

Developed with AVEVA for energy-intensive industries, the EcoStruxure™ Power and Process solution combines process and power management to reduce CapEx and operational energy costs and drive profitability and sustainability. Digital twin technologies converge to unite asset engineering and process optimization, that is managed by a Unified Operation Center built on edge control software. This enables real-time visibility and smart analysis of energy-intensive industrial assets and processes to improve operational profitability and resiliency.

Building an automated future

The Sanwa Group, a plastics manufacturer operating nine factories in Singapore to supply car manufacturers in South-East Asia, embarked on its Industry 4.0 transformation with Schneider Electric and doubled its production output. Sanwa uses an EcoStruxure™ Machine and Power solution for data collection to improve its decision-making and operational visibility via digital interfaces. Thanks to IoT-enabled, remote power management and wireless sensors, Sanwa tracks each machine's energy consumption at a central command station. Factory floor inspections are also empowered with EcoStruxure™ Machine Advisor and EcoStruxure™ Augmented Operator Advisor for real-time insights into machine performance using augmented reality. This enables Sanwa to analyze the data collected, improve efficiency, enhance competitiveness, and grow their business.

6. Digital transformation

Digitalization for a smarter, greener future

Schneider Electric's digital transformation is fundamentally changing how we do business, at every level of the Group. Our ambition is to further strengthen our leading position as a cross-industry, IoT player with our EcoStruxure™ portfolio. We design an open platform, scale digital offers, and foster digital collaboration across our ecosystem of customers and partners.

In parallel, we aim to digitally transform the Group's Product Life cycle Management and Customer Relationship Management, as well as our Finance and Procurement, Global Supply Chain, and Human Resources functions. Our continued efforts in these areas will enable end-to-end process efficiency and greater productivity.

Built on solid foundations and lessons learned in 2020, and in response to the ongoing impact of COVID-19, we will continue to modernize both our digital infrastructure and tools for connectivity and business continuity, accelerate the journey to cloud, reduce technical debt, and deliver on the tenets of the Group's cybersecurity and data management strategy for digital trust.

Our digital transformation is also closely aligned with the Group's sustainability strategy. The use of EcoStruxure™ IT solutions will help bring Schneider Electric closer to fulfilling its carbon pledge, while our continued innovation and efficiency-enabling digital offers will support our customers in achieving their sustainability goals.

Connectivity and smart factories

Schneider Electric operates 115 smart factories and distribution centers worldwide, where the Group showcases its digital technologies and services virtually or in person. Since 2018, five of Schneider's Smart Factories have been selected by the World Economic Forum as Fourth Industrial Revolution Lighthouses – the world's most advanced factories, which are leading the way in the adoption of Fourth Industrial Revolution technologies. In 2020, Schneider's facility in Lexington, USA was honored as an Advanced End-to-End Lighthouse. Other Advanced Lighthouses have been announced in 2019 and 2018, namely facilities in Batam, Indonesia and in Le Vaudreuil, France, alongside two developing Lighthouse facilities in Monterrey, Mexico and Wuhan, China.

Ensuring digital trust with suppliers

With approximately 40 billion devices online, almost everyone and everything is connected in the world today. Schneider Electric sources goods and services from more than 50,000 unique suppliers across five continents. As goods and services are increasingly delivered through digital channels, the effectiveness of our supplier community relies on trust and collaboration to protect our digital ecosystem. In 2020, we continued to enhance and safeguard supply chain management, procurement, and Enterprise Resource Planning (ERP) systems with third-party risk management to ensure compliance across the supply chain.

At a glance

Distribution sales via e-commerce

€2.8B

+22% YoY

Assets under Management

€4.2M

+46.6% YoY

Employees able to work from home in response to COVID-19

+120,000

Customer voice and digital experience

Providing customers with the information they need, when and where they need it, is key to improving their digital experience. The Digital Net Satisfaction Score (NSS) used throughout Schneider Electric's digital platforms captures our customers' overall satisfaction and their specific feedback. In 2020, the overall NSS increased by 13 points, reinforcing the positive impact of prioritizing customer feedback. In 2020, Schneider Electric launched and scaled the personalized experience to enable 500,000 partners, 30,000 distributors, and 100 key accounts to embark on a more personalized digital journey, covering relevant offer information and tools. Together with improvements in digitizing our pricing and quotation tools as well as providing more interactive customer support, we are making great progress in how we digitally engage with customers and efficiently support how they do business with Schneider.

Agile digital citizens

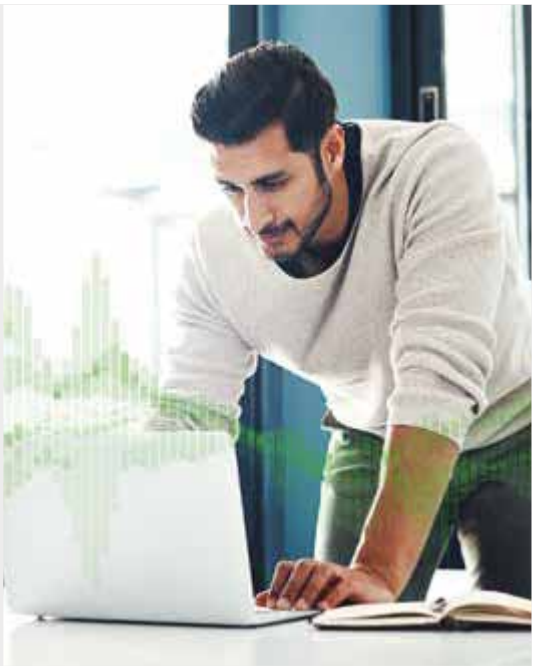
Digital knowledge is a priority skill and the Group aims to upskill over 90% of employees with the launch of its Boost Your Digital Knowledge smart learning solution, which is part of the Digital Citizenship program helping employees build their digital skills. The program's knowledge library covers the most essential future skills required by Schneider Electric, including data science, digital economy, digital technologies, as well as cybersecurity, which is considered a critical area of knowledge and awareness. In 2020, 99% of targeted Schneider Electric employees completed dedicated, mandatory cybersecurity online training, strengthening the Group's cybersecurity posture.

Open ecosystem engagement

The Group continuously prioritizes the value of partnerships and ecosystems, simplifying and improving digital points of engagement to better serve its customers. In 2020, we digitally engaged with 421,000 average monthly active users (MAUs) across all platforms. Launched in 2019, Schneider Electric Exchange is the world's first cross-industry, open ecosystem that unleashes the power of collaboration in an open environment. We continue orchestrating this innovative community of customers and partners while fostering an entrepreneurship mindset to globally scale and monetize new digital offers. In 2020, Schneider Electric Exchange reached 75,000 registered users (+30%) and featured 480 digital offers. The Group's ambition is to further increase the adoption of Schneider Electric Exchange, enabling more transactions and co-innovation based on the open EcoStruxure™ platform.

Monthly (on average) active users engaged across digital touchpoints

421,000



7. People Vision

Great people make a great company

As the changes to our world accelerate and transform our industry, we consider the Group's culture as a key business differentiator to achieve profitable growth through innovation and to outpace the market.

The energy transition requires Schneider Electric to work closely in its different markets and to develop a shared vision with customers, supported by faster innovation, technology, and deep insights. As such, we need to empower our people and shape our organizational culture to meet this challenge. Digitization is also changing the way we work, and creating new opportunities for customers, suppliers, and our teams. We believe this change is a great catalyst for employee engagement and to articulate a meaningful purpose that motivates us all. We are passionate about our meaningful purpose, to empower all to make the most of our energy and resources, bridging progress and sustainability for all.

As part of our Schneider Sustainability Impact (SSI) and under our Human Rights Policy, for some years we have committed to mandatory global standards covering fundamental employee benefits for everyone, everywhere. Throughout the COVID-19 pandemic in 2020, the Group acted and remained focused on the health and safety of its people. To this end, the Group enhanced its existing global benefit standards (Life, Health and Family Care) for all its employees worldwide during the COVID-19 crisis. Everyone's mental and physical well-being, both at work and beyond, was a priority, upheld by the Group's Learning and Well-Being teams who ran weekly virtual learning sessions to help manage stress and share tools and best practices. Customized support was also available for leaders, including a *Diversity & Inclusion toolkit*, *A Manager's Guide to the New Normal,* and a number of *LiveTalks* to discuss effective approaches. The pandemic situation reinforced the importance of living our core values and leadership expectations every day and particularly highlighted how crucial *Acting Like Owners* is, for both the health of our people and the Group at large.

The most local of global companies

Globalization allows Schneider Electric to welcome more diverse teams and to ensure our local presence best supports our customers' specific needs. We prioritize how we develop and retain our employees to create an inclusive workplace that offers long-term career and development prospects and learning pathways. We are the most local of global companies, built across four hubs (Paris, France; Hong Kong, China; Boston, USA; and Bangalore, India) providing opportunities to grow within our organization, and we are continually championing diversity, equity, and inclusion to make a bigger impact on society.

The very nature of the workforce and the job market is evolving. There are up to five generations working side by side, and each generation has a varied set of expectations from their employer. This in turn is leading to a shift towards a highly personalized, digitized employee experience. We accelerated the global rollout of the *Open Talent Market* to drive upskilling, career development, and mentoring. This smart platform, powered by AI, helps employees take ownership of their careers and develop real and new experiences.

With 83% [(1)] of our employees preferring more flexibility in when and where to work, we are empowering employees to manage their unique life and work by leveraging agile, flexible, and smart ways of working to help our people effectively manage hybrid working.

Our People Vision

All this change influences how we work together and ultimately how we create value for our customers. We updated our *People Vision* to accelerate our business performance and transform our culture and leadership. At Schneider Electric, we are building for the future, in sync with the changes happening in our markets and with our customers.

Our People Vision consists of the following:

Our Employee Value Proposition (EVP) is our commitment to engage existing and future talent. It's the reason why people join, stay, and remain engaged and shows how we differentiate ourselves as an employer.

Our Core Values determine who we are, what we do and define the way we work together and deliver on our EVP promise. Our values guide our choices and illustrate the behaviors we expect our employees to demonstrate.

Our Leadership Expectations show how we expect leaders to drive the Group for the future. They emphasize how our leaders will transform the Group by stepping up both individually and collectively.

(1) From internal survey, July 2020

Since launching our *People Vision* in the fourth quarter of 2018, our efforts have focused on executing our vision through our day-to-day interaction. We regularly survey our teams to measure employee awareness and to gather and address their feedback. Our behaviors have been incorporated progressively in all our people rituals such as recruitment (behavioral interviewing), performance evaluation, recognition, and promotion of leaders (based on our defined behaviors). We have also implemented policies to foster better work-life integration and developed frameworks to help our employees manage their own situation. The initiatives we have launched, and the ones we're continuing to build on, reflect our goal to be the best place to work, so the best people choose us and stay with us.

Engaging with early career talent is an ongoing priority. Launched in 2011, Schneider Go Green is an annual competition for Business and Science, Technology, Engineering, and Mathematics (STEM) students around the world to find innovative solutions for energy management and automation – exposing them to our employer brand and core values. It is now an established global initiative to attract graduates for early career opportunities and ongoing talent fulfillment objectives. Over the years, the competition has become a great opportunity for students to not only share bold ideas, but also to start a career at Schneider Electric.

In ten years, Schneider Go Green has had more than 117,400 registrants, with more than 21,700 students from 172 countries submitting ideas. In 2020 alone, more than 24,400 students registered and nearly 3,000 students submitted ideas. Schneider Go Green continues to develop strong and increasing interest from students, especially in emerging economies. 2020's global winning students, Angie Redondo and Jorge Polo, from *Universidad Nacional de Colombia*, presented a Sustainable Fishing project to benefit the Bojayá community, living on the Atrato River near Colombia's Pacific coast.

"Schneider Go Green makes you understand that technology is nothing but the bridge between people's problems and the solution they need. Go Green lets you dream that a **better world** is possible if we work together for it. I loved it and it **enriched me** as a person, and also as a professional!"

Toni, an Industrial Engineering degree student at *Escuela Superior de Ingenierías Industrial, Aeroespacial y Audiovisual de Terrassa*, was a top Schneider Go Green 2020 European finalist and is now a trainee in Spain.

INCLUSIVE MEANINGFUL EMPOWERED

8. How we manage risks

8.1 Definition and objectives of internal control and risk management

Definition and objectives

The Group's internal control procedures are designed to ensure:

- compliance with laws and regulations;
- application of instructions and guidelines issued by Group Senior Management;
- the proper functioning of the Company's internal processes;
- the reliability of financial reporting; and
- more generally, internal control helps the Group manage its businesses, run efficient operations and use its resources efficiently.

Internal control aims to prevent and manage risks related to the Group's business. These include accounting and financial risks, as well as operating, fraud and compliance risks. However, no system of internal control is capable of providing absolute assurance that these risks will be managed completely.

Scope of this report

The system is designed to cover the Group, defined as the Schneider Electric SE parent company and the subsidiaries over which it exercises exclusive control.

Jointly controlled subsidiaries are subject to all of the controls described below, with the exception of self-assessments of the implementation of Key Internal Controls (see "Operating Units" within "Control procedures", session 8.5, page 46).

Internal control reference documents

The Group's internal control system complies with the legal obligations applicable to companies listed on the Paris stock exchange. It is consistent with the reference framework laid down by the *Autorité des Marchés Financiers* (French Financial Markets Authority – AMF) on internal control and risk management.

The Group's internal control process is evolving; procedures are adapted to reflect changes in the AMF recommendations and the business and regulatory environment, as well as in the Group's organization and operations.

Information used to prepare this Document

This Document was prepared using contributions from the Group's Internal Audit and Internal Control Departments, as well as the various participants in internal control.

8.2 Organization and management: internal control key participants

The Group's corporate governance bodies supervise the development of internal control and risk management systems. The Audit Committee has particular responsibility for following up on the efficiency of internal control and risk management systems and reports to the Board of Directors thereon (see "Board committees", chapter 3, section 1.4, page 251).

Each manager is responsible for monitoring internal control in his or her area, at the different levels of the organization, as are all key internal control participants, in accordance with the tasks described hereafter.

The Board

The Board is informed about the efficiency of the internal control and risk management systems.

Senior Management

Responsible for designing and leading the overall internal control system including the oversight, identification and assessment, and mitigation of risk at Group level as well as Business Unit level and across key Group functional areas.

Audit Committee

Follows-up on the efficiency of internal control and risk management systems and reports to the board thereon (see "Board committees", chapter 3, section 1.4, page 251).

Internal Audit

Annual internal audits and control missions. Embedding risk and control concerns. Monitoring implementation of recommendations.

+

Internal Control

Organising and monitoring self-assessment campaigns and the implementation of set action plans.

Global Finance Department

Organising control and ensuring compliance with procedures.

Operating Divisions and business units

Within each business unit, the management team organizes control of operations, ensures that appropriate strategies are deployed to achieve objectives, and tracks unit performance.

Group Functions

Decision-making and risk management at corporate level. Issue, adapt, and distribute policies, target procedures, and instructions to units and individuals assigned to handle specific duties.

8. How we manage risks

Senior Management

Senior Management is responsible for designing and leading the overall internal control system, with support from all key participants, in particular the Group Internal Audit and Internal Control Departments.

It also monitors the Group's performance during business reviews with the Operating Divisions and Global Functions. These reviews cover business trends, action plans, current results, and forecasts for the quarters ahead.

Similar reviews are carried out at different levels of the Group prior to Senior Management's review.

Internal Audit Department

The Internal Audit Department reports to Senior Management. It had an average headcount of 19 auditors and 23 regional internal controllers in 2020. The internal auditors are responsible for ensuring that, at the level of each unit:

- the identification and control of risks is performed;
- significant financial, management, and operating information is accurate and reliable;
- compliance with laws and regulations and with the Group's policies, standards, and procedures is ensured;
- compliance with the instructions of the Head of the Group is ensured;
- acquisition of resources is carried out at a competitive cost, and their protection is ensured;
- expenses are properly engaged and monitored;
- correct integration and control of acquisitions are ensured.

Annual internal audit and internal control plans are drawn up based on a combination of a risk-based and audit universe coverage-based approach. The risk-based dimension is embedding risk and control concerns identified by Senior Management, taking into account the results of past audits, the results of Key Internal Control self-assessments returned by the units, and other indicators such as the evolution of a set of financial metrics, the Corruption Perception Index, or the Employees Disengagement Index. When necessary, the audit plan is adjusted during the year to include special requests from Senior Management. The internal audit process is described in "Control procedures", section 8.5, page 46.

After each internal audit, a report is issued setting out the auditors' findings and recommendations for the units or function audited. The management of audited entities or audited domains is requested to define for each recommendation an action plan aiming at implementing corrective actions. Measures are taken to monitor implementation of recommendations and specific follow up audits are conducted if necessary.

Audit reports and the implementation of their recommendations are distributed to Senior Management. An executive summary is sent to the President of the Audit Committee as well as to the top management. A synthesis of the main takeaways and conclusions from a selected number of audit missions is presented to the Audit Committee for each committee session (five times per year).

These reports are subject to regular exchange with the Group's auditors.

The Head of Internal Audit and Internal Control has direct access to the President of the Audit Committee and meets her on a regular basis throughout the year.

Internal Control Department

The Internal Control Department, which reports to the Reporting and Consolidation Department, is particularly responsible for:

- defining and updating the list of Key Internal Controls in close cooperation with the Global Functions and other subject matter experts in line with the recommendations of the AMF reference framework;
- maintaining and leading a network of around 14 local internal controllers who are responsible for supporting local management on internal control topics and acting as process owners for certain key areas such as the chart of authority and segregation of duties; and
- organising and monitoring the roll-out of self-assessment campaigns and implementation of set action plans following self-assessments.

The team continues to improve the internal control process and adapt its procedures following the results of self-assessments and changes in the business environment or organization.

Global Finance Department

The Global Finance Department is actively involved in organising control and ensuring compliance with procedures.

Within the department, the Reporting and Consolidation unit plays a key role in the internal control system by:

- drafting and updating instructions designed to ensure that statutory and management accounting practices are consistent throughout the Group and compliant with applicable regulations;
- organising period-end closing procedures; and
- analyzing performance and tracking the achievement of targets assigned to the operating units.

The Reporting and Consolidation unit is responsible for:

- the proper application of Group accounting principles and policies;
- the integrity of the consolidation system database;
- the quality of accounting and financial processes and data;
- training for finance staff by developing and leading specific seminars on the function; and
- drafting, updating, and distributing the necessary documents for producing quality information.

The unit drafts and updates:

- a glossary of terms used by the Reporting and Consolidation unit, including a definition of each term;
- the chart of accounts for reporting;
- a Group statutory and management accounting standards manual, which includes details of debit/credit pairings;
- a Group reporting procedures manual and a system user's guide;
- a manual describing the procedures to be followed to integrate newly acquired businesses in the Group reporting process;
- an intercompany reconciliation procedures manual; and
- account closing schedules and instructions.

The Reporting and Consolidation unit monitors the reliability of data from subsidiaries and conducts monthly reviews of the various units' primary operations and performance.

Within the Global Finance Department, the Tax team oversee tax and affairs to provide comprehensive management of these risks.

The Financing and Treasury Department is responsible for:

- centralized management of cash and long-term Group financing;
- centralized management of currency risk and non-ferrous metals risk;
- monitoring of Group trade accounts receivable risk and the definition of the credit policy to be implemented;
- the distribution of rules for financial risk management and the security of payments:
  - define guidelines and contribute to the definition of Key Internal Control indicators relating to treasury and credit management,
  - review the related risks of complex projects as a subject matter expert,
  - select Group tools for credit, trade, and cash management; and
- the annual financial review meetings with the Group companies to assess the financial structures, financial risk management as well as capital allocation.

Procedures for managing financial risk are described in "Risk factors" (chapter 1, section 9.1, page 49).

Global Functions and Division (Human Resources, Supply Chain, Information Technology, etc.)

In addition to specific processes or bodies such as the Group Acquisitions Committee (see "Risk factors", chapter 1, section 9.1, page 49) for making and implementing strategic decisions and centralization of certain functions within the Global Finance Department (see above), Schneider Electric centralizes certain matters through dedicated Global Functions, thus combining decision-making and risk management at the corporate level.

A Technology Community, namely the Chief Technology Officers (CTO) community, grouping all Divisional and Business Chief Technology Officers as well as key Corporate Technology Functions involved in Offer Creation & Research, meets on a regular basis to ensure cross-divisional coordination in setting the strategic direction for innovation and driving end to end architectures, defining next generation platforms and systems. Additionally, this community partners closely with the senior business leaders. This has been done to ensure a simple structure so that technology can be close to business and to maintain consistency across all divisions of Schneider Electric.

The Human Resources Department is responsible for deploying and ensuring the application of procedures concerning employee development, promoting diversity, and well-being. The department is also responsible for establishing guidelines on rewards and compensation, hiring, on and off boarding, and learning, amongst other Human Resources-related duties.

The Procurement Department within Supply Chain is responsible for establishing guidelines concerning the procurement organization and procedures, relationships between buyers and vendors, and procedures governing product quality, level of service, and compliance with environmental and safety standards.

Global Functions and Division also issue, adapt, and distribute policies, target procedures, and instructions to units and individuals assigned to handle their specific duties. Global Functions have correspondents who work with the Internal Control Department to establish and update the Key Internal Controls deployed across the Group.

Operating Divisions and business units

The Operating Division management teams play a critical role in effective internal control.

All Group units report hierarchically to one of the Operating Divisions, which are led or supervised by an Executive Vice-President, supported by a Finance SVP.

The Executive Vice-Presidents leading or supervising the Operating Divisions sit on the Executive Committee, which is chaired by the Chairman and CEO of the Group.

Within each business unit, the management team organizes control of operations, ensures that appropriate strategies are deployed to achieve objectives, and tracks unit performance.

8.3 Distributing information: benchmarks and guidelines

The main internal control benchmarks are available to all employees, including on the Group's employee portal. Global Functions send updates of these reference documents to the appropriate units and individuals through their networks of correspondents.

In some cases, dedicated emails are sent out or messages are posted on the employee portal or Schneider Electric collaboration tools to inform users about publications or updates.

Whenever possible, the distribution network leverages the managerial/functional organization to distribute standards and guidelines.

Principles of Responsibility

See "Ethics & Compliance program" (chapter 2, section 2.4, page 103).

Compliance code governing stock market ethics

The compliance code sets out the rules to be followed by management and employees to prevent insider trading. All employees who have access to sensitive information are bound by a strict duty of confidentiality. It also sets restrictions on purchases and sales of Schneider Electric SE securities by persons who have regular or occasional access to sensitive information in the course of their duties (see "Organizational and operating procedures of the Board of Directors", chapter 3, section 1.2, page 234). Such persons are prohibited from trading in the Company's securities at any time if they are in possession of price-sensitive information which has not been made public and during specified periods prior to (and until the day of) release of the Group's financial statements and quarterly information on sales.

International Internal Auditing Standards

The Internal Audit Department is committed to complying with the international standards published by the Institute of Internal Auditors (IIA) and other bodies.

International Financial Reporting Standards (IFRS)

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with European Union regulation no.1606/2002.

The Group applies IFRS standards as adopted by the European Union as of December 31, 2020.

The Group's accounting principles reflect the underlying assumptions and qualitative characteristics identified in the IFRS accounting framework: accrual accounting, business continuity, true and fair view, rule of substance over form, neutrality, completeness, comparability, relevance, and intelligibility. The Group statutory and management accounting standards manual explains how IFRS principles are applied within the Group, taking into account the specific characteristics of the Group's activities.

The application of Group accounting principles and methods is mandatory for all Group units, for management reporting and statutory consolidation. The Group statutory and management accounting standards manual and the IFRS principles are available via the employee portal (Finance Repository).

Approval limits

Under current management practice, the Group has set approval limits for Senior Management for certain decisions. Local management will define the local approval matrix for relevant decisions within the approval limits set by the Group. Within this framework, business segment executives and functional, operational, and local management are able to approve certain decisions depending on the nature and threshold.

In addition, all transactions which by their size or nature could affect the Group's fundamental interests, must be authorized in advance by the Board of Directors, i.e. decisions relating to the acquisition or disposal of holdings or assets for amounts greater than EUR250 million, decisions relating to strategic partnerships and major changes of course in the strategy, and decisions relating to the issuance of off-balance sheet commitments that exceed the limits prescribed by the board.

Statutory and management reporting principles

An integrated reporting and consolidation system applicable to all Group companies and their management units is in place. Statutory and management reporting principles and support tools are available on the Group employee portal.

The subsidiaries record their transactions in accordance with Group standards. Data are then adjusted, where necessary, to produce local statutory and tax accounts.

The reporting system includes consistency controls, a comparison of the opening and closing balance sheets and items required to analyze management results.

Key Internal Controls

A list of Key Internal Controls is reviewed annually. They cover:

- the Control Environment (including the Responsibility and Ethics program, chart of authority, segregation of duties, business continuity plan, retention of records, and business agents);
- operating processes (Procurement, Sales, Logistics, etc.);
- accounting and financial related cycles;
- Human Resources and Information Technology cycles.

The Key Internal Controls are available to all units on the Group employee portal and in the shared depository, along with appendices with more detailed information, links to policy descriptions, an explanation of the risks covered by each Key Internal Control, and a self-assessment guide. For each cycle, the Key Internal Controls cover compliance, reliability, risk prevention and management, and process performance. Operating units fill out self-assessment questionnaires concerning the Key Internal Controls using a digitized tool.

For new acquisitions, the acquired entities may continue with their existing controls in transition before deploying the Key Internal Controls.

8.4 Risk identification and management

General risks at the Group level

The Internal Audit Department conducts interviews to update the list of general risks at Group level each year. In 2020, around 100 of the Group's top managers were interviewed in addition to external financial analysts, board members, and a sample of strategic customers. Since 2016, individualized risk matrices by Operation or by Business have been created.

The risks identified through these interviews are ranked by a risk score (comprising impact and likelihood of occurrence) and level of mitigation.

Risk factors related to the Company's business, as well as procedures for managing and reducing those risks, are described in "Risk factors", chapter 1, section 9.1, page 49. These procedures are an integral part of the internal control system.

The risk matrix and the analysis of changes from one year to the next contribute to the development of an internal audit plan for the following year. Around two-thirds of the risk categories identified in the Group's risk matrix are audited by the Internal Audit Department over a period of five to six years to assess action plans for managing and reducing these risks.

Local risks related to the Company's business at the unit level

Local risks related to the Company's business are managed first and foremost by the units in liaison with the Operating Divisions, based on Group guidelines (particularly via the Key Internal Controls). Each subsidiary is responsible for implementing procedures that provide an adequate level of internal control.

The divisions implement cross-functional action plans for risk factors related to the Company's business identified as being recurrent in the units or as having a material impact at the Group level, as appropriate. The internal control system is adjusted to account for these risks.

Risks related to Solutions Business

The Solutions Risk Management Department defines and implements principles and tools designed to manage the contractual (such as limitation of liabilities), technical (such as technical discrepancy versus customer specifications), and financial risks (such as factors that may impact margin at solution execution phase).

The network of Solution Risk Managers assesses the risks and mitigations related to major projects in conjunction with the Subject Matter Experts and Tender Managers during the preparation of offers. Solution Risk Managers then provides a comprehensive, 360 degree view on project risk and mitigations to support the opportunity approval process.

Risk management by the Legal Department

The Legal Department oversee the legal affairs and manage the risks relating to legal.

The Financial Risk Insurance team contributes to the internal control system by defining and deploying a Group-wide insurance strategy, as defined in "Insurance strategy", chapter 1, section 9.2, page 69. The insurance strategy includes the identification and quantification of the main insurable risks, the determination of levels of retention, and the cost benefit analysis of the transfer options. The Risk and Insurance Department also defines, proposes, and implements action plans to prevent these risks and protect assets.

Risk management by the Global Security Department

The Group's Global Security Department defines corporate governance regarding loss prevention in the area of willful acts against property and people.

The Global Security Group Committee was created in 2017, uniting the Zone Security Leaders. Some of these leaders report directly to the Global Security Department and some to local management with functional reporting to Global Security. In close cooperation with the Compliance Department and the Risk and Insurance Department, Global Security is involved in assessing the nature of risk to our people, as well as defining adequate prevention and protection measures.

Global Security provides support to local teams for any security issues (site audit, expatriates or local employee security, security on assignments, etc.). The team also:

- publishes internally, a table of "Country Risks" for use in security procedures that are mandatory for people traveling, expatriates, and local employees;
- provides daily coordination with the Group's worldwide partner in the field of medical and security assistance (International SOS & Controls Risks – start of contract in January 2011);
- organize, as needed, psychological support in some crisis context (Eutelmed – start of contract in April 2015).

It brings its methodology to develop emergency plans (evacuation plans, crisis management plans, etc.) and coordinates the corporate crisis team (SEECC – Schneider Electric Emergency Coordination Center, created in 2009) each time that it is activated. Global Security also participates in crisis management, in managing the corporate crisis cell, and in supporting local entities (to limit the consequences of the occurrence of certain risks such as civil war, weather events, pandemics, attacks on people, terrorism, etc.). In addition, it regularly organizes Security Audits (R&D centers, head offices, sensitive plants, etc.).

Global Security sits on the Group Operations Compliance Committee (previously named Fraud Committee) alongside Compliance, Internal Audit, and the Legal Department. Security supports internal investigators as well as contributing to the Group's methodology and procedures to conduct investigations properly; in accordance with the law.

Management of cyber and product security and associated risks across Schneider Electric

The Cybersecurity and Product Security Functions inside the Governance organization define the Company's cyber and product security strategies and approaches. The departments are accountable for protecting Schneider Electric's business operations; securing the digital assets and offers for Schneider Electric and subsidiaries; managing the Cyber Risk Register; driving cybersecurity awareness across the Company; owning the creation, maintenance, and enforcement mechanisms of cyber and product security policies; ensuring the execution of cyber and product security initiatives across Schneider Digital functions and entities; and managing the Cybersecurity Incident Prevention, Detection and Response process.

8.5 Control procedures

In addition to the general missions already described, this section describes specific measures taken in 2020 to improve the Group's control system.

Operating units

For internal control to be effective, everyone involved must understand and continuously implement the Group's general guidelines and the Key Internal Controls.

Training in Key Internal Controls continued in 2020 for those involved for the first time in the annual self-assessment process: newly promoted managers and units recently integrated. Operational units undertook self-assessment of compliance with the Key Internal Controls governing their scope of operations.

The self-assessments conducted during the 2020 campaign covered more than 90% of consolidated sales and made it possible to define improvement plans in operating units, when necessary. The ultimate goal is that these evaluations should cover at least 90% of consolidated sales each year.

The self-assessments are conducted in the units by each process owner and reviewed by the respective function. Practices corresponding to the Key Internal Controls are described and the entity is either compliant or not compliant with a particular control.

If a particular unit is non-compliant with any of the controls, an action plan is defined and implemented to achieve compliance. These action plans are listed in the self-assessment report.

The unit's financial manager and entity manager certifies the overall results of the self-assessments.

The regional internal controllers carry out controls on site to assess the reliability of self-assessments and conduct diagnostic missions as requested by management.

Global Functions

In 2020, the Global Functions continued to set guidelines, issue instructions, and provide support.

For example:

- the Global Security Department activated and led the Schneider Electric Emergency Coordination Center in response to COVID-19;
- the Global Security Department has worked in close collaboration with Global Compliance on organizational resilience topics to include better alignment of Crisis Management with Business Continuity Management;
- Global Security transferred the Travel Policy and general program management to Global Effectiveness to enable Global Security focus on improving Travel Security;
- the Solutions Risks Management team prepared the Solution Business Policies (approve and in force) to clarify the rules to be applied when contracting for a solution project;
- the Cybersecurity and Product Security Functions performed a full refresh of security policies, executed several cyber drills, completed cyber risk register assessments with an external partner, and executed cybersecurity initiatives from strategic investments such as supply chain security, insider trust, recovery, resilience capabilities, product vulnerability assessments and many others; and
- the Treasury Department continued the deployment of the Treasury management system across the Group. During the crisis, Treasury organized a close follow-up of cash generations and cash forecast throughout the Group which was largely simplified by the use of common tools for Treasury and credit throughout the Group. The achievement in first half of 2020 and the large liquidity available for the Group eased additional follow-up at year end.

Internal Control Department

The Internal Control Department continued to deploy the Key Internal Controls – training and requests for self-assessments – throughout the units, with the scope extended to cover new units.

In 2020, certain Key Internal Controls that have been identified since 2015 as critical remained a focus and actions were taken to increase their level of awareness and compliance.

The list of Key Internal Controls continues to evolve.

A new software package for the management of self-assessment questionnaires and follow-up action plans of internal audit and internal control was introduced in 2020.

The local Internal Control team which consists of around 14 members located in various geographies dedicated their efforts to improving internal controls in the local entities.

Internal Audit Department

The Internal Audit Department contributes to the analysis and to strengthening the internal control system by:

- mapping general risks;
- verifying the effective application of Key Internal Controls during audit assignments;
- reviewing the audited unit's internal control self-assessment and related action plans.

Audit assignments go beyond Key Internal Controls and include an in-depth review of processes and their effectiveness.

Internal Audit also reviews newly acquired units to assess their level of integration into the Group, the level of internal control and the effectiveness of operational processes, as well as ensuring Group rules and guidelines are properly applied, and more generally comply with the law.

A summary overview of the department's audits makes it possible to identify any emerging or recurring risks that require new risk management tools and methodologies or adjustments to existing resources.

In 2020, Internal Audit performed 34 audits, including:

- audits of units;
- audits of a number of risks and operating processes;
- analyses of internal control self-assessments by audited units;
- follow-up audits to ensure recommendations are applied;
- assistance assignments.

The number of audits performed in 2020 has been lower compared to the plan presented to the Audit Committee in December 2019 due to the circumstances stemming from the COVID-19 outbreak (lockdown in various countries, travel bans, etc.). A certain number of audit missions had to be cancelled or postponed and some were replaced by assignments aiming to support the Group's crisis response efforts such as a systematic review of the Group's Business Continuity Plans, an assessment of the compliance with the instructions set out in the directives related to the post lockdown "return to office/plant" process, or a review of the customers' credit risk mitigation measures implemented across the sales organizations.

The most common findings and observations derived from these audits relate to the following topics: awareness of the Principles of Responsibilities and of the Responsibility & Ethics Dynamic program, segregation of duties and access rights to IT systems, management of price conditions, alignment with the Chart of Approval, solutions and projects bid management and margin control at the execution phase, security of payments, and business continuity related aspects.

The Regional Internal Controls team completed more than 103 on-site inspection missions in 2020 to assess the level of internal control and issued the necessary recommendations when needed.

Group Operational Compliance Committee

The Group Operational Compliance Committee defines the process to detect and manages non-compliance of ethical cases with appropriate investigation process. The governance on Ethics & Compliance is reflected in "Ethics & Compliance program", chapter 2, section 2.4, page 103.

8.6 Internal control procedures governing the production and processing of consolidated and individual Company accounting and financial information

In addition to:

- its regulatory tasks;
- its responsibility for overseeing the close of accounts across the Group;
- its audits of the Group's results with respect to set targets (see "Global Finance Department" within "Organization and management: internal control key participants", section 8.2, page 40);

The Reporting and Consolidation unit is tasked with overseeing:

- the quality of reporting packages submitted monthly by subsidiaries;
- the results of programmed procedures; and
- the integrity of the consolidation system database.

In addition, the Reporting and Consolidation unit ensures that:

- given that the Group consolidated financial statements are finalized a few weeks after the annual and half-year balance sheet date, subsidiaries perform a hard close at May 31, and November 30, of each year so that most closing adjustments for the period can be calculated in advance;
- the scope of consolidation as well as the Group's interest and the type of control (exclusive control, joint control, significant influence, etc.) in each subsidiary from which the consolidation method results, are determined in cooperation with the Finance, Control & Legal Affairs Department;
- instructions to the units on the closing process, including reporting deadlines, required data and any necessary adjustments are issued;
- the Group's consolidated financial statements are analyzed in detail, to understand and check the main contributions by subsidiaries, as well as the type of transactions recorded;
- accounting classifications are verified;
- the preparation and approval of the statement of changes in equity and the cash flow statement are the key control points.

The internal controls used to confirm the existence, completeness and value of assets and liabilities are based on:

- each subsidiary's responsibility for implementing procedures providing an adequate level of internal control;
- defining levels of responsibility for authorizing and checking transactions;
- segregating tasks to help ensure that all transactions are justified;
- the integration of statutory and management reporting systems developed to guarantee the completeness of transaction data recorded in the accounts;
- all of the subsidiaries apply IFRS with regard to recognition principles, measurement and accounting methods, impairment, and verification;
- checks and analyses as described above, performed by the Reporting and Consolidation unit.

9. Risk factors

9.1 Principal risks

The Group risk inventory is organized in four categories and includes 17 key risk factors identified.

The key risks selected and presented below are the risks considered by the Group as specific to its business and identified as having the potential to affect its activity, its image, its financial situation, its results, or the achievement of its objectives. Other risks, not identified or not significant according to the Group, could eventually affect its performance. In each category, risks are ranked on a descending order impacting the Group (the first one being the most likely to affect the Group). This ranking is the result of the process performed as part of the overall risk management described in "Risk identification and management", section 8.4, page 44. It is established on the potential net impact corresponding to the potential impact (financial/human/legal/reputation), considering the current mitigation and reduction measures, as well as the probability of occurrence of this risk.

	Categories and Risks	Potential net impact	Page
1	Risks related to the environment in which the Group operates		
1.1	World deglobalization and fragmentation	🔴	50
1.2	Export controls	🔴	51
1.3	New players such as digital giants, software players, and energy majors entering the energy efficiency and renewable energy space	🟠	52
1.4	Corruption linked to B2B and project business	🟢	53
1.5	Strengthening of chemical and resource-related regulations in the Electrical and Electronic Equipment space	🟢	54
1.6	Human rights, environmental, and safety issues through the value chain	🟢	55
2	Risks related to Operations		
2.1	Risk of cybersecurity on the Schneider Electric infrastructure and its digital ecosystem	🔴	57
2.2	Connected products at Schneider Electric or customer sites used as a gateway to attack Group's customers and partners	🔴	58
2.3	Product quality	🟠	59
2.4	Supply chain resilience	🟠	60
2.5	Digital evolution and software offers	🟠	61
2.6	Pricing strategy	🟢	62
2.7	Competition laws	🟢	63
3	Risks related to Internal Organization		
3.1	Talent attractiveness, workforce engagement, sales force upskilling, and recruitment of digital competencies	🟠	64
3.2	IT systems management	🟠	66
4	Financial risks		
4.1	Counterparty risk	🟢	67
4.2	Currency exchange risk	🟢	68

Key to symbols

🔴 High impact 🟠 Medium impact 🟢 Low impact

9. Risk factors

Preamble – COVID-19

COVID-19 has significantly affected all regions in the World, with various impacts among countries. Therefore, the impacts of the COVID-19 pandemic are significantly different from one zone to another one. As a result of regularly evolving measures taken by governments and local authorities to contain the pandemic, impacting local and global economies, the business risks associated with COVID-19 are extremely difficult to predict.

The COVID-19 crisis has emphasized the impact and probability of occurrence of certain existing risks such as i) People Safety, ii) Supply Chain flexibility, iii) Talent attractiveness, workforce engagement, sales force upskilling, and recruitment of digital competencies, iv) IT systems management, and v) Counterparty risks. For that reason, Schneider Electric has decided to address the COVID-19 pandemic risk within already existing or emerging risks.

A specific COVID-19 taskforce and crisis teams have been set-up throughout the organization to monitor and mitigate the impact of COVID-19. Overarching principles have been set by senior management, while empowering businesses and countries to take the appropriate decisions and actions in their own environment context. Particularly, Schneider Electric is absolutely committed to provide a safe workplace for all its employees as well as for its customers and partners when interacting with them. Particular efforts have been made to formalize Business Continuity Plans and to share them with Customers as needed.

1. Risks related to the environment in which the Group operates

1.1 World deglobalization and fragmentation

Risk description

Stable trade is beneficial for economic growth. Trends of increased mercantilism is lending towards regionalization of trade around the United States, China, Russia, Europe, and Indian poles. Regionalized, rather than globally balanced government regulations and policies on, but not limited to, digitization, circularity, carbon, supply chain management, and others could handicap offer development efficiency through redundant efforts. These offer development duplication efforts can potentially impact Schneider Electric's profitability. In addition to the trade regionalization trend, technology decoupling, specifically between the US and Chinese poles, have been observed through increased regulations.

Furthermore, this acceleration of regional versus global trade and technology policies is increasing the pressure on the supply chains of global companies in the forms of both tariff and non-tariff barriers. As such, trade wars could disrupt Schneider Electric's operations and global supply chain. The above- mentioned combination of both nationally orientated tariff and non-tariff burden could increase the cost to market and potentially adversely impact the Group profitability.

2020 Specific events – COVID-19

In 2020, the COVID-19 pandemic has accentuated this regionalization trend. The multiple waves of the pandemic have impacted, and are still successively impacting, the different global regions; disrupting supply chains and therefore requiring strong resilience.

Risk mitigation

In order to mitigate the risk on supply chain efficiencies and tariffs impacts, Schneider Electric has implemented a multi-hub organization. The Group has R&D and supply chain activities, suppliers, and commercial networks in the main international hubs, which are North America, EMEA, and Asia. In this multi-local context, Schneider Electric can rebalance its activities across geographies.

This setup has proved pertinent as the Group has demonstrated a solid resilience in 2020.

Schneider Electric uses prospective scenarios planning, focusing on geopolitics and trade. While the pace of external changes continues at a historically unprecedent scale regionally, global teams are working across stakeholders from business units, R&D, Regional Operations, and Transversal functions (i.e. Finance, Supply Chain, Legal, Marketing).

Key to symbols

High impact Medium impact Low impact

1. Risks related to the environment in which the Group operates

1.2 Export Controls

Risk description

International, Foreign, and National Export Control Laws and Regulations govern the transfer of goods, services, and technologies within a country or between countries and/or their nationals. Elements that may trigger restrictions and licensing requirements may include, but are not limited to, countries, parties, product, and end-uses.

Schneider Electric being a Multi-National Corporation (MNC) with international operations spanning across more than 100 different countries worldwide, must constantly ensure full compliance to such laws and regulations by implementing a robust corporate export control compliance program. As any implications may result in a significant impact on the Group's businesses, results, reputation, and financial position.

Albeit that Schneider Electric's product portfolio only has a limited product range that may have dual-use goods features as well as non-dual use goods (e.g. breakers) that may be used in sensitive applications; restriction or licensing requirements may apply to these products, especially if associated with political sensitive countries and destinations.

Risk mitigation

Schneider Electric has comprehensive policies and processes to ensure compliance with applicable export control laws and regulations ("Schneider Electric Export Control Program") and to mitigate the above described risks. The Global Export Control Center of Excellence, as part of the Schneider Electric Global Legal and Risk Management Function, oversees the monitoring and enforcement of the Schneider Electric Export Control Program.

The Schneider Electric Export Control Program may include, but are not limited to, embargo and restricted country, denied party, dual-use goods and sensitive end-use screenings; incorporation of Export Control provision in the main sales and procurement contractual template; and conducting of regular awareness and online and classroom training sessions for all relevant Schneider Electric employees.

The Schneider Electric Export Control Program will continue its enhancement and updates to ensure compliance with applicable export control laws and regulations.

Key to symbols

High impact Medium impact Low impact

9. Risk factors

1. Risks related to the environment in which the Group operates

1.3 New players such as digital giants, software players, and energy majors entering the energy efficiency and renewable energy space

Risk description

Schneider Electric operates in the energy market which attracts new players and creates a new competitive landscape. Indeed, the energy industry is undergoing major transformations and disruptions driven by the following main trends:

- A net-zero world: pressure on climate change and sustainability call for a change in business practices;
- An all-electrical world: oil majors urged to reduce their impacts on carbon emissions;
- An all-digital world: increasing influence of digital giants and software players.

In this context, Schneider Electric's competition landscape is evolving, and the Group can now see some digital giants, software players, or large companies such as energy majors positioning themselves – directly or indirectly – as providers of energy efficiency, which may compete with the digital services Value Propositions currently developed by the Group.

Risk mitigation

The Group is driving competition performance analysis and follow-up of organizational changes and M&A news, and reviewing its competitors peer group and all key players in its environment.

To anticipate these changes in the competitive landscape, the Group is communicating more widely its values and positioning on climate change and sustainability.

Schneider Electric also reinforces its offer portfolio with acquisitions or investments in software companies, such as RIB Software, ProLeiT, and Planon in 2020.

Schneider Electric provides a full portfolio of solutions for customers (hardware and software) – as EcoStruxure™ solutions – and energy and automation digital solutions for efficiency and sustainability.

It is also developing the Group's network of partners and reinforcing its Strategic Technology Alliances.

Key to symbols

High impact Medium impact Low impact

1. Risks related to the environment in which the Group operates

1.4 Corruption linked to B2B and project business

Risk description

The exposure of the Group to corruption risk has been increasing for several years, due to the expansion of the Group's activities in new economies, especially in Asia and Africa, through organic growth and mergers and acquisitions.

The business model of the Group relies on a large ecosystem of partners, including more than 50,000 suppliers throughout the world representing a procurement volume in excess of EUR12 billion, and also, resellers and distributors. This ecosystem may represent a risk for the Group; being accountable for activities performed on its behalf, and in regards to potential conflicts of interest or unethical solicitations.

In addition, the Group is participating in complex projects involving a large range of partners in sectors at risk, such as oil and gas, and with end-users from the public sector in countries at risk.

Over the past three years, the increase of law enforcement by public authorities, higher press coverage of fines imposed on companies, and new regulations requiring a strong compliance program have significantly changed the potential impact of corruption risks.

Risk mitigation

To mitigate this risk, Schneider Electric has built a dedicated Group Compliance Team, composed of corporate compliance counsels and regional compliance officers. Since August 2020, a new Ethics & Compliance Department has been creating overseeing – among others – the Fraud Examination Team.

A global whistleblowing system available for employees and for external stakeholders is also managed to combat this risk. In 2020, 549 employee and 76 external stakeholder alerts have been received and managed through follow up inquiries.

In addition, the Group Ethical Charter, Principles of Responsibility, was updated in April 2019 with reinforcing guidance regarding anti-corruption commitments. In August 2019, the Business Agents Policy was updated and deployed, and in November 2019, the same process was applied to the Anticorruption Code of Conduct with the new version released at this date.

Furthermore, action plans related to global and regional corruption risk mapping were deployed in 2020, and internal controls and Internal Audit missions were reinforced on compliance risks with several audits performed.

94% of employees exposed to corruption risks have been trained thanks to Anticorruption e-learning. The content of this e-learning is updated each year.

A system built-in segregation of duties control is in place in the Group's main ERPs.

All compliance-related aspects are part of due diligence done by the Group for mergers and acquisitions and a specific M&A Compliance framework was put in place in February 2020. For detailed 2020 actions, please refer to chapter 2, section 2.4, page 105.

Key to symbols

High impact Medium impact Low impact

9. Risk factors

1. Risks related to the environment in which the Group operates

1.5 Strengthening of chemical and resource-related regulations in the Electrical and Electronic Equipment space

Risk description

Schneider Electric's plants and products are subject to strict environmental laws and regulations.

Many countries have increased legal requirements for the use of chemicals and resources, both in manufacturing processes and in the bill of materials of products.

Key Product Environmental regulations were strengthened in 2019, especially those specific to Electric and Electronic Equipment (EEE): RoHS (restriction of hazardous substances in electrical and electronic equipment) and WEEE (waste electrical and electronic equipment). RoHS bans ten chemical substances used in many product categories sold by Schneider Electric: this may require substitutions and may represent a considerable risk of non-compliance. WEEE concerns the Group Extended Producer Responsibility and obliges an active role in the framework of products end life, particularly in terms of financing the collection channels.

In addition, as described in Note 21 (see "Notes to the consolidated financial statements", chapter 4, section 5, page 338), provisions of EUR259 million are set aside to cover environmental risks. These provisions are primarily funded to cover clean-up costs (not potential penalties). The estimation of the expected future outflows is based on reports from independent experts.

French "Duty of Care" and country-specific initiatives (e.g. China) have reaffirmed the expectations towards engaging suppliers in environmental de-risking efforts.

In relation with Mergers and Acquisitions (M&A) Schneider Electric needs to critically assess environmental risks of all acquired companies' product portfolios to ensure strict environmental compliance of all their products, in every market where they are traded.

Local regulations could force a percentage of recycled content in some product categories, where neither the relevant recycled resources may be available, nor the product certified or accepted – with recycled content – by IEC, NEMA, or any other electrical standards.

Regulations could phase out specific chemical substances or resources too quickly, with no suitable alternative being found in a scalable manner.

Risk mitigation

The Group's Integrated Management System (IMS), which covers safety, energy, quality, and environment, continues to be deployed across all industrial sites and major commercial offices.

Offer Creation Process (OCP) is strict, and each step and deliverable embed ecoDesign ambitions and principles: selection of resources, identification of critical substances, life cycle assessment, and then production of REACh and RoHS report.

The Group's community of ecoDesign business partners train the R&D teams in all new and upcoming environmental regulations and assist them with precise guidance.

Environmental and Safety compliance audits, conducted by third-party consultants or internal specialists, take place periodically across countries.

Schneider Electric has been part of taskforces on the Circular Economy, playing leadership roles in multi-stakeholder dialogues in Europe, China, and the US, to discuss opportunities and hurdles: regulations, environmental impacts, protection of customers' interests, and job creation. Schneider Electric is active in France's Circular Economy Roadmap and engaged in China with MIIT on circular economy. The Group leads GIMELEC and FIEEC, and engages in discussions on circular economy relating to its sector with IGNES, ORGALIME and other various circles.

Key to symbols

High impact Medium impact Low impact

1. Risks related to the environment in which the Group operates

1.6 Human rights, environmental, and safety issues through the value chain

Risk description

The exposure of the Group to human right risks has been increasing for several years, due to the expansion of the Group's activities in countries with lesser regulatory framework regarding human rights.

Specifically, Schneider Electric's procurement volume represents more than EUR12 billion with more than 50,000 suppliers. As part of the Duty of Vigilance program in the supply chain, Schneider Electric has performed a risk analysis through its network of suppliers and identified potential risks in the following areas:

- Human rights
- Environment
- Ethical Business Conduct
- Cybersecurity

The occurrence of these risks with third party may result in the following impacts on Schneider Electric:

Reputation
Schneider Electric's image may be negatively impacted by third party who:

- Do not respect human rights or safety rules for their workers.
- Are responsible for pollution and damage to the environment.
- Are conducting business in a non-compliant or illegal manner.

Disruption of supply chain may occur due to:

- Short-term termination of relations with a supplier.
- Events resulting from a lack of safety or insufficient protective measures (e.g. fire prevention) that may affect the supply of components.
- Damage to data exchanged with suppliers or digital systems (e.g. virus, malware).

Legal
Over the past two years, laws regarding human rights protection, such as modern slavery matters in Australia, or the European Union's new framework on restrictive measures against serious human rights violations and abuses, have increased. Higher coverage of fines imposed on companies, and new regulations requiring a strong compliance program have significantly changed the impact of human rights violations risks.

Schneider Electric expects that the exposure will continue to grow, in reference with the current drafting of a Duty of Vigilance regulation at European level, as well as the European Action Plan on Human Rights and Democracy 2020-2024, which sets out ambitions and priorities for the next five years in this field. In addition, the current discussions on human rights due diligence framework at United Nations level, supported by the Global Compact that Schneider Electric is part of, will certainly increase the pressure on the private sector to tackle human rights challenges in the supply chain.

2020 Specific events

In France, in 2019, disputes began between NGOs and French companies (excluding Schneider Electric) concerning non-compliance with the duty of vigilance. A French judge made a ruling on December 10, 2020, recognizing the sole competence of the commercial court in the case of potential violation of the Duty of Vigilance law by companies, downgrading the risk exposure to a civil one. Nevertheless, NGOs will certainly lodge an appeal with the French Cour de Cassation, so the legal analysis is not yet closed.

Key to symbols

High impact Medium impact Low impact

9. Risk factors

1. Risks related to the environment in which the Group operates

Risk mitigation

Human rights are part of the Ethics & Compliance program which is managed by the Ethics & Compliance Committee, and Legal and Sustainability Departments. More specifically, human rights are managed by the Sustainability Department with the support of the Ethics & Compliance Committee in regards to risk identification through risk assessment as well risk detection, with the whistleblowing system available for employees and for external stakeholders.

Regarding training, e-learning on Principles of Responsibility is mandatory for all employees and, in 2020, focused on human rights amongst other ethics & compliance topics. 93% of employees completed it by end of 2020.

Suppliers are selected according to the "Schneider Electric Supplier Quality Management" system, which includes sustainable development criteria weighing 30% of the total evaluation of a supplier.

In 2019, Schneider Electric organized the Global Suppliers Day. During this day, the Principles of Responsibility were introduced to suppliers.

As part of the Group's 3-year sustainability plan for 2018-2020, strategic suppliers are requested to submit (themselves) to an ISO26000 evaluation. Consistent with a continuous improvement effort, these suppliers have achieved on average a +6.3 points increase between 2018 and 2020.

Schneider Electric has built a supplier vigilance plan in which risky suppliers are identified using criteria that take into account the geographical location of the supplier, the technologies, and the processes used. A three-year audit plan is then built to perform at least 350 on-site supplier audits. When non-conformances are identified, corrective actions are deployed. The suppliers are then re-audited to verify that the actions have remediated the non-conformances. As of end 2020, 94% of non-conformances from 2019 have been closed. The supplier vigilance plan also includes an internal training program for Schneider Electric Procurement teams and workshops with suppliers.

Several actions will be launched in 2021 as part of the new SSI and SSE program, especially in regards to decent wages within the Company and our supply chain, as well as "social excellence" programs for our suppliers.

Key to symbols

High impact Medium impact Low impact

2. Risks related to Operations

2.1 Risk of cybersecurity on the Schneider Electric infrastructure and its digital ecosystem

Risk description

Schneider Electric, like other organizations with a similar global footprint and presence, is exposed to the risk of cyber attacks and data privacy breaches.

As an industrial and technology company, the Group has IT and Operational Technology activities spread over more than 25 sites, with major R&D activities, and more than 200 production and logistic units.

On those sites, Operational Technology systems are converging more and more with IT systems, especially through the use of Internet of Things expanding the overall attack surface.

Additionally, the move from a product-centered business model to a service-oriented business model with software (e.g. digital offers like “Advisors” software suites or managed digital services) and augmented data naturally increases cybersecurity risks, such as data breaches and intellectual property theft.

Risk mitigation

- The NIST framework (Identify, Protect, Detect, Respond, and Recover) is used with a Cyber Risk Register and High-Value Assets program (more than 25 crown jewels).
- Cyber threats are mitigated by implementing cyber practices and capabilities, policy driven controls, and enforcing mechanisms. For example, through the implementation of a Data Protection program, Source Code Management framework, and System & Solution security program.
- Global Cyber incident response is in place. Events and incidents are monitored through a Security Operations Center, driven jointly with the Group’s partners.
- Schneider Electric’s posture is continuously revisited and adapted through “reality checks”, including emergency and improvement plans across the Company and cyber scoring platforms.
- Around 100% of connected users and nearly 40,000 workers were trained in cybersecurity in 2020.
- Multiple cyber risk assessments were completed in 2020 by the Group’s cybersecurity consulting partners. Furthermore, this year, five cyber crisis simulation exercises were performed.
- Independent “reality checks” were performed: three cross-cutting internal audits and external assessments.

Key to symbols

High impact Medium impact Low impact

2. Risks related to Operations

2.2 Connected products at Schneider Electric or customer sites used as a gateway to attack Group's customers and partners

Risk description

The Energy Management and Industrial Automation sectors, like many others, are becoming more digital with pervasive IoT usage and augmented data being major accelerators for mobility, the cloud, pervasive sensing, big data, and analytics.

The resulting increased digitalization of products, including native connectivity, is increasing the exposure to cybersecurity risk, where connected products and digital offers (e.g. "Advisor" type of offers, remotely managed services) at Schneider Electric or customers sites could be used as a gateway for malicious cyberattacks.

Schneider Electric has launched an ecosystem collaboration platform called Exchange with over 50,000 registered users, approximately 300 apps, more than 150 service providers listed, and around 100 communities onboarded.

These types of digital offers and platforms, if compromised, could negatively affect service quality, profitability, and reputation of Schneider Electric.

Risk mitigation

The Product Security Office is reinforced with a strong mandate and connection across the business units and Schneider Electric Digital.

Schneider Electric is developing products and securing the ecosystem in conformity with cybersecurity standards. Schneider Electric follows a Secure Development Life cycle process to build cybersecurity into its products, even before the design stage.

IoT Cloud Platform (EcoStruxure™ Technology Platform) has implemented controls that are mappable against ISO27001 standard.

The Group enforces digital security and privacy conformance when assessing platforms, applications and digital offers (Digital Certification Process).

In case of cyber incident, a process of response, connecting, and debriefing is organized with partners and customers.

In 2019, security and privacy design were enhanced with a new Secure Development Life cycle and certified against IEC62443-4-1.
In 2020, all digital offers (mainly "Advisor" software suites) were assessed in the framework of digital security and privacy conformance.

Key to symbols

High impact Medium impact Low impact

2. Risks related to Operations

2.3 Product quality

Risk description

Schneider Electric has more than 260,000 references produced in 191 factories, spread across 46 countries around the world.

Operating in essential industries, product quality and safety is a critical topic for the Group as product malfunctions or failures could result in Schneider Electric incurring liabilities for tangible, intangible damages, or personal injuries. The failure of a product, system, or solution may involve costs related to the product recall, result in new development expenditure, and consume technical and economic resources.

Schneider Electric's products are also subject to multiple quality and safety controls and regulations and are governed by both national and supranational standards. New or more stringent standards or regulations could result in capital investment or costs of specific measures for compliance.

The above-mentioned costs could have a significant impact on the profitability and cash equivalent of the Group. The business reputation of Schneider Electric could also be negatively impacted. Indeed, the Group has been impacted by several recalls recently, more or less ranging from EUR10 million to EUR40 million, depending on the case.

Risk mitigation

In 2019, the Group launched a specific program called Phoenix to continue to strengthen manufacturing tools and processes. This is extended to logistic processes and suppliers, and leverages processes digitization at suppliers' sites and in our own entities.

To ensure improvement in the area of design, the Group launched in mid-2020, a dedicated program, ReeD (Reliability End To End by Design), to secure fundamentals and ensure full integration of new customer expectations (from Quality to Reliability).

The Group grows its new design offer through constant learning, insights from the current offer, and leverage methodologies such as "Agile" to embed quality in each and every design step.

Thanks to advanced analytics, the Group is starting to proactively listen for weak signals from internal captures or from customer experiences.

Key to symbols

High impact Medium impact Low impact

9. Risk factors

2. Risks related to Operations

2.4 Supply chain resilience

Risk description

The Group is exposed to supply chain dependency and business continuity risk.

For instance, one cluster of plants in South East Asia supplies 80% of a EUR1 billion line of business. Any incident or interruption of production (i.e. natural disasters, social unrest, pandemics) at a plant could lead to shortages, compensation costs, or top line losses. Schneider Electric has identified all critical supplies that can affect its operations and delivery to its customers.

The Group large network of suppliers also create a resiliency risk as they can also be exposed to business continuity risk and impact Schneider Electric operations.

Finally, the increase of circular economy regulation could increase the pressure on product traceability. Failure to comply with those regulations could result in fines, potentially impacting the Group's profitability and reputation.

Risk mitigation

The Group requires each of its sites to have a robust business continuity plan for any large-scale events which can severely impact the business, such as natural disasters, social unrest, and pandemics. Each of Schneider Electric's sites has an assigned business continuity leader whose role is to manage this process if something occurs and initiate a crisis management command center at a local level and, if necessary, at a global level at headquarters, led by the Global Security Officer. This process has a proven track record of success and continues to protect the Group's people and assets.

In addition, the Group launched a EUR150M resiliency plan over the next 3 years to specifically reduce *time to recover* if a business continuity incident shall occur in one of its supply chain critical site. It aims for those critical sites to have at least a backup production site located in a different region of the world. Redundancy is also created on critical supplies through multisourcing to improve the Supply Chain resilience.

Schneider Electric is also investing in specific modelization tools to optimize its strategic inventories volume & location in order to reduce *time to survive* to a business continuity event.

Finally, the Group's supply chain strategy team assesses the supply chain flexibility and resilience on an ongoing basis to ensure the right level of flexibility and capacity from one site to another, if there is a need due to interruption. This is well understood by the supply chain leadership. The Group has a network of more than 190 factories and 90 distribution centers globally and has built a network of 7 control towers (in each region) that monitors major events possibly impacting Schneider Electric Supply chain. Each control tower is equipped with digital capabilities to launch adequate alerts & adapt in real time the Group Supply Chain flows and provide its customers peace of mind that the Group is resilient and able to deliver a world class service.

Key to symbols

High impact Medium impact Low impact

2. Risks related to Operations

2.5 Digital evolution and software offers

Risk description

Major transformation in several areas is impacting the markets in which Schneider Electric operates, including the digitization of the Energy industry.

In the age of the IoT, customers expect ever smarter products with open interfaces enabling them to be tightly integrated into more and more complex software-based solutions and benefit from new services leveraging artificial intelligence and advanced algorithms.

The Group is investing in its digital transformation journey and as such is increasing the share of its digital offers. In 2020, software and digital services had a doubled-digit growth, (e-commerce sales & connected customers and Assets under Management (AuM)). As such, Schneider Electric is focusing on offering more digital services, generating more recurring revenues, and increasing customer retention.

Also, in 2020, the Group has acquired 88% of RIB Software SE, a construction software provider, in order to expand capabilities in building life cycle digitalization. This acquisition continues Schneider Electric's journey to build a software portfolio and a leadership position in digital and sustainable smart building solutions.

The transformation risk will be linked to the monetization of this new digital portfolio in order to generate a steady revenue stream from this mass customers and products connectivity.

Risk mitigation

The Group has launched several initiatives including but not limited to:

- creation of a new organization dedicated to the growth of digital services with a clear ambition to leverage a robust strategy and structured offer portfolio;
- monetizing critical connected assets with advanced Advisor offer through installed base, using Artificial Intelligence and algorithms;
- definition of a consistent connectivity path for partners and direct go-to-market.

Key to symbols

High impact Medium impact Low impact

9. Risk factors

2. Risks related to Operations

2.6 Pricing strategy

Risk description

Raw material inflation and foreign exchange rate fluctuation can impact the product cost, with differences across the product lines. Such fluctuations, if not offset by tactical pricing decisions in compliance with national and international laws, can negatively impact the Group's profitability. As an example, in 2018, the delayed adjustments to raw material inflation led to an EUR80 million sales mis-opportunity.

In addition, the current market evolution requires different ways of working as e-commerce and the internet are evolving quickly and the factors are becoming more regional and, in many cases, global.

Risk mitigation

To anticipate negative impact on profitability, the Group has reinforced its comprehensive global pricing program with robust compliance, pricing, and quotation tools.

Key to symbols

High impact Medium impact Low impact

2. Risks related to Operations

2.7 Competition laws

Risk description

Schneider Electric's products are sold in markets worldwide and are subject to national and supranational competition laws and antitrust regulations.

Some Group entities worldwide including, but not limited to, entities in Pakistan, Belgium, France, and Spain have been directly or indirectly cited in antitrust proceeding or investigated.

In Pakistan and Belgium, the Group inherited, and subsequently discontinued, local operations from Areva. These operations were investigated and sanctioned by the World Bank and the Belgium Competition Authority respectively.

In France, investigations were performed in September 2018 by the French police and antitrust authorities at Schneider Electric's head office and other premises concerning electrical distribution activities in France. Schneider Electric is cooperating with the French authorities in their investigations.

In Spain, the local subsidiary was indicted for anti-competitive behavior related to a previously owned subsidiary. The investigation was concluded in February 2020 without any significant consequence for the Group.

Risk mitigation

The whistleblowing system of Red line for employees and Green line for external stakeholders such as suppliers is managed to identify any inappropriate practice or behavior with competitors or business partners that may be reported.

Furthermore, internal controls and Internal Audit missions have been reinforced on compliance risks, including in respect of competition and antitrust risks.

A revised compliance due diligence program for mergers and acquisitions was issued to strengthen upfront identification of compliance issues with potential acquisition targets.

The Group updated and deployed the revised Group Principles of Responsibility in April 2019, with reinforced guidance regarding competition and antitrust rules, and issued various other policies and directives related to competition and anti-corruption.

Key to symbols

High impact Medium impact Low impact

9. Risk factors

3. Risks related to Internal Organization

3.1 Talent attractiveness, workforce engagement, sales force upskilling and recruitment of digital competencies

Risk description

The digital transformation comes with the need for specific skills, especially in the areas of technologies, services, energy efficiency, sustainability solutions, and consultative selling. To consult on digitization and to support agile ways of working, the Group must prioritize digital-centric positions. For Schneider Electric, the top areas of focus include: software product owners, software developers, scrum masters, agile coaches, data scientists, data engineers, UX/UI designers, integration architects, cybersecurity specialists, and security engineers. Currently, at Group level, there are approximately 8,000 digital technologists with the largest concentration of employees in India, the US, France, and China.

Competition for highly qualified management and technical personnel, particularly business technologists, is intense in the Group's industry and becomes a bigger challenge as the Group continues its trajectory of growth. In 2020, approximately 15% of global professional hires were in digital-centric roles – in line with the digital hiring composition from the prior year.

Future continued success depends in part on the Group's ability to attract, hire, onboard, develop, and retain the best qualified personnel. In addition to critical skills, workforce diversity – especially gender, generation, and nationality/race – is a priority. For example, in 2020, 45% of white collars hired globally were early-career/fresh graduates to ensure a continued supply of early-career talents. Also, at Group and country levels, more programmatic efforts are in progress to support "senior talents" in regards to future skills development, knowledge transfer, and career assignments to leverage their expertise and experience.

Risk mitigation

The Group's people strategy is strongly anchored in its new people vision, which includes the Employee Value Proposition and employer branding, as well as the business and sustainability priorities of the Company.

Schneider Electric's entire people strategy defines the transformation it wants to accomplish regarding business, workforce, and talent impact, including increasing diversity, equity and inclusion, pay equity, family leave, and flexible "new ways of working" policies. The people strategy in 2020 puts additional focus on creating more organizational agility through flexible working, structural efficiencies, and project and agile methods of work, as well as accelerating the diversity, equity, and inclusion agenda.

For employees, underpinned by a strong focus on career and skills development, regular career development conversations are supported and anchored by annual performance appraisals and development and career reviews. Training opportunities are defined by specific roles and include technical, behavioral, and digital learning offers. Global required trainings include: ethics and compliance, cybersecurity, anti-harassment, and digital acumen. In 2019, Schneider Electric launched an Open Talent Market platform to facilitate internal job and project assignments and a new digital employee listening tool to analyze employee engagement. The Open Talent Market platform was expanded to all countries in Q2 2020 and to date, 46% of employees have engaged in the Open Talent Market platform. Schneider Electric's continuous listening strategy ensures the Group listens to the employees throughout their employment life cycle (onboarding, OneVoice internal survey, exit, etc.), and acts on their feedback to drive engagement.

Key to symbols

High impact Medium impact Low impact

3. Risks related to Internal Organization

In addition, leaders of all entities take part in regular talent reviews and succession planning meetings, culminating with a year-end review with the CEO and CHRO. Focus is on the leadership pipeline and high potentials, technical and digital talents, workforce optimization, and succession. Targeted leadership development programs and training are offered to ensure continued technical and leadership skills development, including a “License to Lead” app for senior management. A new training and upskilling program for all sales representatives and sales leaders was developed in 2019 and deployed in 2020, as well as a new certification training program for key account managers. A financial acumen digital course was also deployed in 2020 with the goal that all senior management complete the course by H1 2021.

To continue to focus on the workforce of the future and Schneider’s position as an attractive employer, talent acquisition and employer branding remain top priorities. While the strategy is to continue to build the pipeline and promote from within the Company, we have targeted skills and markets where there is proactive hiring. For example, the Group is focused on continuing the recruitment of interns, apprentices and fresh university graduates to help sustain the digital transformation. The Company continues to hire for critical skills and roles such as digital, software, data and cybersecurity, strategy, sustainability, and supply chain. The diversity ambition is also applied strongly to our external recruitment, especially for women in business and technology.

Key to symbols

High impact Medium impact Low impact

9. Risk factors

3. Risks related to Internal Organization

3.2 IT systems management

Risk description

The Group operates either directly or through service providers, a wide range of highly complex information systems, including servers, networks, data repositories, applications and databases, on premise and in the cloud, that are essential for the efficiency of its sales and manufacturing processes, as well as platforms to enable digital offers such as EcoStruxure™. The Group is deploying various applications aimed at enhancing commercial experience, employee experience and supply chain efficiency as well as enabling digital commercial offers.

Significant failure in fulfilment by a service provider or a major network outage, hardware and/or system failure could adversely affect the quality of service offered by Schneider Electric.

In addition, the provision of safe and secure foundational Information Systems is critical to the ongoing expansion of digital offers and customer interactions. As the Group moves towards more digital offers, services and software, the variety of legacy systems makes it harder and more complex to evolve and scale.

Despite the Group's policy of establishing governance structures and contingency plans, there can be no assurance that information systems projects will not be subject to technical problems and/or execution delays. While it is difficult to accurately quantify the impact of any such problems, data loss, or delays, they could have an adverse effect on inventory levels, service quality, and, consequently, on the Group's financial results.

Risk mitigation

The Group regularly examines alternative solutions to protect against those risks, performs regular compliance checks on service provider service level agreements, and has developed contingency plans and incident response capabilities to mitigate the effects of any information system failure.

The Group undergoes constant evolution and planning pertaining to its information systems, which encompasses but is not limited to:

- ERP transformation and the evolution of the Group's financial systems to prepare for digital offers;
- Elimination of legacy IT applications and associated hardware to simplify the landscape and mitigate risks linked to obsolescence;
- Ensure the sustainability of the IT landscape with ongoing focus on business continuity and disaster recovery planning for hardware and software.

All new applications are subject to certification testing, attempting to remove system vulnerabilities. These systems are housed either in Data Centers (either managed by the Group internally or by service providers) or are cloud-based applications.

In 2020, the Group continued to reduce legacy IT applications through a dedicated "Technical Debt Reduction" program.

Key to symbols

High impact Medium impact Low impact

4. Financial risks

4.1 Counterparty risk

Risk description

The Group has a particularly wide international presence (more than 115 countries), with revenue almost equally spread across the four regions (Asia Pacific, Western Europe, North America, Rest of the World), and 41% of the revenue generated in new economies.

The Group is therefore facing multiple counterparty risks, as any economic downturn could lead to local liquidity issues with consequences in terms of cash collection and delay of payments from the customers, affecting adversely the Group's cash conversion rate.

The Group is also exposed to counterparty risk coming from financial operation with financial institutions including banks, for activity such as desposits and asset management, transactions implying flows in future value dates.

As of December 31, 2020, 12.8% of trade receivables were overdue, of which 1.7% by more than three months (refer to Note 16 in "Notes to the consolidated financial statements", chapter 4, section 5, page 330).

2020 Specific events

In 2020, some customer payment delays were particularly noted from February to May, as a consequence of the COVID-19 outbreak and the numerous lockdowns across the world. Payment delays were sorted out during the following months to reach normal levels by the end of the year.

Risk mitigation

Financial transactions are entered into with carefully selected counterparties and adapted terms and conditions are included in contracts with customers.

Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency. Group policy consists of diversifying counterparty risks and periodic controls are performed to check compliance with the related rules.

In addition, the Group takes out substantial credit insurance and uses other types of guarantees (letters of credit and bank guarantees) to limit the risk of losses on trade accounts receivable.

As of December 31, 2020, the amount of the provision for receivables impairment is EUR 510 million (as described in Note 16 in "Notes to the consolidated financial statements", chapter 4, section 5, page 330).

Key to symbols

High impact Medium impact Low impact

9. Risk factors

4. Financial risks

4.2 Currency exchange risk

Risk description

The Group's international operations and the particularly wide international presence expose it to the risk of fluctuation of exchange rates.

Fluctuations in exchange rates between the reporting currencies of the Group entities and the currencies of transactions can have an impact on the Group's results and distort year-on-year performance comparisons. The same applies to the fluctuations between euro and the reporting currencies, in a more significant proportion.

The main exposure of the Group in terms of currency exchange risks is related to the US dollar, Chinese yuan, and currencies linked to the US dollar.

In 2020, revenue in foreign currencies amounted to EUR 20.1 billion, including around EUR 6.6 billion in US dollars and EUR 3.7 billion in Chinese yuan.

The Group estimates that in the current structure of its operations, a 10% appreciation of the euro compared to the US dollar would have a translation effect of around minus EUR 78 million on adjusted EBITA.

The result of exchange gains and losses of 2020 amounts to EUR -36 million (as described in Note 7 in "Notes to the consolidated financial statements", chapter 4, section 5, page 323).

Risk mitigation

The Group manages its exposure to transactional currency risk to reduce the sensitivity of earnings to changes in exchange rates. Receivables and payables of the Group's subsidiaries denominated in currency other than their functional currency are hedged primarily by means of rebalancing assets and liabilities per currency (natural hedge).

More than 20 currencies are involved, with the US dollar, Chinese yuan, Singapore dollar, Australian dollar, British pound, the Hungarian forint, and Russian rubles representing the most significant sources of those risks.

Depending on market conditions, risks in the main currencies may be hedged based on cash-flow forecasting using contracts that expire in 12 months or less.

The financial instruments used to hedge exposure to fluctuations in exchange rates are described in Note 23 in "Notes to the consolidated financial statements", chapter 4, section 5, page 341.

Key to symbols

High impact Medium impact Low impact

9.2 Insurance strategy

Why we think this is important

Schneider Electric's approach to managing risks is designed to defend the interests of employees and customers and to protect the Company's assets, the environment, and its shareholders' investment.

How we are mitigating the risks:

- We identify and analyze the impact of our main insurable risks.
- In order to minimize the risks of damage and protect our production capacity, we define protection standards (including for the sites managed by third parties), organize audits of our main sites by an independent loss prevention company, and roll-out of a self-assessment questionnaire for the other Group sites.
- We draw up business continuity plans, in particular for the Group's main sites and critical suppliers.
- We implement crisis management tools in conjunction with the Group's Global Security Department.
- We carry out hazard and vulnerability studies and safety management for our people and our equipment.
- We negotiate global insurance programs at the Group level for all subsidiaries with insurance companies meeting appropriate minimum credit ratings.
- We implement these global programs in countries where the Group operates in compliance with local regulations through a network of international brokers.
- We optimize financing for high-frequency/low-severity risks through retentions managed either directly (deductibles) or through captive insurance companies.

Liability insurance
A new insurance program has been put in place on January 1, 2020 for a period of three years. This program, deployed in more than 70 countries, provides coverage and limits in line with the current size of the Group and its evolving risks and commitments.

Certain specific risks, such as aeronautic, nuclear, and environmental, are covered by specific insurance programs.

Property damage and business interruption insurance
The insurance program, implemented as of July 1, 2019 for two years, was continued in 2020. This is an "all risks" policy which covers events that could affect Schneider Electric's property (including fire, explosion, natural disaster, machinery breakdown) as well as business interruption resulting from those risks.

2,150 locations in 67 countries are covered under this program. Assets are insured at replacement value.

Transport insurance
Risks of loss or damage to goods while in transit, including intragroup shipments, are covered by a global insurance program which was renewed in January 1, 2020 and is deployed in 38 countries.

Erection all risk insurance
The erection all risk insurance program, providing cover for damage to work and equipment for projects taking place at our clients' premises, was continued in 2020. This program is deployed in 35 countries.

Other risks
In addition, Schneider Electric has taken out specific cover in response to certain local conditions, regulations or the requirements of certain risks, projects, and businesses.

Self-insurance
To optimize costs, Schneider Electric self-insures certain high-frequency/low-severity risks through two captive insurance companies:

- a captive company based in Luxembourg provides mainly Property Damage and Transport reinsurance worldwide as well as Liability reinsurance outside the USA and Canada. The total amount retained for these risks is capped at EUR20.2 million per year;
- for the entities located in the USA and Canada, a captive insurance company based in Vermont (USA) is used to standardize deductibles for general/ products/professional liability, workers' compensation, and automobile liability. These retentions range from USD2 million to USD5 million per claim, depending on the risk. An actuary validates the reserves recorded by the captive company each year.

The cost of self-insured claims is not material at the Group level.

Cost of insurance programs
The cost (including tax) of the Group's main global insurance programs, excluding premiums paid to captives, totaled around EUR21 million in 2020.

EUREF-Campus realized its carbon neutrality goals 30 years ahead of schedule with EcoStruxure™ from Schneider Electric.

2

Sustainable development

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1. Sustainability at the heart of Schneider Electric's strategy

In this 21st century, humanity is facing the most daunting challenge in its history: the need to radically transform its economic growth model in less than 30 years or face catastrophic environmental and social repercussions. Continued growth of GHG emissions is causing the world to warm at a rate never recorded before, causing devastating effects: an increase in the frequency and magnitude of extreme climate events, melting glaciers, and worldwide biodiversity loss. However, solutions exist today to reverse the trend while bringing new business and job opportunities.

Resolutely determined to contribute to the 17 United Nations Sustainable Development Goals (SDGs), Schneider Electric's innovative solutions aim to overcome the energy paradox: balancing the need to reduce the planet's carbon footprint with the inalienable human right to quality energy and access to digital.

The Group is convinced that on this journey for a better planet, no one should be left behind – neither the 780 million people without electricity for whom Schneider develops inclusive business models and creates solutions for clean, safe, and reliable energy, nor the 50 million energy-poor Europeans the Group supports through its Foundation.

Schneider Electric has made its purpose clear: to empower all to make the most of our energy and resources, bridging progress, and sustainability for all. At Schneider Electric, we call this "Life Is On".

For 15 years, the Group has measured its holistic sustainability performance through a dashboard called Schneider Sustainability Impact (SSI) and has set specific governance bodies to ensure that sustainability is positioned within every part of the Group's strategy from the Board of Directors level (via the Human Resources and CSR Committee) to the Executive Committee level (via the Group Sustainability Committee) and diffuses to operational levels as well. Today, Schneider Electric is a recognized worldwide sustainability leader, notably ranked #1 Most Sustainable Corporation by Corporate Knights in January 2021, and a member of several initiatives and partnerships to advance collectively on the 17 SDGs.

2020 was a complex and pivotal year: we faced a global pandemic that challenged the Group to keep supporting critical life infrastructures, like hospitals and power systems, while protecting our employees and partners. We responded to the needs of our ecosystem of suppliers during these difficult times and also volunteered to help those most impacted by contributing to the manufacturing of protective equipment and respirators all over the world. The Tomorrow Rising Fund, set by the Schneider Electric Foundation, has benefitted 1.5 million people in 67 countries in response to the emergency and will continue to support the recovery of the education system and build stronger resilience. We also successfully exceeded our 2020 SSI target (9.32 vs 9/10 target), with 13 programs achieving or exceeding their 2018-2020 goal.

With only 10 years left to reach the SDGs, Schneider Electric has stepped up its commitments to accelerate the transformation by making new 2021-2025 commitments to drive real and meaningful impact over the next five years.

The Group's sustainability roadmap

2020

Reach the 21 objectives of the Schneider Sustainability Impact (SSI) 2018-2020 on its five pillars: climate, circular economy, health & equity, ethics, and development.

At the end of 2020, the SSI achieved a 9.32/10 score, well above the 9/10 target.

2025

Progress on our Climate Pledge to reach carbon neutrality in the Group's operations (with quality offsets).

Reach the eleven global, and one local, objectives of SSI 2021-2025, as well as the 25 objectives of Schneider Sustainability Essentials (SSE) under our 6 long term commitments (climate, equal, resources, generations, trust and local).

2018 – 2020
SCHNEIDER
SUSTAINABILITY
IMPACT

1.1 Towards long-term positive impact

1.1.1 A holistic and strategic vision of sustainability

"Sustainability" is about creating system value. It encompasses continuous improvement of environmental, social, and ethical dimensions across an organizations entire value chain and stakeholders.

Schneider Electric's short-term roadmap (3-5 years) is built on a consultation process involving external and internal stakeholders, called a materiality assessment, as well as dedicated internal governance mechanisms involving the Strategy & Sustainability team, employees, experts in the Group, the Executive Committee, and the Board of Directors, under the leadership of the Chief Strategy & Sustainability Officer.

The 2018-2020 sustainability strategy is built around five major challenges: climate, circular economy, health and equity, ethics, and development. Bold sustainability programs with concrete impact are deployed under each pillar.

In 2020, Schneider Electric defined six new objectives for the 2021-2025 period:

1. **Act for a climate positive world,** by continuously investing in and developing innovative solutions that deliver immediate and lasting decarbonization in line with our Carbon pledge.
2. **Be efficient with resources,** by behaving responsibly and making the most of digital technology to preserve our planet.
3. **Live up to our principles of Trust,** by upholding ourselves and all around us to high social, governance, and ethical standards.
4. **Create equal opportunities,** by ensuring all employees are uniquely valued and work in an inclusive environment to develop and contribute their best.
5. **Harness the power of all generations,** by fostering learning, upskilling, and development for each generation, paving the way for the next.
6. **Empower local communities,** by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all.

In the medium (5-10 years) and long term (10-30 years), Schneider Electric aligns its strategy on key issues under the United Nations SDGs and global climate scenarios in coherence with its business model and global footprint.

This holistic approach to sustainability allows the Group to greatly mitigates risks and also brings tangible value added through a greater attractivity to customers, new talents, and investors, while boosting innovation.

The numerous awards received each year (e.g. #1 Most Sustainable Corporation, RE100 Clean Energy Trailblazer, Financial Times top 50 Diversity Leaders, Gartner Supply Chain Top 25, etc.) and the Group's leadership in the main ESG indices (e.g. Dow Jones Sustainability World Index, Euronext Vigeo Eiris World 120, etc.), confirms that Schneider Electric is headed in the right direction.

1.1.2 A unique position to fight climate change

As a global specialist in the digital transformation of energy management and automation, the Group places its expertise and solutions at the service of its customers to ensure that energy is safe, reliable, efficient, connected, and sustainable. The Group proposes an integrated offering of technologies and market-leading solutions tailored to customer needs, promoting the transition towards more electric, digital, decarbonized, and decentralized energy.

In fact, Schneider Electric is uniquely positioned among the 1,000+ companies taking action for climate change because it acts on both sides of the equation:

- The solutions Schneider Electric brings to the market are directly linked to activities to mitigate, adapt, and improve humanity's resilience to climate change;
- At the same time, Schneider Electric acts to reduce its end-to-end CO_2 footprint, aiming for a net-zero CO_2 supply chain by 2050, with precise steps for 2025, 2030 and 2040.

This positive contribution is measured as Green Revenues, which represent 72% of the Group's total revenues in 2020. In addition, to further contribute to a new electric and digital world, 100% of Schneider Electric's innovation projects are aligned with its purpose, more than 90% being either strictly green or neutral.

2030

- Reach net-zero operational emissions and reduction of scope 3 emissions by 35% (vs 2017) as part of the Group's validated 1.5°C Science-Based Target (SBT)
- Consume 100% renewable electricity (RE100)
- Double energy productivity (vs 2005) (EP100)
- Switch to 100% electric cars (EV100)
- Provide access to energy to 80 million people

2040

- Become carbon neutral on full end-to-end footprint by 2040 (full scopes 1,2 and 3), 10 years ahead of 1.5°C climate trajectory. This means that all Schneider products will be carbon neutral by 2040 (using quality offsets)

2050

- Engage with suppliers towards a net-zero CO_2 supply chain (no CO_2 offsets)

1. Sustainability at the heart of Schneider Electric's strategy

1.1.3 Two complementary sustainability performance dashboards starting 2021

The execution of the Group's 2021-2025 sustainability strategy will be tracked through quantitative Key Performance Indicators (KPIs), under two complementary tools: Schneider Sustainability Impact (SSI) and the new Schneider Sustainability Essentials (SSE).

The SSI is the translation of our 6 long-term commitments into a selection of 11 highly transformative and innovative programs. The programs will be tracked and published quarterly, audited annually, and linked to short term incentive plans for the managers of the Group. A notable addition to the SSI in 2021 is the local aspect, aiming to deploy local actions in the 100+ markets where the Group operates in order to better empower all leaders and collaborators to unlock meaningful local impacts.

Another tool has been created to maintain a high level of commitment and transparency in the actions taken by the Group: the SSE. This new tool brings balance between the innovative transformation plans of the SSI and the need to keep progressing on other long-lasting programs. In this spirit of continuous improvement, and in a holistic vision of sustainability, the SSE will track annual progress with 25 quantitative KPIs, and some additional qualitative programs.

Collectively, the SSI 11 Global Impacts and its Local Impact, as well as the 25 SSE programs, are the Group's short term sustainability roadmap and our contribution to the 17 UN SDGs. More details on our contributions to each SDG are provided in our Sustainability Report, available online.

Schneider Sustainability Impact 2021-2025

Long-term Commitments	2021-2025 SSI programs
Act for a climate positive world 	**1.** Grow our green revenues to 80% **2.** Deliver 800 million tons of saved and avoided CO_2 emissions to our customers **3.** Reduce CO_2 emissions from top 1000 suppliers' operations by 50%
Be efficient with resources 	**4.** Increase green material content in our products to 50% **5.** 100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard
Live up to our principles of Trust 	**6.** 100% of our strategic suppliers provide decent work to their employees **7.** Measure the level of confidence of our employees to report behaviors against our principles of Trust
Create equal opportunities 	**8.** Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30) **9.** Provide access to green electricity to 50 million people
Harness the power of all generations 	**10.** Create opportunities for the next generation – 2X number of opportunities for interns, apprentices, and fresh graduate hires **11.** Train 1 million underprivileged people in energy management
Empower local communities 	**12.** 100% of Country and Zone Presidents define 3 local commitments that impact their communities in line with our sustainability transformation

Schneider Sustainability Essentials 2021-2025

Long-term Commitments	2021-2025 SSE programs
Act for a climate positive world	1. 150 Zero-CO_2 sites 2. 100% substitution with SF_6-Free medium voltage technologies 3. 90% of electricity sourced from renewables 4. 15% CO_2 efficiency in transportation
Be efficient with resources	5. 15% energy efficiency in our sites 6. 80% of product revenues covered by Green Premium™ 7. One-third of corporate vehicle fleet comprised of electric vehicles (100% by 2030) 8. 100% of sites with local biodiversity conservation and restoration programs 9. 200 'Waste-to-Resource' sites 10. 420,000 metric tons of avoided primary resource consumption through 'take-back at end-of-use' since 2017 11. 100% of sites in water-stressed areas have a water conservation strategy and related action plan
Live up to our principles of Trust	12. Deploy a 'Social Excellence' program through multiple tiers of suppliers (baseline to be defined in 2021) 13. 100% of employees trained every year on Cybersecurity and Ethics 14. 0.38 or below Medical Incident rate 15. Halve the weight of safety units recalled 16. In the Top 25% in external ratings for Cybersecurity performance 17. 4,000 suppliers assessed under our 'Vigilance Program'
Create equal opportunities	18. <1% pay gap for both females and males 19. 60% subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP) 20. 100% of employees paid at least a living wage 21. 3X the number of employee-driven development interactions on the Open Talent Market
Harness the power of all generations	22. >90% of employees undergo digital upskilling through the Digital Citizenship program and digital transformation training 23. Systematic career review and development plan for all employees ten years before retirement 24. 75% employee engagement score
Empower local communities	25. 50,000 volunteering days since 2017

1.2 Evaluation of the main extra-financial risks and opportunities created

1.2.1 Evaluation methodology

As part of its Extra-Financial Performance Declaration, the Group presents the main risks and opportunities identified with respect to major societal challenges in this section.

In order to compile the list of main extra-financial risks for the Group, a panel of both internal and external tools is used to address the expectations of its stakeholders as best as possible.

The Global Sustainability team leads the evaluation, working in close collaboration with the Internal Audit team.

Internal tools:

- A regular stakeholder consultation (materiality assessment and matrix), at least once every three years;
- The Internal Audit risks matrix, updated every year;
- Specific committees (Carbon, Human Resources, Ethics, etc.);
- Vigilance risks matrix.

Continuous monitoring of external signals and international frameworks:

- Regulatory framework: the key topics listed under Article R225-105 of the French Commercial Code (Extra-Financial Performance Declaration);
- International institutions/organizations (UN Global Compact and SDGs);
- Environment, Social, Governance (ESG) rating agencies;
- Specific requests from investors and customers;
- Recommendations from the Taskforce on Climate-related Financial Disclosure (TCFD), and various frameworks (SASB, GRI...).

The analysis covers the entire value chain of the Group and its stakeholders: suppliers and subcontractors, transactions, customers, as well as Schneider Electric's scope – extending to the activities at its Foundation – on cross-functional, environmental, social and societal topics, human rights, and anti-corruption.

Each topic is monitored by the relevant departments and their management teams who are in charge of proper risk assessments and the implementation of mitigation and prevention actions. The main departments and managers are:

- Sustainability, Access to Energy, Environment and the Global Sustainability SVP and Chief Strategy & Sustainability Officer;
- Human Resources and the Chief Human Resources Officer;
- Procurement and the Chief Procurement Officer;
- Governance, Safety and Ethics and the Chief Compliance Officer and Chief Governance Officer & Secretary General.

The main identified risks are quantified on probability of occurrence and magnitude of impact by these departments. On this basis, the list is reviewed and validated by relevant SVPs, the Board of Directors' secretariat, and Internal Audit team, and presented to the Human Resources and CSR Committee and to the Group Sustainability Committee at least every 3 years, in coherence with the SSI calendar.

Seven main non-financial risk categories were identified and are presented in detail on pages 78 to 81: environment and circular economy, climate, health and safety at work, human resources, anti-corruption, human rights in the supply chain, and socially responsible investments. Risks presented here are gross risks, i.e. absolute risks before a mitigation plan is implemented. The main net extra financial risks are presented in "Risk Factors", chapter 1.9, page 49.

Risks arising from the sourcing of critical materials, identified by the industry standard SASB on Electrical and Electronic Equipment, are discussed in chapter 2 pages 117 and 193.

1.2.2 Materiality analysis

In 2020, Schneider Electric built its third materiality matrix(1) by questioning external stakeholders (e.g. customers, suppliers, international organizations, trade associations, experts, shareholders), and top and senior managers within the Group, including the Executive Committee. Nearly 200 stakeholders have been consulted in total (143 through an internal survey, 54 interviewed in person).

Participants were first asked what they felt were the key worldwide trends most likely to impact Schneider Electric in the future, before being asked to assess the significance of 31 issues according to a quantitative scoring scale. Then, participants were interviewed for qualitative evaluation and justification of the given scores. Participants were guided to prioritize the most transformative issues.

Issues were scored according to their importance as follows:

- 1 – Medium or low importance
- 2 – Important
- 3 – Critical
- 4 – Chosen in top 3 most critical topics

These surveys and interviews also enabled Schneider Electric to consolidate the relationship with its stakeholders and learn about their expectations. Beforehand, the challenges were defined using a study of the sector's stakes (analysis of the different CSR guidelines, sector benchmarks, etc.) and a comparison with the 2017 materiality analysis. With the help of consulting firm Utopies, the aim is to ensure that Schneider Electric reports on the most important economic, social, and environmental challenges; identifies current and future opportunities and risks for the business; and updates its sustainability agenda with key stakeholders' expectations. In particular, the materiality matrix was one of the sources used to design the 2021-2025 Schneider Sustainability Impact and Schneider Sustainability Essentials, and to confirm the topics to be addressed in the registration document.

1.2.3 Key learnings

Overall, stakeholders point to growing instability – whether environmental, social, political, or economic. This creates uncertainties for businesses, which should work on building resilience.

- Climate is the main trend identified externally and internally. It includes the trend for energy transition and electrification, on which external stakeholders expect Schneider Electric to take the lead.

(1) Definition is based on AA 1000 Assurance Standard's materiality principle as well as the Standard GRI strategic roadmap.

- Inclusion and the need for a just transition covers the Company's extended responsibility to its ecosystem, in particular in the supply chain, to ensure the low carbon transition equally benefits all. Stakeholders also mentioned the growing expectations in providing ethical and sustainable products.
- Resilience, and the move towards more local supply chains, specifically post-COVID-19 can be a manner to mitigate geopolitical uncertainty and a rise in protectionism.
- Ethics in digital: the growth of digitalization and the need for stronger ethics represents both an opportunity and a risk for Schneider Electric. This covers topics such as the power of data and the ethical use required, the opportunities and dangers of Artificial Intelligence (AI), as well as people's wellbeing, or job security in a transitioning world.
- Resource scarcity and circular economy showed very high expectations internally.

During the discussions, some elements where often mentioned:

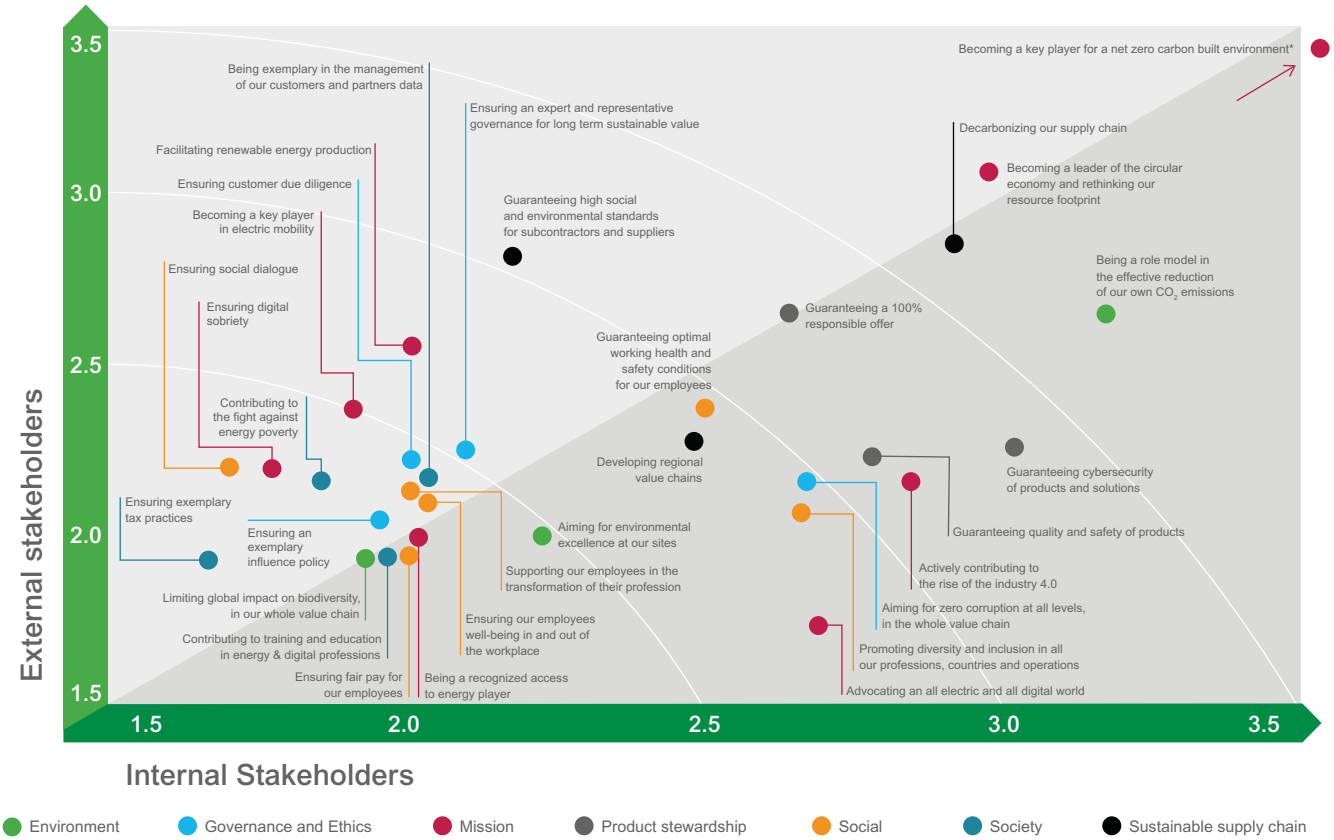
1. The vision of the Group, endorsing the link between sustainability and digital, is complex and not always easy to understand for non-experts. Schneider Electric could be more pedagogic in its advocacy.
2. There are high expectations for Schneider to become a globally recognized leader for a decarbonized world, with its products and solutions, and in terms of thought leadership.
3. All 31 topics are deemed important reinforcing our hollistic vision of sustainability. Issues were prioritized based on three groups:
   - Licence to operate – fundamental "must have" topics such as product quality and safety, cybersecurity, etc.
   - Standard issues – topics which are on track, and on which Schneider Electric must remain mobilized (e.g. health and security, environmental excellence, corruption).
   - Key transformational topics – those which have the potential to transform markets and differentiate Schneider Electric from others (e.g. climate change engagement, circular economy, human engagement).
4. The SSI is a renowned and transformative program which is a source of pride internally, and recognition externally, but which needs a new lease of life: simplified, with increased internal buy-in and awareness.

The materiality matrix below displays the results of the analysis, which can be summarized in 4 megatrends:

- Leading climate action in our ecosystem with our partners;
- Pioneering circular economy and being efficient with resources;
- Ensuring a fair transition and guaranteeing high ethical, social, and environmental standards along more local value chains;
- Leverage digital in cybersecure solutions to boost positive impact.

The 2020 registration document, Schneider Electric's commitments for the climate (see pages 122 to 127), and the 2021-2025 Schneider Sustainability Impact cover all these priority challenges through Group policies, improvement plans, indicators, and short-term or long-term goals.

2020 materiality matrix



* "Becoming a key player for a net zero carbon built environment" scored 3.57 (internal) and 3.46 (external)

1. Sustainability at the heart of Schneider Electric's strategy

Following its assessment of material risks, Schneider Electric presents its main extra-financial risks and opportunities.

Risk description and impact	Policies	Due diligence and 2020 performance	Opportunity created
Environment and circular economy			
Circular economy			
Strengthening of circular economy regulation (on product life cycle): • Increase of secondary materials in products should not have adverse impacts on product safety, durability, reparability and serviceability • Need for product specific standards, to adapt horizontal regulations to product specificities • Conflicting regulations, between objective to enable a 2nd life for products (refurbishment/recycling) and hazardous substances restriction	Circular economy strategy EcoDesign Way™ Green Premium™	• Participation in multi-stakeholder panels (FREC, MIIT China, AFEP, GIMELEC, FIEEC, IGNES, ORGALIME) • Circularity in EcoDesign Way™ for product lifetime, reparability, and serviceability • SSI#5: 75% sales under our new Green Premium™ program (76.7% achieved)	Circular business opportunities
Volatile prices and materials/resource availability: • Cost increase of primary materials • Disruption of supply	Green Materials Raw material cost productivity and hedging strategy	• SSI#7: 100% cardboard and pallet for transport packing from recycled or certified sources by 2020 (99% achieved) • 2025 SSI & SSE "Resources" programs	Lean, agile, efficient manufacturing processes
Safety risk if assets handled by non-certified third parties (repair, end-of-life): • People health and safety impact • Reputational impact	Circular offers: ECOFIT™, and takeback schemes (EOL, etc.) End-of-life information for our products with Green Premium™	• SSI#8: 120,000 tonnes of avoided primary resource consumption through ECOFIT™, recycling and take-back programs by 2020 (157,588 tonnes achieved)	Market growth for Schneider Electric circular offers (repair, retrofit, takeback, EOL)
Strengthening of waste regulation: • Increased costs and administrative requirements of waste management • Reputational impact	Circular supply chain: waste as worth, Towards Zero Waste to Landfill	• SSI#6: 200 sites Towards Zero Waste to Landfill by 2020 (206 achieved)	Industrial waste monetization
Chemical substances			
Strengthening of chemical substance regulation, market shift, and consumers preferences for eco-friendly products: • Access to market since products may be forbidden (regulations) or blacklisted (prescriptors) • Multiplication of uncoordinated regional legislation, with different requirements	Substances and Material Directive: REACh, RoHS, China RoHS, CA Proposition 65 EcoDesign Way™ Green Premium™	• SSI#5: 75% of sales under our new Green Premium™ program (76.7% achieved) • Chemical substitution • Deployment of REACh o5a "once an article, always an article" • Extended transparency (77.3% of product revenue covered by a Product Environmental Profile in 2020)	Market opportunity for Green Premium™ offers
Pollution prevention and control			
Soil, water, and air contaminations at Schneider Electric sites: • Non-compliance findings from public authorities and fines • Health impacts on personnel at our sites • Site property pollution and environmental provisions	Group Environment Policy Environmental risk analysis Environment due diligence in M&A	• IMS (Integrated Management System) with ISO 14001 certification (232 sites certified ISO 14001 in 2020). • CLEARR Assessment for industrial Global Supply Chain factories.	Robust management system to drive environmental performance Increased stakeholder trust

Risk description and impact	Policies	Due diligence and 2020 performance	Opportunity created
Climate			
Climate change mitigation			
Transitional risks such as: volatile energy prices and rising carbon prices; climate and energy regulation strengthening; and evolution of energy mix and phase-out of fossil fuels: • Energy cost increase • Cost increase of purchased goods and services • Emissions in supply chain • Electric power outage and power quality	Energy Policy Schneider Energy Action and Smart Factory programs Climate Pledge	• 10% energy efficiency target in 2020 versus 2017 baseline (10.3% achieved) • Digital energy management in our sites with EcoStruxure™ • SSI#1: 80% renewable electricity target by 2020 (80% achieved) • SSI#2: 10% CO_2 savings in transports (8.4% achieved) • SSI#3: 120MTCO_2 saved on customers' end (134 MTCO_2 achieved) • SSI#4: 25% increase in turnover for our EcoStruxure™ Energy and Sustainability Services (+17.6% achieved)	Market growth for Schneider Electric energy efficiency and renewable offers Showcase of EcoStruxure™ in our sites Reduced costs Reduced environmental impact Increased revenues Customers attractivity
Growth of energy demand from IT and IoT: • IT cost increase • Reputation impact	Green IT/OT	• WeGreenIT study • Data center optimization • Application landscape rationalization • Hardware asset management	Digitization and IoT are enablers of the energy transition Lean IT/OT architectures Customer attractivity Reputation improved
SF_6 regulation strengthening: • Phase-out of SF_6 in products and production processes • SF_6 cost increase (tax)	SF_6-free strategy	• 0.25% SF_6 leaks target in 2020 in manufacturing process (0.14% achieved) • 100% SF_6-free medium voltage technologies substitution availability by 2025	Disruptive innovation enabling the green energy transition Increased revenues Customers attractivity Positive climate impact across buildings & industrial manufacturing
Climate change adaptation			
Increased frequency and severity of extreme weather events: • Damage to property and assets • Supply disruption	Business continuity and risk management Insurance Policy	• Weather risks affect business continuity and risk management programs, leading to preventive investment to secure assets • Business continuity • Dedicated environmental provisions	Business continuity expertise extended to critical suppliers
Water scarcity: • Disruption of supply	Water stewardship	• Water scarcity risk mapping • Water intensity reduction of 5% in 2020 versus 2017 (performance: -29.6% achieved, intensity of 77 m3/ million EUR turnover)	Showcase EcoStruxure offers for water efficiency
Health and Safety at work			
Ideal working place			
Not providing ideal working conditions to colleagues could create a risk of not being able to attract and retain best talent on the market: • Absenteeism • Cost of turnover • Disengagement • Branding – Company image on the market	Employee Value Proposition Global Family Leave Policy Pay equity Global Anti-Harassment Policy Career development and learning Flexibility@Work guidelines Well-being practices	• SSI#11: 90% of employees have access to a comprehensive well-being at work program (including access to medical coverage and well-being training) by 2020 (90% achieved) • SSI#12: 100% of employees are working in countries that have fully deployed the Family Leave Policy by 2020 (100% achieved)	Schneider Electric is well recognized as an attractive employer

1. Sustainability at the heart of Schneider Electric's strategy

Risk description and impact	Policies	Due diligence and 2020 performance	Opportunity created
Health and Safety at work (continued)			
Safety			
Legal nonconformance: • Loss productivity • Impact to Company image/ customer confidence • Citation/fines	Safety strategy Global safety directives Global EHS alert EHS assessment	• SSI#10: Medical Incident Rate below 0.88 per million hours worked (0.58 achieved end 2020)	Absolute requirement Global Action Plan
Serious/fatal employee injury/illness: • Loss of, or impact to, employees • Loss of productivity • Property damage • Impact to Company image/ customer confidence • Citation/fines	Safety strategy Global safety directives Serious Incident Investigation Process (SIIP) GlobES reporting Global Safety alerts EHS assessment	• 2020 LTIR (Lost time Incident Rate based on 1 Million hours worked) is at 0.32 for Schneider employees, 15% better than 0.37 target	Absolute requirement Global Action Plan
Human Resources			
Recruitment and competencies			
Risk of not attracting and retaining the best talent in the market: • Cost of recruiting and onboarding • Impact of talent's brand perception	New applicant tracking and candidate relationship management systems to be implemented in 2020-2021 Investment in sourcing and market intelligence tools for all recruiters in 2020 Open talent market for internal mobility New Employee Value Proposition (EVP) Schneider GoGreen program	• GoGreen in the City 2020 achieved 24,400+ registrations and nearly 3,000 students around the world submitted their ideas for a sustainable city. Four top talents were hired from the program • Glassdoor rating of Schneider Electric's new EVP increased from 4.0 (end 2019) to 4.1 (end 2020)	Increase in brand awareness, talent market share, and reduction in employee turnover Faster time to hire, better candidate and hiring manager experience, and better quality of hire
Gender equity			
Risk of not providing equal opportunities to everyone and impacting ability to attract and retain the best talent on the market: • Cost of turnover • Loss of women in top potential pipeline • Legal issues • Brand/Company image	Recruitment of women Women representation in leadership roles Gender pay equity Executive-level governance body to drive gender equality across Schneider Electric Diversity & Inclusion Committee, sponsored by two Executive Committee members and consisting of 12 board members from different entities and geographies	• 40% of new hires are women by 2020, 50% by 2025 (41.5% achieved) • 30% of leaders are women by 2025, (24% achieved) • SSI#15: 95% of employees are working in a country with commitment and processes in place to achieve gender pay equity by 2020 (99.6% achieved) • Financial Times, Forbes, Bloomberg, Great Place to Work in the US and Universum recognized Schneider Electric as a great place to work and a leader in Diversity, Equity and Inclusion in 2020	People attraction and retention with equal opportunities for everyone
Engagement			
Risk of having disengaged employees feeling that their opinion is not taken into account which could impact the financial results of the Group:	Continuous listening strategy, employee- centricity Gives our employees the opportunity to share their opinion and is key to being agile in the way the Group's organizations are driven	• A global survey covering 100% of Group employees once per year; design and launch of pulse survey targeting populations for whom attention is needed (return from maternity leave, results dropping down); and verbatim deeper analysis • SSI#9: 70% Employee Engagement Index in 2020 (69% achieved)	Improved employee engagement leading to greater performance

Risk description and impact	Policies	Due diligence and 2020 performance	Opportunity created
Anti-corruption			
Corruption is the abuse of entrusted power for private gain. It can be classified as grand, petty, and political, depending on the amounts of money lost and the sector where it occurs. It may occur through third parties' activities (partners, suppliers, agents, companies to be acquired): • Reputation impacts • Legal impact • Financial impact • Impact on the development of the Company • Impact on the employer brand	Principles of Responsibility Global Anti-Corruption Policy Anti-Corruption Code of Conduct Gifts & Hospitality Policy Business Agent Policy	• Red and Green Line alert system (Alerts investigated and closed in 2020 led to 108 actions) • Specific risks map for anti-corruption • SSI#18: 100% of sales, procurement and finance employees trained every year on anti-corruption (94% achieved in 2020)	More opportunities with actual and potential customers People attraction and retention Sustainable business development
Human rights in the supply chain			
Violations of human rights and fundamental freedoms such as: • Health and safety of employees • Forced labor and protection of vulnerable populations • Decent working conditions • Discrimination and unfair treatment Non-respect of these fundamental rights may result in: • Reputation impact • Legal impact • Health & well-being impact for employees of Schneider, its suppliers and sub-contractors	Schneider vigilance plan with suppliers and subcontractors, leveraging RBA Code of Conduct Schneider Human Rights Policy	• EEHS risk mapping of suppliers • On-site supplier audits with RBA protocol • EEHS in procurement process (code of conduct, supplier qualification, performance review, etc.) • Continuous improvement with ISO 26000 standard • Training • Green Line Alert system • SSI#16: +5.5 pts increase in average score of ISO 26000 assessment for our strategic suppliers (+6.3 achieved) • SSI#17: 350 suppliers under human rights and environment vigilance received specific on-site assessment (374 achieved)	Collaboration strengthening with suppliers
Sourcing of conflict minerals and other similar sensitive materials may directly or indirectly finance armed groups, fuel forced labour and other human rights abuses, and support corruption and money laundering. Also, can damage the reputation of the company.	Schneider Electric encourages its suppliers to build and maintain a due diligence process to ensure conflict minerals-free sourcing The Group is an active Responsible Minerals Initiative (RMI) member	• Conflict-free mineral monitoring • 87% of the smelters and refiners identified in our supply chain conformant or active in a recognized third-party validation scheme (+1 pt vs 2019) • Schneider Electric has a "conflict-free objective"	Collaboration strengthening with suppliers, and improved reputation Increased trust with customers favouring business relations Contribution to UNSDG #16 "Peace, justice and strong institutions"
Socially responsible investing			
Given current momentum for sustainable finance and emerging regulations (e.g. EU Taxonomy), there could be a risk that the Group is not captured by Socially Reponsible Investment (SRI), ESG or green portfolios: • Reputational impact • Market share value	Transparent and public reporting on sustainability objectives and performance Engagement with stakeholders to identify critical sustainability topics Engagement and dialog with investors to ensure expectations are met	• Schneider Sustainability Impact program (SSI score of 9.32/10 in 2020, vs 9/10 target) • New Schneider Sustainability Essentials (SSE) program • Numerous leadership positions in ESG indices and external recognitions in particular: • #1 Most Sustainable Corporation by Corporate Knights • CDP A score for 10 years in a row, • DJSI industry leader and member of the world index • First ever convertible Sustainability-Linked Bond successfully emitted	Greater attractivity to investors, customers and talents Strengthened partnerships with clients, suppliers, and other partners in the Group's ecosystem Anticipation of sustainability trends and risk mitigation

1.3 The Schneider Sustainability Impact, a regular and objective measure of the Group's actions

1.3.1 A single, specific sustainability performance monitoring tool since 2005

To have a significant impact and initiate lasting change, performance must be measured, although there is no recognized international standard that defines an organization's sustainability performance. That is why Schneider Electric defines specific objectives and measures its results each quarter (since 2005) in a dashboard commonly referred to as a "barometer". In 2018, this barometer was renamed Schneider Sustainability Impact (SSI). The action plans of the SSI are carried out at Group level. Schneider uses this tool to address its sustainability challenges and to improve each of the pillars of its strategy identified through its materiality matrix. The SSI uses a scoring scale of 10 and provides an overall measure of the Group's progress on sustainability issues. The tool also enables Schneider Electric to anticipate and effectively manage its sustainability risks and opportunities by mobilizing key stakeholders around specific, measured objectives and reliable results. The barometer's monitoring systems are audited annually by an external auditor (limited assurance).

Each barometer seeks to:

- **Mobilize** the whole Company aro und sustainability goals (ethics, social, environmental and business);
- **Share** the Group's improvement plans with stakeholders;
- Create system value.

On a daily basis, Schneider Electric proves that economic, environmental, and social interests are convergent.

Overview of the 5 barometers since 2005, and example achievements

2005-2008:

10
KPIs in program

>120
Products with an environmental profile

-20%
Number of lost days from work accidents per employee per year

2009-2011:

13
KPIs in program

70.4%
of employees worked on ISO 14001 certified sites

1,291,768
Households at the Base of the Pyramid got access to energy thanks to Schneider Electric solutions

2012-2014:

14
KPIs in program

16%
CO_2 savings on transportation

460
Missions with the "Schneider Electric Teachers" NGO

2015-2017:

16
KPIs in program

100%
of products in R&D designed with Schneider EcoDesign Way™

98.4%
of our entities passed our internal Ethics & Responsibility assessment

2018-2020:

21
KPIs in program

9.32/10
2020 overall performance

9
Indicators with increased objectives in 2019

2021-2025:

11+1
KPIs in program

6
Long term objectives

New tool
Schneider Sustainability Essentials with 25 objectives

1.3.2 Process to select and prioritize commitments

1	2	3	4	5	6
Analysis of material challenges	Definition of key performance indicators	Validation of monitoring goals and methods	Launch of the three-year program	Quarterly performance reporting	Annual external verification

1.3.2.1 Analysis of material challenges
Every three to five years, the Group defines a new SSI dashboard in the wake of an exercise to identify sustainability challenges on the basis of external and internal contributions.

The voices of each stakeholder are thus taken into account via the Group's materiality matrices, meetings with SRI investors, and the questionnaires from rating agencies or from customers, which all shed light on our strategic points of differentiation and on salient societal concerns.

1.3.2.2 Definition of key performance indicators
For each target and indicator, and this is a critical point for the operational implementation of each SSI, the ambition is defined in consultation with the departments concerned.

In 2020, a specific SSI Steering Committee was created, with about 50 members: representants of each Excom member, geography, function, and business unit. Three all-hands workshops took place, and the sustainability team organized individual follow up interviews with each member to define precise and measurable programs.

For the Group, it is a guarantee of strong mobilization in the field that is consistent with actual priorities; for teams, it is the assurance of having the necessary means and visibility to improve. In each new period, the barometer update takes into account results obtained, progress still expected, the emergence of new topics and new priorities, and the experience gained. Thus, it is a powerful tool to move the Group forward on its major challenges.

Four scenarios may emerge from one SSI to the next:

- Improvement plans are maintained in the barometer and their targets are renewed or increased;
- Improvement plans change, new and more innovative or better- adapted indicators that cover the same subject are implemented; old indicators continue to be monitored internally if necessary;
- Improvement plans are removed from the barometer; this is also the case with indicators that have reached a threshold. They continue to be monitored internally if necessary;
- Improvement plans to address new challenges are implemented.

1.3.2.3 Governance and validation of the barometer
The Sustainability department presents a draft version of the new barometer to the Board of Directors' Human Resources and CSR Committee, and to the Group Sustainability Committee for validation. This latter committee includes six members of the Executive Committee: Strategy and Sustainability; Global Human Resources; Global Supply Chain; Global Marketing; Governance & Secretary General and Finance. The new barometer is then approved by the CEO.

Quarterly results are supervised by the Group Sustainability Committee, which makes decisions on any corrective actions that may be necessary to reach objectives. This committee meets twice a year. The Human Resources and CSR Committee within the Board of Directors conducts an annual review of the Group's Sustainability Policy, analyzing in particular, the performance of the barometer.

Extra-financial annual results are presented together with financial results by Jean-Pascal Tricoire, Chairman and CEO of Schneider Electric, in order to demonstrate the Group's commitment to making sustainability part of the Company's long-term strategy. In addition, since 2014, quarterly results have been presented together with quarterly financial information to institutional investors by the Chief Finance & Legal Affairs Officer.

1.3.2.4 A key component of the variable compensation of the Group's employees
Since 2011, the barometer score is included in the variable compensation of global functions and Company leaders. In 2020, the incentives, in the profit-sharing incentive plan for the French entities: Schneider Electric Industries and Schneider Electric France, and in the long-term incentive plan for the Group's key talents and critical roles. Further details are provided in section "Compensation and benefits" pages 165 to 167.

1.3.2.5 Active communication of sustainability performance
The results of each SSI are released through the main channels below:

- Quarterly conference calls on the Group's financial and extra-financial results to investors and the business press;
- The Group's website (quarterly press releases, presentation of integrated quarterly results);
- The Intranet (including a quarterly internal video featuring the CEO and the CFO on the quarter's results – these videos have strong internal visibility);
- The "webradios", which inform the internal Sustainability Fellows about performance and achievements for the quarter and provide an update on key sustainability topics;
- Communications with the Board of Directors via its Human Resources and CSR Committee and the Executive Committee;
- The Group's annual reports (Universal Registration Document including the statutory auditors' report, Schneider Sustainability Report, integrated report);
- The quarterly internal rating for managers on monitoring the level of achievement of objectives related to variable compensation;
- Customers or investors events.

1. Sustainability at the heart of Schneider Electric's strategy

1.3.3 Schneider Sustainability Impact 2018-2020

The 2018-2020 Schneider Sustainability Impact (SSI) includes 21 key performance indicators covering five major challenges (climate, circular economy, health and equity, ethics, and development). Once each performance is converted into a score out of 10, the average of these scores indicates the overall performance of the SSI, with all the indicators having the same weight. Departments directly affected by the improvement plans (Human Resources, Environment, Access to Energy, etc.), each represented by a project leader, implement measures to achieve the objectives of the plans. This project leader works directly with local managers in their respective areas. Each program is sponsored at the SVP and EVP levels.

Each year, the SSI performance impacts short-term incentive plans for more than 60,000 managers (20% of collective share).

Schneider Sustainability Impact 2018-2020

Megatrends and SDGs	2018-2020 programs	2018 results	2019 results	2020 results
Climate	**1.** 80% renewable electricity	30%	50%	**80% ▲**
	2. 10% CO_2 efficiency in transportation	-1.8%	4.1%	**8.4% ▲**
	3. 120 million metric tons CO_2 saved on our customers' end thanks to EcoStruxure™ offers	51	89	**134 ▲**
	4. 25% increase in turnover for our EcoStruxure™ Energy and Sustainability Services	13.8%	23.8%	**17.6% ▲**
Circular economy	**5.** 75% sales under our new Green Premium™ program	45.7%	55.2%	**76.7% ▲**
	6. 200 sites labeled Towards Zero Waste to Landfill	178	193	**206 ▲**
	7. 100% cardboard and pallets for transport packing from recycled or certified sources	62%	96%	**99% ▲**
	8. 120,000 metric tons of avoided primary resource consumption through ECOFIT™, recycling, and take-back programs	43,572	97,439	**157,588 ▲**
Health & equity	**9.** 70% scored in our Employee Engagement Index	67%	64%	**69% ▲**
	10. 0.88 medical incidents per million hours worked	0.94	0.79	**0.58 ▲**
	11. 90% employees have access to a comprehensive well-being at work program	20%	47%	**90% ▲**
	12. 100% employees are working in countries that have fully deployed our Family Leave Policy	75%	99%	**100% ▲**
	13. 100% workers received at least 15 hours of learning (11.25 in 2020), and 30% of workers' learning hours are done digitally	57%	62%	**90% ▲**
	14. 90% white-collar workers have individual development plans	78%	79%	**92% ▲**
	15. 95% employees are working in a country with commitment and process in place to achieve gender pay equity	92%	99%	**99.6% ▲**
Ethics	**16.** +5.5pts increase in average score of ISO 26000 assessment for our strategic suppliers	+1.8	+3.7	**+6.3pts ▲**
	17. 350 suppliers under human rights and environment vigilance received specific on-site assessment	155	279	**374 ▲**
	18. 100% sales, procurement, and finance employees trained every year on anti-corruption	69%	94%	**94% ▲**
Development	**19.** x4 turnover of our Access to Energy program	x1.31	x1.56	**x1.64 ▲**
	20. 400,000 underprivileged people trained in energy management	196,162	246,268	**281,737 ▲**
	21. 15,000 volunteering days thanks to our VolunteerIn global platform	5,691	11,421	**18,469 ▲**

▲ 2020 audited indicators.

The 2017 performance serves as a baseline for the 2018-2020 Schneider Sustainability Impact (SSI). Please refer to pages 185 to 189, for the methodological presentation of indicators. The performance of each indicator is presented in detail in corresponding chapters.

Indicator 13 and 20 scores have been adjusted for 2020 to take into account the impact of the pandemic on specific actions such as face to face training not being able to take place. As agreed with external auditors, a 'rule of three' removing one quarter from the calculation has been applied for the annual results for these two indicators only. This means that, in 2020 only, performance for indicator 13 is calculated against a target of 11.25 hours of training (instead of 15 hours) and performance for indicator 20 is calculated against a target of 380,000 (instead of 400,000). Note that without these corrections, the 2020 SSI score would have been 9.29/10. These modifications are important to reflect well the work of our teams in an exceptional context, but they do not significantly alter the SSI performance (0.3% change).

1.4 Open dialog with stakeholders

1.4.1 Focused dialog with clearly identified stakeholders

This diagram is an overview of sector stakeholders proposed in France by Gimélec, the French trade association for electrical equipment, automation, and related services.

Schneider Electric engages in open and continuous dialog with each of its stakeholders. In particular, the Sustainability department takes into account the comments, ratings, and evaluations from stakeholders on the Group's Sustainability Policy and programs. This feedback is integrated into the drawing up of the registration document, the Group corporate brochure (Schneider Sustainability Report), the integrated report, and new improvement plans throughout the Company program as well as during the design of the SSI every three years.

Source: CSR sector reporting guide, 2017.

1.4.2 Revenue breakdown

Every year for the last 15 years, Schneider Electric has published a diagram showing its revenue distribution for its various stakeholders. This exercise allows the importance of each stakeholder to be highlighted from the point of view of financial flows and shows their share in this flow.

2020 Total Revenue: €25,159 million

Employees: wages	States: income taxes	Non-governmental organizations: donations	Shareholders: dividends	Bank: net bank fees	Procurements and other
€7,284 million	**€638 million**	**€20 million**	**€1,413 million**	**€112 million**	**€12,670 million**

Investment capabilities

Net external financing* including capital change	Operating Cash flow after Dividend Payment
€3,998 million	**€3,022 million**

Investments and development	Net financial investments	Change in cash
€762 million(1)	**€2,448 million**(2)	**€3,770 million**

R&D: **€1,407 million**

* Borrowings, capital increases and treasury stock disposals.
(1) Of which €311 million in R&D.
(2) Of which €106 million for long-term pension assets.

1. Sustainability at the heart of Schneider Electric's strategy

The table below presents the major dialog channels with stakeholders. It is not exhaustive.

Stakeholder	Dialog	Department
Customers	Quarterly customer satisfaction surveys Co-innovation programs Online publication of environmental information on products	Quality, Customer Satisfaction, R&D, Sales, EcoDesign
Financial	Quarterly conference calls to present financial and extra-financial information, meetings, and plenary meetings Regular meetings with individual shareholders Quarterly newsletters to shareholders Response to extra-financial rating questionnaires Individual meetings with SRI analysts Response to SRI analyst questions	Finance, Board Secretary, Sustainability
Partners	Purchaser/supplier meetings Suppliers' day Supplier qualification process Awareness-raising about the Global Compact and ISO 26000 Participation in commissions and work groups on the sustainability of professional groups	Procurement, Environment, R&D, Businesses, Sustainability
Social	Yearly employee satisfaction survey Social dialog with employee representation bodies Sustainability webradios	Human Resources, Sustainability
Technical	Collaborative approach, creation, and participation in competitiveness cluster initiatives, R&D programs, university chairs, and professional associations Active participation in international standardization bodies PEP Ecopassport program	R&D, Activities, Environment
Institutional	Commitment to and promotion of the Global Compact Relationships with public authorities, legislators and the European Commission, especially in the field of energy efficiency	Sustainability, Purchases, Influence
Civil society	Participation in working groups and local and international organizations on challenges within our industry Community programs Partnerships with local NGOs	According to subject and audience, Foundation, and Access to Energy program

1.4.3 Engaging employees in sustainability: The Sustainability Fellows community

Schneider Electric believes that all of its employees should be aware of the major sustainability issues and be ambassadors of its sustainability commitments. To achieve this goal, an initiative was launched in 2013: the Sustainability Fellows. Relying on the internal social network, the community's objective is to make all employees aware of what sustainability is, what the main challenges linked with this topic are, inside and outside the Company, and to understand the link between Schneider Electric's strategy and climate or societal challenges. The goal is also to allow members of this community to share their views in order to solve problems, improve the Company's policies and actions, or to learn about the different ways to get involved daily or occasionally. The Sustainability department acts as the community manager: from posts or polls to quarterly webradio live broadcasts. The community grew from a few hundred people in early 2013 to more than 3,700 Sustainability Fellows in 2019.

In 2021, a new network of local SSI leads will be deployed to track progress of the 3 local commitments set by Schneider Electric Country Presidents.

1.4.4 Global and local external commitments to move forward collectively

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

Topic	Commitment
Sustainable governance and cross-functional topics	**International:** World Business Council for Sustainable Development (WBCSD); Business for Social Responsibility (BSR); United Nations Global Compact (Jean-Pascal Tricoire, Chairman of Global Compact France since 2013, was appointed in 2018 a member of the Global Compact Board of Directors); International Chamber of Commerce (ICC, Environmental and Energy commission); International Electrotechnical Committee (IEC) in many areas, including environmental standardization; T&D Europe (the European association of the electricity transmission and distribution equipment and services industry); Business for Inclusive Growth coalition (B4IG); CEN-CENELEC Circular Economy groups supporting the European mandate M/543. International Business Europe, European Alliance to Save Energy, CEO Alliance, Energy Solutions, European Partnership for Energy and the Environment (EPEE) **France:** French Study Center for Corporate Social Responsibility (ORSE, board of directors); Entreprises pour l'Environnement (EpE), French Association of Private Sector Companies (Afep, environmental and energy, CSR commissions); French Business Confederation (Medef, Energy Competitivity Climate, Environment, CSR commissions); French trade association for electrical equipment, automation and related services, (Gimélec, sustainability commission and commissions on topics related to energy efficiency, smart grids); French trade association for electronic, electric and communication equipment (FIEEC); CCI France (Environmental and Energy commission).
Climate	**International:** Carbon Pricing Leadership Coalition; Caring for Climate; The Climate Group and We Mean Business (RE100, EP100, EV100, Responsible Climate Policy, Report Climate Change Information/TCFD); Business Climate Summit; Clinton Climate Initiative; The 2°C Challenge Communiqué; White House Pledge; UN Global Compact LEAD (Pathways to Low-Carbon & Resilient Development); Energy Transitions Commission (ETC); T&D Europe – Chair of the European group in charge of "Alternatives to SF_6 gas" in the T&D industry; signatory of the UN Global Compact Business Ambition for 1.5°C Pledge (1.5°C Science-Based Target set); Global Footprint Network. **France:** EpE (Zen 2050), French Business Climate Pledge, Climate Chance.
Cybersecurity	**International:** ISO/IEC JTC 1/SC 27: Information security, cybersecurity and privacy protection; IEC/TC65/WG10: Security for industrial process measurement and control – Network and system security; ITIC, the IT Industry Council (Board and Cybersecurity Chair). **Europe:** CEN/CLC/JTC 13 – Cybersecurity and Data Protection; CLC/TC 65X – Industrial-process measurement, control and automation; Digital Europe (board); The European cybersecurity organization (ECSO, convenorship of the group in charge of the standardisation, certification and supply chain management aspects); EG2 group (part of the European Commission Smart Grid task force, in charge of advising it for a future network code for electricity supply cybersecurity). **US:** IEEE Power System Communications & Cybersecurity Committee (PSCC); ISA99: Industrial Automation and Control Systems Security; The Cybersecurity Coalition.
Energy/Energy efficiency/Electric mobility/Digital/ Renewables	**International:** Alliance to Save Energy; The Green Grid (Board); eu.bac (the European association for building automation and controls – energy efficiency in buildings); Orgalim (Orgalim Presidency and Chairmanship of the Energy and Climate Group); CAPIEL/CECAPI (Capiel vice Chair; Impact of Digitization for Buildings; Smart buildings); Global Alliance for Building and Construction (GABC). Energy Solutions, CEO Alliance **Europe:** European Alliance to Save Energy (Vice-chair); Energy Solutions; Solar Power Europe; CEN- CENELEC-ETSI clean energy package group; International Electrotechnical Committee (IEC, in many areas, including e-mobility and smart charging, storage, microgrids, distributed energy resources, grid integration both on digital and hardware perspectives). SmartEn, Wind Europe **France:** National Industry Council (Sectoral Strategic Committee: New Energy Systems); National Energy Transition Council, Green Building Plan; Promodul, financing company for energy transition; Avere (Electric Vehicle Association, Board of Directors and vice-chairmanship); IFPEB (*Institut français pour la performance énergétique du bâtiment*); Industry of the Future Alliance; P2E Initiative; Ignes (digital, energetic and security engineering industries); France Data Centers; *Comité Stratégique de Filière* (CSF); *Industries des Nouveaux Systèmes énergétiques*; Minalogic, Conseil National de l'industrie.

1. Sustainability at the heart of Schneider Electric's strategy

Topic	Commitment
Industry 4.0 and Smart Manufacturing	Industry 4.0 enables smart manufacturing with a wide offer of information and operational technologies as well as communication technology. The acceleration of digitization, software and data in the industrial field is orchestrated by Industry 4.0 for more interoperability, efficiency and value creation. **International:** OPC Foundation (Board, CTO), FDT Group (Board), FieldComm Group (FCG, Board), ECLASS (Board), AutomationML (Board), Open Process Automation Forum (OPAF), Industrial Digital Twin Association (IDTA, Chair), Digital Twin Consortia (DTC), Industrial Automation and Control Systems Security (ISA 99), Edge Computing Consortium (ECC). IEC TC65 (Industrial-process measurement, control and automation, Secretary & chair of Sub-committees), ISO TC184 (Automation systems and integration, Chair), ISO/IEC JTC1 SC 41 (IIOT and Digital Twin), CEN/CENELEC ISO joint working group on CyberSecurity, ISO Smart Manufacturing Coordination Committee, IEC Smart Manufacturing System Committee **National initiatives:** Industrie4.0 (Germany), Alliance Industrie Du Futur (France), Piano Industria 4.0 (Italia), Smart Manufacturing (USA), International Coalition for Intelligent Manufacturing (China)
Smart grids and sustainable cities	**International:** Research Triangle Cleantech Cluster (Raleigh, North Carolina); Grid Edge Executive Council (Greentech Media); Fort Collins Cleantech Cluster (Colorado); OpenADR Alliance; smartEn (Smart Energy Europe, association of market players driving digital and decentralized energy solutions Chairman of the Board); Peak Load Management Alliance; North American Electric Reliability Council (NERC, Functional Model Demand Response Advisory Team); NEMA Smart Grid Council; IEEE (T&D and Power and Electronics Society); Association of Energy Service Professionals (AESP); Association for an Energy Efficient Economy (AEEE); Pacific Northwest Demand Response program; Capiel (European Coordinating Committee of Manufacturers of Electrical Switchgear and Controlgear, Smart grid project group); Orgalim (Infrastructure Task Force); Urban Infrastructure Initiative led by the WBCSD; Electric Drive Transportation Association (EDTA); Bay Area Climate Collaborative (SF Bay); NEMA Distribution Automation Section 8DA; T&D Europe – Chair of the Working Group smart grids and micro grids; EG3 group, part of the European Commission Smart Grid Task Force, in charge of defining regulatory recommendations for the deployment of flexibility; ISGAN (International Smart Grid Action Network); CEN-CENELEC-ETSI Smart Energy grid Co-ordination group; International Electrotechnical Committee (IEC) in many areas, including the Smart Energy System committee. **France:** Think Smart grids, Tenerrdis Energy Cluster.
Circular economy and product environmental performance	**International:** Ellen MacArthur Foundation membership; European Standardization CEN-CENELEC JTC10 Circular Economy (supporting the European mandate M/543 for assessing recyclability, remanufacturability, repairability); PEP ecoPassport (Product Environment Profile, Presidency), PEP ecoPassport was selected by EU as leader of PEF (Product Environment Footprint) experimentation phase (2020-2021) for EEE cluster (Electric and Electronic Equipment), for promotion of transparent, robust and digital Product Environmental information; International Electrotechnical Committee (IEC, in many areas, including environmental standardization). **France:** Afep (Circular economy working group), AFNOR Circular Economy, Gimélec (chairmanship of strategic taskforce for Circular Economy); MTES/*Feuille de Route Éonomie Circulaire* (active contributions, working groups).
Access to energy	**International:** Sustainable Energy for all; Club ER; Alliance for Rural Electrification; Co-lead of the B4IG coalition's "Access to essential goods and services" working group; IFC Energy2Equal; Solar Impulse Foundation. **France:** ADEME (Ecological Transition Agency)/ SER (Renewable Energy Trade Association) working groups on Access to energy; Supporting partner of the Movement for Social*Business Impact/Enterprise and Poverty Chair at HEC.
Fuel poverty	**International:** Ashoka, Social Innovation to tackle energy poverty program; European Policy Center; Fondation du Roi Baudouin, Plateforme de lutte contre la précarité énergétique. **France:** The *Rénovons* initiative/CLER the energy transition network; (Hope, *la chaire pour lutter contre la Précarité Energétique/Fondation Grenoble INP; Stop à l'exclusion énergétique/Fondation des transitions*.
Diversity & Inclusion	**International:** Signatory of the UN Women's Empowerment Principles (WEP); Signatory of the Global Deal; Member of the B4IG coalition's "Building inclusive workplaces" working group; signatory of the Women's Forum climate charter; Member of the ILO Global Business and Disability Network (GBDN); Member of the Gender and Diversity KPI Alliance. **France:** Diversity Charter; Agreement for professional gender equality; Parenthood Charter; Disability Agreement; Agreement on inter-generational mechanism; Apprenticeship Agreement; Signatory of PaQte, a collective of companies working to be more inclusive with specific action plans for working-class neighborhood; Youth and regional development with associations (FACE, *100 Chances 100 Emplois, Energie Jeunes*, ADIE, GEFLUC).
Education	**International:** Training program in energy management for disadvantaged people, in partnership with local vocational training centers and/or national or international non-profit organizations. **France:** Paul-Louis Merlin school, framework agreements with the Ministry of National Education, Higher Education and Research, partnerships with the continuing education network of UIMM, Ingénieurs Pour l'École network (IPE), selected by the Ministry of Education for the Digital School project.

Topic	Commitment
Ethics and human rights	**International:** Transparency International, Global Compact LEAD (Decent Work in Global Supply Chains); member and co-leader of the B4IG coalition's "Advancing human rights in direct operations and supply chains" working group. **France:** *Cercle éthique des affaires* (Business ethics club, Board of Directors); *Club Droits Humains* (Human rights club) of Global Compact France; EpE.
Biodiversity	Livelihoods (carbon offset fund for biodiversity and rural communities), act4Nature Initiative; *Caisse des Dépôts et Consignations* (CDC) – Positive Biodiversity Businesses club (B4B+) membership.
Philanthropy	**International:** International Association for Volunteer Effort (IAVE), more than 70 NGOs supported each year in over 35 countries. **France:** Fondation de France, Admical (*Association pour le développement du mécénat industriel et commercial,* member of the European network CERES); *IMS-Entreprendre pour la cité; Centre français des fonds et fondations*; Pro Bono Lab; *Alliance pour le Mécénat de compétences.*
Standardization	With around 700 experts actively participating in international and national standardization bodies, Schneider Electric is making a decisive contribution to the creation and distribution of standards that ensure the safety and reliability of electric facilities and equipment, and address their environmental impacts all along their life cycle to prepare for a better circular economy, support the new energy landscape with the goal of greener energy integration, safer energy delivery and better integration of prosumers, and support the digital transformation of the industry. Schneider serves, in particular, as a main contributor of the French electrotechnical institute, which is a founding member of international (IEC – International Electrotechnical Commission) and European organizations (Cenelec – European Committee for Electrotechnical Standardization). Involved in these two organizations, at governance and technical levels, it participates actively in the standardization of smart grids, for which it leads the definition of standards and the standardization roadmap within the European smart grids coordination group, as well as the group in charge of standardizing the interfaces between smart buildings and smart grids. It chairs the IEC Committee on Environmental standardization of Electric and Electronic Equipment and is secretary of IEC SC23K on Energy Efficiency Products, Systems and Solutions. It chairs the French Committee for environmental standardization and the French Committee on Circular Economy. It was a major contributor to smart manufacturing initiatives such as the AIF in France. Notably, it is a member of the Council Board and of the IEC Conformity Assessment Board. It chairs the Smart Energy Grid coordination group of the CEN-CENELEC-ETSI (European Standardization Committee – European Committee for Electrotechnical Standardization – European Telecommunications Standards Institute), responsible for ensuring availability of an appropriate set of standards for the rollout of smart grids in Europe, as well as supporting the coming new legislative "Clean Energy Package". CEN-CENELEC-ETSI are the three official European standardization bodies. Schneider also chairs the group at the IEC level in charge of defining the roadmap of international standards to support the rollout of the Smart Energy sector (smart grids, in addition to interfaces with other energies). This roadmap also includes cybersecurity and resilience, as well as the impact of the IoT. It contributes to the European Commission's Circular Economy package, with CEN-CENELEC-ETSI developing a set of standards assessing reparability, reusability, recyclability, remanufacturability, etc. of products by 2020 which fall within the scope of the EcoDesign directive. Schneider has appointed active experts in each of the working groups. In 2018 it led the UPS manufacturers' group in the EU Commission's Product Environmental Footprint (PEF) pilots for defining rules to assess the PEF of products put on the EU market, prior to its implementation of the European policy. It chairs several ISO (International Standardization Organization) technical committees. At the forefront of digital transformation, it is a board member of the European AIOTI initiative (Alliance for Internet of Things Innovation), leading in particular the buildings work group, and leading the IEC 17 working group on compliance assessment in the field of cybersecurity. Since February 2007, Schneider has represented France on the IEC's Advisory Committee for Environmental Aspects (ACEA). ACEA works to advise and coordinate the IEC's efforts to tackle environmental issues. The Group also chairs the IEC's Advisory Committee for Energy Efficiency (ACEE), created in 2013, and chairs the Advisory Committee on Safety (ACOS). It also chairs many French standardization committees hosted by AFNOR (French standards organization). It is particularly heavily involved in the working group on sustainability (chairing environment and circular economy groups) and in the work on the rational use of energy.

1.5 Integrated and transverse governance of sustainable development

At Schneider Electric, sustainability is integrated in the processes and bodies that design and execute the Group's strategy at board, executive and operational levels.

1.5.1 The Board of Directors

In 2013, the Board of Directors decided to extend the powers of the Governance and Remunerations Committee to corporate social responsibility issues. Since 2014, there has been a specific committee for CSR: the Human Resources & CSR Committee. The committee meets at the initiative of its Chairman or at the request of the Chairman and CEO. The agenda is drawn up by the Chairman, after consulting with the Chairman and CEO. The committee shall meet at least three times a year (five meetings in 2020).

The committee may seek advice from any person it feels will help it with its work.

Main responsibilites:

- Employee shareholding schemes and share allocation plans;
- Compensation of Group managers;
- Succession plan for key Group Executives;
- Human Resources;
- CSR policy and results.

In 2020, the Human Resources & CSR Committee reviewed the CSR strategy (see chapter 3, pages 255-256).

1.5.2 The Group Sustainability Committee

Since 2010, the three members of the Executive Committee in charge of Human Resources, Global Supply Chain and Strategy & Sustainability have met twice per year with the Sustainability Director to monitor and steer the Group's action plans in this area. In 2016, the Global Marketing EVP, joined this committee. In 2020, Chief Governance Officer & Secretary General as well as the Chief Financial Officer also joined.

The committee may seek advice from any person it feels will help it with its work.

Main responsibilities:

- Decides the Sustainability dynamic and reduce;
- Validates the Schneider Sustainability Impact;
- Monitors global sustainability performance and rankings;
- Reviews alignment with UN Sustainability Development Goals;
- Informs the Board HR&CSR Committee.

1.5.3 The Sustainability department

The Sustainability department, created in 2002, has been part of the Strategy department since 2008. It has the following responsibilities:

- Schneider Electric's sustainability strategy and rollout action plans at Group level with relevant entities;
- Schneider Electric's innovative community projects to ensure continued improvements in the Group's performance in this area;
- Central point of contact for internal and external stakholders regarding sustainability at Schneider Electric.

It is organized around three areas:

- Social responsibility, specifically with the Schneider Electric Foundation as well as local economic and social development programs;
- Access to energy, with responsibility for the Access to Energy program;
- Group performance, in particular by steering the Schneider Sustainability Impact, the Extra-Financial Performance Declaration, the Schneider Sustainability Report, and the integrated report.

1.5.4 The Schneider Sustainability Impact Steering Committee

In 2020, a specific SSI Steering Committee was created, with about 50 members: representants of each Excom member, geography, function, and business unit. Three all-hands workshops took place, and the sustainability team organized individual follow up interviews with each member to define precise and measurable programs for the 2021-2025 SSI.

1.5.5 Other key organizations

- Global Supply Chain organization, with responsibilities including safety and the environment;
- Human Resources organization;
- The Ethics Committee.

* Non-exhaustive list: Access to Energy Committee, Carbon Committee, SERE (Safety Environment Real Estate) Committee, Ethics Committee & Fraud Committee, Duty of Vigilance Committee, Foundation's Executive Committee & Schneider VolunteerIn Board, HR Committee, Diversity & Inclusion Committee, SSI pilots and sponsors.

1.6 External and internal guidelines for a solid framework

1.6.1 External guidelines

The United Nations Global Compact and Sustainable Development Goals (SDGs)
The Global Compact was launched in 1999 by UN Secretary-General Kofi Annan. It brings companies and non-governmental organizations together under the aegis of the United Nations. Parties signing the Global Compact commit to 10 fundamental principles in four areas: human rights, labor rights, the environment, and anti-corruption. By signing the Global Compact in December 2002, Schneider Electric made a public commitment to these universal values. In line with the requirements of the Global Compact, Schneider publishes an annual Communication on Progress (COP) and meets the requirements of the Global Compact Advanced Level.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership. Schneider Electric is committed to contribute to the 17 SDGs through its sustainability programs.

International Organization for Standardization (ISO)
In 2010, the ISO published its guidelines on organizations' social responsibility (ISO standard 26000). This standard promotes a compromise involving different players from the public, private, and non-profit sectors from around 100 countries, and a vision of how an organization should view societal responsibility. This standard legitimizes the sustainability actions undertaken by the Group since the early 2000s and provides an educational support and framework for its actions in the field. The Group has worked since 2012 to promote the adoption of the ISO 26000 principles with its suppliers.

Schneider also adopts other ISO guidelines or certifications see ISO 14001 and ISO 50001, page 132; ISO 45001, page 146; ISO 9001, page 131; ISO 27000, page 109; ISO 14025 and 14021, page 143.

The Global Reporting Initiative (GRI)
The GRI was established in 1997 as a mission to develop globally applicable directives to report on economic, environmental, and social performances. Brought about by the Coalition for Environmentally Responsible Economies (CERES) in association with the United Nations Environmental Program (UNEP), the GRI integrates the active participation of companies, NGOs, accounting bodies, business associations, and other stakeholders from across the globe. In 2016, Schneider integrated updates to the GRI Standards. A reference table with its indicators and those proposed by GRI is available on the Schneider Electric website.

The Sustainability Accounting Standards Board (SASB)
The SASB Foundation was founded in 2011 as a not-for-profit, independent standards-setting organization. Schneider Electric provides information in alignment with SASB reporting guidelines for its sector (Electrical and Electronic Equipment). A correspondence table can be found in pages 192 to 193.

The Task Force on Climate-related Financial Disclosures (TCFD)
In June 2017, the TCFD, a working group led by Michael Bloomberg under G20 Financial Stability Board's (FSB) mandate, published its recommendations for companies' climate action disclosure. CEOs from more than 100 companies signed a statement of support for the TCFD recommendations and Schneider Electric's CEO was among them. Detailed information can be found in Schneider Electric's CDP Climate Change public disclosure and in this report on pages 194 to 197.

The Sciences-Based Target initiative (SBTi)
Science-Based Targets (SBTs) specify how much and how quickly companies need to reduce Greenhouse Gas (GHG) emissions in order to avoid a 1.5°C or 2°C global temperature increase, compared to pre-industrial levels. Schneider Electric is part of the 1,000+ companies globally that have committed to reduce GHG emissions in alignment with prevailing climate science through the SBTi. The Group's GHG footprint is calculated following the World Resources Institute (WRI) GHG Protocol pages 202 to 203. The Group's target to achieve net-zero operational emissions and to reduce scope 3 emissions by 35% by 2030 (vs 2017), was validated 1.5°C aligned by the SBTi in 2019.

Organisation for Economic Co-operation and Development (OECD)
The OECD is an international organisation that works to build better policies for better lives. Schneider Electric is aligned with the OECD Guidelines for Multinational Enterprises. Schneider Electric signed the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and established a "Conflict Minerals Compliance program" based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from conflict affected and high-risk areas.

International Labor Organization (ILO)
Schneider Electric is a Member of the ILO Global Business and Disability Network (GBDN) and adheres to the principles of the ILO Declaration on Fundamental Principles and Rights at Work. The Group's Principles of Responsibility were inspired in part by the standards issued by the International Labor Organization (ILO).

1.6.2 Internal governance model

Policies create the backbone of an organization's compliance and security program. They ensure employees understand how to implement critical tasks and meet behavior expectations. Regulators have made clear the need for effective policy development and management programs. It is no longer enough to merely document the existence of policies and procedures.

Organizations must be able to demonstrate that employees know, understand and apply them. In other words, simply developing and publishing policies is no longer sufficient in the eyes of our stakeholders (NGOs, regulators, customers, financial partners, etc.). To that end, Schneider Electric has established a four tier form of documentation pyramidpyramid of norms, under the umbrella of our Ethics Charter called the Principles of Responsibility, organized in policies, standards, procedures, and guidelines.

Policies consist in formal statements produced and supported by the leadership team, that state where the organization stands on important issues. Schneider has around 70 global policies distributed in the five pillars of the Principles of Responsibility: Human rights and people development, Ethical business of conduct, Responsible purchasing, Environment and Digitally trusted and secure. The Schneider Electric Global Policy Management Policy provides the rules to be followed for global policies.

Standards assign quantifiable measures and define acceptable level of quality. They aim to make a policy more meaningful and effective. Procedures establish the proper steps to take to operationalize a policy and/or standard. Finally, guidelines provide additional guidance with a set of recommendations to clarify expectations in relation to a given procedure.

Principles of Responsibility
Schneider Electric has written guidelines that promote an ethical framework and strategic roadmap in which the activities of the Group are carried out: The Principles of Responsibility, which are supplemented by policies and related directives. They are available publicly on our website in 26 languages. Further details are provided page 100.

Human rights and people development
In 2017, Schneider Electric drafted a specific Human Rights Policy as part of a broader program on duty of vigilance in its value chain and in line with the UN Guiding Principles on Business and Human Rights (see pages 101 to 102).

The Group's Human Resources policies cover the following topics: diversity & inclusion, health & well-being, safety, security and travel, employee engagement, family leave, anti-harassment, recruiting, international mobility, training, human capital development, talent identification, total remuneration, social benefits and COVID-19. These apply to the Group and are accompanied by global processes.

Ethical business conduct
In addition to the Principles of Responsibility, different policies and directives bolster the Group's commitments in terms of business ethics and integrity. The Business Agents Policy specifies the rules to be followed when an external stakeholder is solicited to get a deal and integrates the approval process of business agents. The Internal Fraud Investigation directive indicates the commitment to whistleblower protection. The Gifts & Hospitality Policy was approved by the Group's CEO in December 2015 and was deployed locally. It is supplemented by an anti-corruption Code of Conduct detailing related processes. Other policies cover social media management, competition law, conflict of interest, export control, etc.

Digitally trusted and secure
With the speed of the digitalization, Schneider Electric developed many policies to reinforce its cyberposture and respect personal data and privacy as IT asset management and usage, acceptable use of assets, general information security, data classification, global data privacy, user access management policy, email security policy and many others. It is the pillar containing the most policies.

Act for the environment
Schneider Electric's environmental policy aims to improve industrial processes, reinforce product EcoDesign and incorporate Group customers' concerns about environmental protection by providing them with product and service solutions. It is bolstered by the Energy and Environment policies. These policies apply to the Group and are accompanied by global action plans.

Responsible purchasing
In 2016, Schneider Electric renewed the charter for its suppliers, called the Supplier Guide Book. The first chapter of this book sets out the Group's sustainability expectations in five areas: environment, fair and ethical business practices, sustainable purchasing, working conditions, and human rights. These requirements are detailed in a dedicated document called the Supplier Code of Conduct. In 2018, the Group adopted the Responsible Business Alliance (RBA) Code of Conduct for suppliers.

1.7 Ratings and awards

1.7.1 Ratings and ESG indices

Dow Jones Sustainability Index (DJSI)
In 2020, Schneider Electric was one of the 323 companies in the DJSI world index, which is comprised of corporate leaders in global sustainability as identified by SAM, now a part of S&P Global, and represents the top 10% of the largest 2,500 companies in the S&P Global Broad Market Index based on long-term economic and ESG factors. Schneider Electric was ranked 1st in the Electrical Components & Equipment group with a score of 88/100 (a +5 points progress versus 2019). It has been part of this index since 2002, except in 2010, and was an industry leader between 2013 and 2016, and in 2020.

CDP Climate A list and Supplier Engagement Leader
In 2020, Schneider Electric was one of 273 companies, of over 9,600 companies that participated in the CDP Climate Change program, to secure a place on the Climate A list, and the only company in its industry to achieve an A rating for the tenth consecutive year. Schneider Electric is also a member of the CDP Supplier Engagement Leader Board for its performances as a supplier when examining four key areas of the CDP questionnaire on climate change: governance, objectives, scope 3 emissions, and commitment in the value chain.

It belongs to several STOXX indices, in particular Global Low Carbon Footprint, Global Climate Change Leaders, EURO STOXX 50 Low Carbon, Global ESG Environmental Leaders, and Global ESG Impact indices.

CDP Water
Schneider Electric received an A- score for its third participation in CDP's Water Security questionnaire.

Vigeo Eiris industry leader and Ethibel Sustainability Index
Following assessment in October 2020, Schneider Electric is an industry leader (Electric Components and Equipment) at the highest level (Advanced), with a rating of 66/100 (+1 points versus previous rating). As of December 2, 2020, Schneider Electric is part of the Euronext Vigeo Eiris World 120, Europe 120, Eurozone 120 and France 20 indices. The average score for companies in the World 120 is 57/100.

Schneider Electric has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe and the ESI Excellence Global since 08/05/2020

FTSE4Good
Schneider Electric is part of the FTSE4Good Developed, Environmental Leaders Europe 40 (index decommissioned in August 2020), FTSE Environmental Opportunities, and FTSE EO Energy Efficiency indices.

EcoVadis Advanced level and Platinum rating
Schneider Electric has achieved Advanced level (and Platinum rating) at EcoVadis with a rating of 82/100 (+2 pts versus 2019 rating).

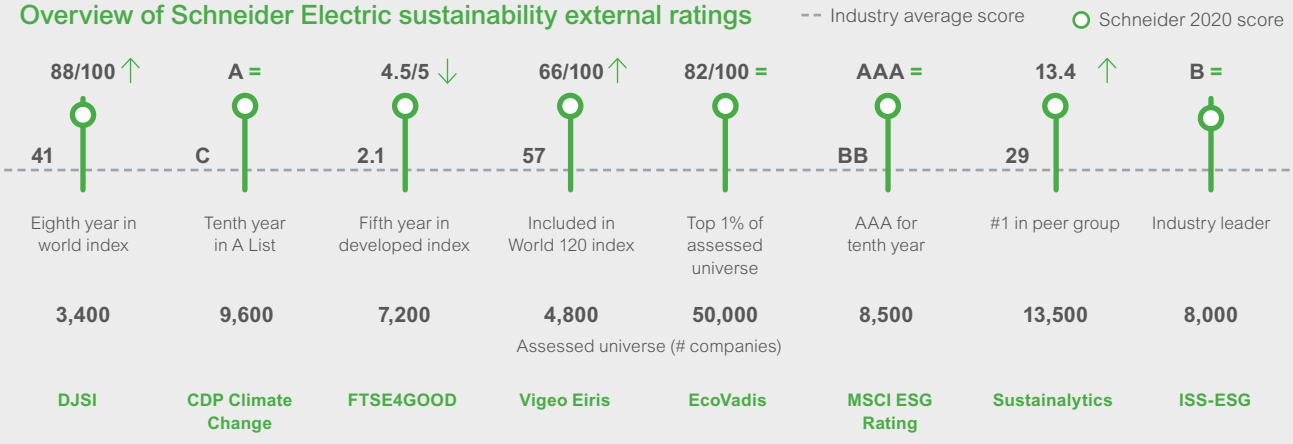
MSCI industry leader
Schneider Electric has been at AAA grade since 2011, an industry leader and a member of the MSCI SRI, Socially Responsible, ESG Leaders, Select ESG Rating & Trend Leaders, Low Carbon Leaders, and Low Carbon Target (list non-exhaustive).

Sustainalytics leader
Following its assessment in August 2020, Schneider Electric was ranked 1st among peers with $37.3-$70.8 billion market cap, with a 13.4 risk rating (Low Risk) and is part of the STOXX Global ESG Leaders, Environmental Leaders, Social Leaders, Governance Leaders, Impact, and STOXX Sustainability indices.

ISS
Schneider Electric achieved a 1 ranking in Environment, 1 in Social, and 4 in Governance at ISS (Institutional Shareholder Services, Inc.) in the 2020 QualityScore. The rating scale runs from 1 to 10, with 1 representing the lowest risk level and 10 the highest. Schneider Electric is at Prime level at ISS-ESG with an absolute B rating (versus B- in 2019), the best rating in its industry (Electric Components) out of 136 companies.

ECPI
Schneider Electric is included in the ECPI Carbon, Ethical, Renewable Energy, Global Developed ESG Best in Class, Megatrend, Climate Change, and Circular Economy leaders.

Overview of Schneider Electric sustainability external ratings



1.7.2 Other awards in 2020 and beyond

Impact & ESG

Global 100 most sustainable corporations
Schneider Electric ranked 29th in January 2020 in the list drawn up by Corporate Knights, and 1st in January 2021 for the first time. This is the tenth year running it has appeared on this list.

2021 most responsible French companies
In November 2020, Schneider Electric was ranked 1st among 250 French companies by French magazine, Le Point and German independent institute, Statista for its commitment to sustainability and its innovative tool – Schneider Sustainability Impact.

Impak Finance
The new independent, B-Corp Certified, impact rating agency, has ranked Schneider Electric 1st in CAC40 for its contribution to the UN Sustainable Development Goals for the second year in a row. The Group obtained a score of 434/1000, way ahead of the CAC40 average of 231/1000.

Climate

Carbon Clean 200 list
in the first quarter of 2020, Corporate Knights ranked Schneider Electric 9th worldwide for its revenue devoted to energy transition. In February 2021 Schneider Electric ranked 8th.

Circular Economy

The Circulars 2019
Schneider Electric won an award in the Multinational Companies category of The Circulars 2019 awards for its commitment to the circular economy. This award recognizes Schneider Electric's efforts to make the circular economy a core tenet of its strategy and its innovation as well as its ambitious goals in the field.

Supply Chain

Gartner 2020 Supply Chain top 25
Schneider Electric has progressed to 4th position (versus 11th in 2019) in the Gartner Supply Chain top 25 ranking for the exemplary management of its value chain. Schneider also received Gartner's 2019 Industrial Manufacturing Supply Chainnovator award.

DIversity & Inclusion

Bloomberg Gender-Equality Index
In 2020, Schneider Electric was present in Bloomberg's Gender-Equality Index. In 2021, among 380 companies and for the fourth consecutive year, the Group is also present in this Index.

Financial Times Top 50 Diversity leader 2021
Schneider Electric was recognized as a Top 50 Diversity leader by the Financial Times for the second year in a row. As a result of Schneider's relentless commitment to be an inclusive and diverse company, its ranking increased to 27th overall and 2nd in its industry category.

Equileap Global Gender Equality Report and Ranking
According to Equileap, Schneider Electric is one of the 100 companies worldwide with the highest level of workplace gender equality. The Group ranked 31st overall in 2019, and 1st in its sector. It is also ranked 5th in the Top 20 European list, published in March 2020, with a score of 63%.

Ethics & Governance

Ethisphere
Schneider Electric was one of the 135 most ethical companies according to Ethisphere's ranking in February 2021; only three French companies were included in this year's ranking.

Best 2020 vigilance plan
In January 2021, Schneider Electric won the Best 2020 Vigilance Plan after an assessment of all the CAC40 companies by the Sustainable Investment Forum (FIR) and A2 Consulting.

Grands prix de la transparence 2020
Schneider Electric has entered the Top20 most transparent company by ranking 11th. The Group has also received the Gold label which has only been awarded to 15 companies having obtained a 30% higher transparency rating to the overall SBF 120 average.

Employer awards

Universum Top 50 World's Most Attractive Employers
Schneider was recognized by students worldwide as one of the World's Most Attractive Employers ranking 48th in Engineering and IT by Universum. Over 235,000 respondents from the Universum Talent Surveys have ranked the companies they find most desirable to work for.

Catalyst award
Schneider Electric received an award in 2019 for its capacity to attract female employees in India, an initiative that is an integral part of the Group's global diversity and inclusion program.

Fortune, Glassdor
Schneider is recognized by Fortune as one of the "World's Most Admired Companies", in the Top 5 of the electronic industry, for the third consecutive year.
Schneider received a score of 4.1 from Glassdoor at the end of 2020.

2. Green and responsible growth driving economic performance

In this section:

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Context and goals

Climate change is one of the main challenges of the 21st century. Schneider Electric works for industries that account for the majority of global energy consumption but as energy consumption is not always optimized, it makes it one of the largest sources of CO_2 emissions. As a global specialist in the digital transformation of energy management and industrial automation, Schneider Electric places its expertise and solutions at the service of its customers to ensure that energy is safe, reliable, efficient, connected and sustainable. The Group's differenciation lies in its complementary actions to support its customers in their zero CO_2 journey, while aiming for outstanding environmental, social, and ethical performance. The Group works in more than 100 countries, with adaptable practices, standards, and values. The Company has defined Principles of Responsibility that apply to the entire Group and are based on dedicated organization and processes. In addition, Schneider Electric is committed to sharing its sustainability vision with as many of its suppliers as possible.

Key targets and results

Schneider Sustainability Impact 2018-2020

Megatrends and SDGs	2018-2020 programs	2020 progress	2020 target
Climate 	**1.** Renewable electricity	**80% ▲**	**80%**
	2. CO_2 efficiency in transportation	**8.4% ▲**	**10%**
	3. Million metric tons CO_2 saved on our customers' end thanks to EcoStruxure™ offers	**134 ▲**	**120**
	4. Increase in turnover for our EcoStruxure™ Energy and Sustainability Services	**17.6% ▲**	**25%**
Ethics 	**16.** Increase in average score of ISO 26000 assessment for our strategic suppliers	**+6.3pts ▲**	**+5.5pts**
	17. Suppliers under human rights and environment vigilance received specific on-site assessment	**374 ▲**	**350**
	18. Sales, procurement, and finance employees trained every year on anti-corruption	**94% ▲**	**100%**

▲ 2020 audited indicators.
The 2017 performance serves as a starting point value for the Schneider Sustainability Impact 2018-2020.
Please refer to pages 185 to 189 for the methodological presentation of indicators and the following pages for the analysis of the results: pages 133-134 for indicator 1; pages 134-135 for indicator 2; pages 126-127 for indicator 3; pages 97-98 for indicator 4; pages 116-117 for indicator 16; pages 112-114 for indicator 17; and pages 107-108 for indicator 18).

2.1 Smart energy management products and solutions to help fight climate change

2.1.1 Description of risks and opportunities

The planet is facing an unprecedented challenge as it works to recover from the COVID-19 pandemic. Close on the heels of the recovery from this health and economic crisis will be the ongoing need to urgently decarbonize our buildings, industries, data centers, and homes if we are to succeed in meeting the parameters of the Paris Agreement on climate change.

Schneider Electric research indicates that 93% of large companies are deploying energy and resource efficiency measures to reduce their overall carbon emissions, and 70% of companies surveyed for our 2020 insight report have set and publicly announced energy and/or sustainability goals.

Energy and emissions management lies at the heart of Schneider Electric's business strategy. Customers – companies, citizens, governments – all want to reduce their costs and environmental impact while constantly improving the reliability, safety, accessibility, and performance of their energy and digital solutions.

To ensure that energy efficiency and greenhouse gas (GHG) reduction targets are achieved, and to facilitate the increasing share of renewable energy and clean technologies in the energy mix, Schneider Electric provides an innovative and competitive portfolio of products and software solutions to help its customers.

2.1.2 Energy & Sustainability Services

As of this writing, more than 1,000 companies globally have committed to reduce GHG emissions in alignment with prevailing climate science through the Science-Based Targets initiative. Some of these same companies have also made public commitments to energy productivity, renewable energy procurement, or electric vehicle deployment through initiatives such as the RE100, EP100, and EV100. Deregulation of global energy markets drives even further the need for organizations to seek professional support in their decarbonization and energy procurement pursuits. Thousands of Schneider Electric's corporate customers rely on the unbiased and trusted advice and expertise of the Energy & Sustainability Services (ESS) division.

The increasing complexity of and pressures in energy and resource management calls for data-driven, integrated strategies that support organizations across their product and service portfolio. We call this holistic approach to buying energy smarter, using it more efficiently, and stewarding global resources, Active Energy Management (AEM). AEM enables Schneider Electric clients worldwide to maximize investments, deliver greater returns, and build more robust, resilient operations that can endure in the face of growing global challenges.

Practical examples of AEM include:

- Tracking, managing, and disclosing environmental data to voluntary or regulatory agencies and shareholders;
- Managing the increasing convergence in energy procurement of conventional and renewable power;
- Exploring and investing in renewable and clean technologies;
- Implementing demand response programs based on real-time price or carbon signals;
- Combining distributed energy resources and efficiency technology to cut costs, reach CO_2 reduction goals, and increase resiliency;
- Using utility records to validate compliance with industry standards and regulatory requirements.

Schneider Electric's ESS division helps the world's leading companies set energy and sustainability goals for themselves and their supply chain, develop a strategy and roadmap for action, collect data, and deploy solutions and programs to reduce their footprint and meet their goals.

ESS offers include:

- Energy and sustainability consulting services, including climate change mitigation, carbon neutrality strategies, and supply chain decarbonization initiatives;
- Strategic procurement programs including traditional and renewable energy, distributed energy resources, microgrids, global Energy Attribute Certificates (EACs) and carbon offsets;
- Enterprise efficiency consulting and performance contracting to measure, manage, and reduce energy and resource consumption;
- Sustainability consulting services including science-based carbon reduction target goal setting, and ESG reporting and disclosure;
- Energy and sustainability certification, compliance, and reporting;
- Enterprise-wide energy and sustainability data collection with integration into the AI-enabled EcoStruxure™ Resource Advisor software platform (Schneider Electric's ESS division manages more than 128 million metric tons of carbon equivalent on behalf of its clients annually).

Buying energy smarter. Using energy efficiently. Operating more sustainably. All worthy pursuits on their own, but much more effective when combined through AEM. As climate change and resource scarcity concerns grow, integrated energy and carbon management gives companies a holistic view of their performance and access to the data they need to refine their strategies and drive innovation and action. Moreover, companies that embrace smart grid technologies increase electric reliability and lower the risk of price fluctuations, which make for more profitable companies.

Buy energy at the lowest possible cost

Energy is the most volatile commodity in the world

Save more energy with less money

93% of companies have adopted energy efficiency

All while stewarding global resources

More than 200 companies globally committed to RE100

2. Green and responsible growth driving economic performance

SSI#4: 25% increase in turnover for our EcoStruxure™ Energy & Sustainability Services (ESS)

ESS works with thousands of clients around the world to help them proactively manage their energy, carbon, and resource footprints. ESS annually manages more than EUR 30 billion in energy spend (70 GW), 128 million metric tons of CO_2, and over 250,000 client sites. ESS is the foremost advisor to corporations on global energy procurement, including renewable energy and emission-reducing technologies. It has received recognition for its microgrid solutions, sustainability consulting, and EcoStruxure™ Resource Advisor software, as well as being honoured as a leading ESCO and Energy-as-a-Service provider.

% turnover increase vs 2017

+17.6%

2.1.3 Partner of choice in energy transition

Distributed Energy Resources (DERs) are reshaping the energy landscape. Consumers are now able to reach new heights in energy cost savings, sustainability, and resilience by investing in DERs behind-the-meter, turning themselves into prosumers.

Intermittent and decentralized, DERs employ innovative power systems designed to optimize and ensure system stability, and to finance asset implementation. This calls for behavioral changes, new and smart technologies, and new business models. Today, DERs can help tackle energy challenges by creating an optimized way to access reliable, green, and resilient energy.

Microgrids are the emerging energy ecosystem that provides practical answers through a local, interconnected energy system within clearly defined electrical boundaries, which incorporate loads, DERs, energy storage, and control capabilities.

Schneider Electric's microgrid management offerings consist of:

- The EcoStruxure™ Microgrid Advisor, which is a cloud-based solution that leverages powerful analytics to optimize microgrid performance in terms of sustainability, energy costs, and productivity;
- The EcoStruxure™ Microgrid Operation, which is an on-premise solution that ensures grid stability and energy reliability in several scenarios (islanded, grid-tied, etc.);
- The Energy Control Center, which is the whole microgrid in one box – minimizing the impact on the rest of the installation.

The open, scalable EcoStruxure™ solutions can be connected with Schneider Electric or third-party systems, for both new and existing infrastructures. This, combined with innovative business models to help end users navigate the landscape, optimize system design and operation, and achieves the desired energy goals.

Schneider Electric's Access to Energy solutions electrify remote areas, from individual systems in homes and micro-enterprises to larger scale systems in public institutions, schools, healthcare centers, and other community buildings. Schneider Electric recently launched Villaya Emergency, a mobile hybrid microgrid, that provides cost effective clean energy to people without access to energy (see section 5.2, pages 174-175, for more details).

2.1.4 Driving grid transformation in energy transition

The energy landscape is under transition, driven by megatrends like decentralization and decarbonization of energy generation as well as digitization across the grid. Grid operators must innovate to provide customers with reliable power, all the while running operations at maximum efficiency.

Schneider Electric recognizes that the world of the prosumer and that of the electricity company, are tightly interconnected. EcoStruxure™ for Electricity Companies harmonizes and unites both sides of the energy equation. It contains offers that help both supply and demand energy players to harness and capitalize on the new energy landscape.

With EcoStruxure™ for Power & Grid:

- The Group helps Power & Grid companies to build a sustainable future by providing greener power generation, building smarter grids, and serving affordable low carbon energy to consumers, while improving their profitability;
- EcoStruxure™ for Power & Grid makes electrical networks and generation assets smarter through digitalization. Schneider Electric's digital solutions help its customers satisfy their own customers' electricity demand without interruption, with greater grid resilience, more reliability, and better cost avoidance, integrating greener and more sustainable energy at an acceptable cost while still reducing their carbon footprint;
- It integrates DER and renewable/intermittent energy sources into existing grids in a safe and optimal way. It ensures the grid stays stable and manageable as the growth of decentralized renewables continues into the foreseeable future;
- It optimizes and extends the life of existing grid assets through services. Power & Grid companies are some of the most asset-intensive organizations on the planet, and Schneider Electric's services, expertise, and technologies lead to substantial efficiencies and avoided downtime, which means huge cost savings for its customers;
- It provides microgrid solutions for prosumers. Microgrids and energy-as-a-service are gaining popularity because they solve many different energy problems. These include, ensuring a reliable power supply, reducing energy costs, reducing CO_2 emissions, taking ownership of consumption, giving users the power of choice and control, and optimizing the energy mix according to one's particular goals.

2.1.5 Energy efficiency

Energy efficiency means using less energy for equivalent performance or service. This reduces energy consumption and carbon emissions and saves money while contributing to energy security and creating jobs. In its World Energy Outlook 2017, the International Energy Agency (IEA) estimates that over 80% of the economic potential of energy efficiency in buildings and more than half in industry, remains untapped. The world has to use energy at least 3% more productively each year in order to stay below the 2 °C global warming level, and there is a big opportunity to reduce emissions with energy efficiency.

Improved energy efficiency not only pays dividends by trimming consumption and costs, it also brings environmental sustainability benefits, which can deliver as much as 2.5 times the value of reduced energy usage (IEA). The good news is that most companies are working towards increasing energy efficiency.

Schneider Electric has been investing in software companies to digitize the design, build process, and operation of the next generation of energy efficient buildings. These investments include: 1) our partnership with Autodesk to design the next generation of energy efficient buildings, 2) our acquisition of Rib Software to increase efficiency of build process, and 3) our investment in Planon Software to enable sustainable operation of buildings.

Schneider Electric promotes active energy efficiency solutions, which consist of optimizing the entire energy cycle using energy control products, systems, services, and software. Schneider Electric is helping companies and utilities to reduce energy consumption by up to 30%, as well as optimizing their processes.

Schneider Electric's EcoStruxure™ architecture framework enables the Group, its partners and end-user customers to develop scalable digital solutions that:

- Maximize energy efficiency and sustainability through smarter systems and real-time, data-driven decisions;
- Optimize asset availability and performance through predictive analytics and proactive maintenance;
- Enable smart, productive, and profitable operations through reduction of waste and downtime;
- Provide mobile insight and proactive risk-mitigation through simulation, situational awareness, and digitization;
- Foster open innovation and interoperability through development and partnerships with leading standards organizations and best- in-class technology leaders.

For Schneider Electric, EcoStruxure™ is tailored to its end-markets, where it has decades of deep domain expertise and applied experience. EcoStruxure™ solutions are deployable both on-premise and in the cloud, with built-in cybersecurity at each of the innovation levels: connected products; edge control; apps, analytics, and services.

For the residential end-market, Schneider Electric's "Wiser" system controls, measures, and monitors home energy usage, for increased comfort and a more efficient use of energy in residential homes. Schneider Electric also offers the integration of safe recharging infrastructures for electric vehicles in home electrical systems and enables next generation efficient electric home heating.

2.1.6 A measure of Green Revenues and Green Innovation

Schneider's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all.

In line with this purpose, Schneider Electric activities and revenues evolve, to bring more efficiency and sustainability for its customers in more than 100 markets. 2020 Green Revenue performance of the Group has increased from 70% in 2019, to 72%, mainly driven by the economic downturn of investments in the Oil & Gas sector (and therefore relatively reducing the Group's revenues in this sector). In 2021, as the economy recovers from the sanitary crisis, the Group expects this effect to lessen. In addition, to further contribute to a new electric and digital world, 100% of Schneider Electric's innovation projects are aligned with its purpose, more than 90% being either strictly green or neutral, according to the definition(2) outlined below.

Schneider has set the ambition to reach 80% Green Revenues by 2025 as part of its Schneider Sustainability Impact.

(1) Green Revenues: Green Revenues are defined as offers that bring energy, climate, or resource efficiency to our customers, while not generating any significant harmful impact to the environment. Schneider Electric's Green Revenues are split into four categories described thereafter. Activities included are:
1) Energy efficiency architectures bringing energy and/or resource efficiency to customers. Offers include building management systems, power management systems, lighting and room control, thermal control, variable speed drives, Energy and Sustainability Services (ESS), and industry automation;
2) Grid reinforcement and smart grid architectures contributing to electrification and decarbonization. This includes all technologies and architectures contributing to a New Electric World, helping grid and electrification come to life: smart grid and microgrid technologies, EV charging infrastructures, medium voltage systems to upgrade electricity distribution networks, low voltage connectable offers enabling smart grid management and energy efficiency, secure power and switches that enable security, and security of supply;
3) Products with differentiating green performance, flagged thanks to our Green Premium program. Green Premium products offer environmental transparency (with digital life cycle analysis and circular end-of-life instructions), superior compliance to stringent environmental regulations, and differentiating performance on climate, resources, or health (note: double-accounting with categories 1 or 2 is removed);
4) Services that bring benefits for circularity (prolonged asset lifetime and uptime, optimized maintenance operations, repair, and refurbish) and energy efficiency (maintenance to maintain the operational performance of equipment and avoid a decrease of energy efficiency over time).
Revenues derived from activities with fossil sectors and others are excluded, including Oil & Gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting practices and forthcoming EU regulations (Green Taxonomy), even though Schneider Electric's technologies deliver resource and carbon efficiency in such sectors as well. In line with Schneider Electric's strategy to phase out SF_6 from offers by 2025, SF_6-containing switchgear for medium voltage applications are also excluded. In addition, neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.
(2) Green and neutral innovation: Green innovation concerns every innovation contributing to a decarbonized world, for instance energy and processes efficiency, resource optimization, SF_6 -free projects, or Green Premium offers. Innovation for offer development.

2.2 Schneider Electric's Principles of Responsibility

As a global company, Schneider Electric is convinced that its responsibility goes beyond compliance with local and international regulations and is committed to conducting its business ethically, sustainably and responsibly. Schneider Electric believes that companies can make a positive impact and contribute to making the world a better place for all. The Group supports the 17 United Nations Sustainable Development Goals (SDGs), and their translation into tangible business actions. The Principles of Responsibility are the Group's Ethics Charter, which serves as a reference for every person and every team in the Company. Together they aid us in pursuing Schneider's objectives in a way that is meaningful, inclusive and positive. The Principles of Responsibility apply to all employees at Schneider and its subsidiaries, as well as to contractors, self-employed workers, and persons working on the Group's premises. They also serve as a source of inspiration in its relations with customers, partners, suppliers, and external stakeholders in general.

The Principles of Responsibility were inspired by the Universal Declaration of Human Rights, the ten principles of the United Nations Global Compact, and standards issued by the International Labor Organization (ILO) and the Organization for Economic Cooperation and Development (OECD). The new version of the Principles of Responsibility was published in June 2019 on Schneider Electric internal and external website and can be downloaded in 26 different languages.

2.2.1 The five pillars of the Principles of Responsibility

Today the Principles of Responsibility are built on the following five pillars:

- **Human rights and people development:** what Schneider Electric stands for in terms of human rights, diversity and inclusion, safety at work, employees development, fighting against forced labor, and zero tolerance for all kinds of harassment;
- **Ethical business conduct:** Schneider Electric business is important, but the way the Group conducts this business is equally important. Schneider conducts business in an ethical, sustainable and responsible manner. With its Principles of Responsibility and its compliance program, codes and policies, Schneider addresses matters such as corruption, conflicts of interest, business agents or fair competition;
- **Digital trust and security:** in a world becoming more digital every day, Digital Trust is a fundamental area of focus for Schneider Electric, its employees and network of customers, partners and suppliers. The Principles of Responsibility embrace this important responsibility, covering cybersecurity, data protection and privacy, and Artificial Intelligence (AI);
- **Act for the environment:** environment is at the heart of Schneider Electric's activity, through the offers and solutions the Group brings to customers, through the sentiment of Schneider employees and culture, and through its ambition to contribute positively on climate change, environment and biodiversity issues. The Principles of Responsibility address the subjects of climate change and CO_2 emissions, resource saving and circular economy, as well as environmental preservation;
- **Responsible corporate citizenship:** Schneider Electric is a community of people that interacts with other groups and communities across the planet. Schneider's ambition to make a difference is here expressed though specific programs such as Access to Energy, or the Group support to the development of local communities.

In 2021, building on this foundation, Schneider Electric will shift towards how the Group earns the trust of its internal and external stakeholders:

- Adding new topics such as quality and leadership focusing on earning and keeping trust with customers, partners, teams, investors and communities around the world.
- Strengthening ties to policies to ensure all employees know and understand the framework within which Schneider Electric works.

2.2.2 Communication and training for all employees

Ethics and responsibility are both a team effort and an individual commitment. Management has been continuously involved in the design of the deployment plan, on communication sessions and learning tools to ensure everyone at Schneider Electric is aware of the Principles of Responsibility and has the opportunity to learn and to reflect.

The new version of the Principles of Responsibility was first introduced by the CEO and the Executive Committee to the community of Top Leaders, and then cascaded by leaders throughout the organization via specific communication events (townhall speeches, conferences, seminars…). A dedicated mandatory learning including interviews from Executive Committee leaders, role plays in real situations, quiz tests, and an acknowledgement of the Principles of Responsibility has been made available to employees. This training is either an e-learning for connected employees, or an in-class version for non-connected employees. At the end of 2020, the training completion rate for all Schneider Electric eligible employees was 93%:

- Connected employees: 97% completion
- Non-connected employees: 82% completion

This dedicated mandatory learning on Principles of Responsibility will evolve in 2022 to reflect the new charter.

2.3 Human rights

2.3.1 Risks and opportunities

Human rights, which are a main priority for a long time, have been growing in terms of risk exposure, due to the increase of legal enforcement, geopolitical influence, and new challenges raised by social, economic and digital disruptions (e.g. forced labor, living wages or migrant workers). Schneider Electric has consistently focused on human rights and has the ambition to remain an exemplary company on this subject.

Schneider Electric's review of risks and opportunities related to human rights covers the following areas:

2.3.1.1 Fundamental human rights:

- Respect and dignity: healthy and respectful relations at work between individuals and teams, and towards communities;
- Child labor: defined by the International Labor Organization (ILO) as work that deprives children of their childhood, their potential, and their dignity, and that is harmful to their physical and mental development;
- Forced labor: defined by the ILO as all works or services for which a person has not offered themselves voluntarily or willingly;
- Freedom of association: the right for workers to join professional organizations that can defend their interests.

2.3.1.2 Decent working conditions:

- Health and safety: potential incidents of various degrees of severity related to workplace conditions;
- Security at work: physical or verbal violence that may originate from internal or external threats;
- Working time and leave: ensuring employees work on a schedule that respects legal time frames, rest periods, and leave provisions, and are given the opportunity to balance personal and professional time;
- Wages and benefits: paying employees a compensation that is fair in view of their profile, skills, and qualifications;
- Harassment: continuous solicitation with the intention of exhausting a person or forcing that person into unwanted behaviour;
- Data privacy: securing the data that individuals are placing into the Company's hands so that their privacy and freedom remain safe and protected.

2.3.1.3 Equal opportunities:

- Discrimination: creating a situation of inequality based on an employee's personal characteristic, at work or when hiring;
- Diversity and inclusion: risk of introducing several biases that would result in an unbalanced representation of the society inside the Company, and the exclusion of some groups or communities from the Company;
- Development of competencies: giving employees the opportunity to learn, maintain, and develop their skills and abilities.

In accordance with the 2017 French duty of vigilance law and its ambition to behave as an exemplary company, Schneider Electric implemented a specific vigilance plan. In 2020, Schneider Electric reviewed and updated its "duty of vigilance risk matrix" which highlights human rights risks at its sites, as well as for suppliers, contractors, and local communities. Several actions are implemented to mitigate the highest identified risks in this matrix. For more details, see section "Vigilance plan", pages 110-114.

2.3.2 Group policy

Schneider Electric's human rights approach is articulated around three principles.
First, Schneider Electric is committed to fully respecting and applying laws and regulations in all countries where it operates.
Second, Schneider Electric is committed to fostering and promoting human rights throughout all its operational sites and subsidiaries worldwide.
Third, Schneider Electric wishes to support human rights beyond its borders, leveraging its large network of partners and stakeholders to promote the implementation of actions that will ensure the respect of people's rights.

Through its Principles of Responsibility, Schneider Electric is taking a strong position on what values it stands for. The "human rights and people development" pillar gives guidance on the following subjects:

- Respect, fairness, and dignity;
- Diversity, inclusion, and individual development;
- Safety at work;
- Health, well-being, and the way we work;
- Protecting the vulnerable against labor abuses;
- No tolerance for harassment.

Schneider Electric has formulated a specific global human rights policy that defines its position on human rights. It is applicable to all Schneider Electric permanent or temporary employees working on Group premises. It also aims to inspire external stakeholders. For all human rights risks identified above, and based on the "Protect, Respect, Remedy" principles, the policy provides a framework and gives guidance to employees and teams on how to behave in their daily operations or when facing a specific situation.

2.3.2.1 Schneider Electric's alignment with international standards and frameworks

Schneider Electric adheres to the following principles or guidelines:

- The ILO Declaration on Fundamental Principles and Rights at Work;
- The international human rights principles encompassed in the Universal Declaration of Human Rights, which sets out a common standard for all types of organization;
- The OECD Guidelines for Multinational Enterprises, which formulate recommendations for companies, including for the respect of human rights;
- Since 2003, Schneider Electric is part of the United Nations Global Compact. In 2011, the United Nations issued the Guiding Principles on Business and Human Rights which precisely define the roles and responsibilities of States and businesses on these matters. Schneider Electric is committed to these Guiding Principles and to the United Nations Convention on the Rights of the Child.

2. Green and responsible growth driving economic performance

2.3.2.2 Specific policies

In addition to its Principles of Responsibility and the global human rights policy, Schneider Electric has implemented specific global policies to provide guidance in the following areas:

Human resources

- Diversity & Inclusion Policy: applies to the entire Company and covers all facets of diversity, as Schneider Electric wants to mirror the communities in which the Group operates. This policy is based on respect and dignity, which are the foundations for fairness and equity;
- Family Leave Policy: provides a framework so that every employee, whatever the country of employment, can take some specific leave to enjoy some of life's special moments with their families. This policy was updated in 2020;
- Global Anti-Harassment Policy: states Schneider Electric's commitments to have zero-tolerance for any kind of harassment or offensive behavior;
- Flexibility at Work Policy: defines global Flexibility at Work pathways, mandatory and recommended, to ensure consistency and equitable treatment in the application of flexible work arrangements across business units and countries for all eligible Schneider Electric employees.

Health and safety

- Health & Safety Policy: states the rules and guidelines applicable to all Schneider Electric employees, and also to specific populations performing specialized tasks. It is supported by learning tools, and it is the subject of an annual "Global Health & Safety Day";
- Global Travel Policy: defines the rules applicable to travelers, including the safety guidelines, procedures, and processes to ensure the safety of Schneider business travelers at all times;
- Global Security Policy: defines the global scope of security applicable to all entities, locations, and activities. This policy also emphasizes the crucial role of managers to ensure security.

2.3.3 Due diligence

2.3.3.1 Deployment of internal actions

Schneider Electric entities and subsidiaries are monitored through the implementation of Key Internal Controls. These controls are designed in coordination with the Internal Audit team and consist in an annual self-assessment covering different operational topics. Human rights and health and safety controls are included in this annual review. The results of these assessments allow Schneider Electric to benchmark the entities and to prioritize mitigation plans when necessary.

Internal actions regarding respect and dignity, freedom of association, health and safety, working time and leave, wages and benefits, harassment, discrimination, diversity and inclusion, and development of competencies are described in section "Committed to and on behalf of employees", pages 144-169.

Schneider Electric is implementing training programs that are specific to the policies listed above, to raise the level of awareness of employees and give them advice on how to react or behave in specific situations. Some of these trainings are mandatory, others are part of recommended training paths. Such programs cover a very wide area of topics, from anti-harassment to well-being, or how to overcome bias and develop an inclusive culture. For more details, see section "Learning and development", pages 153-156.

Specifically, for health and safety, the Group maintains a follow-up of safety metrics. Incidents are reviewed with management, corrective actions are implemented when necessary, and communications are sent to relevant teams throughout the Company. When needed, a global safety alert can be launched to draw all relevant employees' attention. Schneider Electric organizes a yearly "Global Health & Safety Day", to inform all employees and keep the level of awareness high on this key topic. For more details, see section "Employee health and safety", pages 146-149.

2.3.3.2 Deployment of actions towards suppliers

Human rights are included in the integration of the sustainable purchases approach in the selection of new suppliers. Schneider Electric uses a qualification process called Schneider Supplier Quality Management (SSQM) to select new suppliers. It is based on an evaluation questionnaire combined with on-site audits, which include human rights and health and safety assessments.

Schneider Electric's Supplier Code of Conduct states the framework in which the Group wishes to operate with vendors. Schneider Electric expects suppliers to respect the fundamental principles on health, safety, people's protection, and development as defined in this document.

Other actions are implemented through the Group's vigilance plan. For more details, see section "Vigilance plan" and section "Relations with subcontractors and suppliers", pages 110-117.

2.3.4 Partnerships and working groups

The Group has joined *Entreprises pour les droits de l'Homme* (EDH – Businesses for Human Rights), a leading French association of businesses providing its members with tools and advice on implementing the UN Guiding Principles on Business and Human Rights. In 2018, Schneider Electric also joined the Responsible Business Alliance (RBA), a non-profit coalition of more than 120 companies from the electronic, retail, automobile, and leisure industries, for compliance with human rights and sharing the best practices with regards to on-site auditing and monitoring of suppliers' activity, including forced-labor issues.

The Group also joined the Global Compact LEAD working group "Decent Work in Global Supply Chain". Schneider Electric co-leads the G7 Business for Inclusive Growth (B4IG) coalition's "Advancing human rights in direct operations and supply chains" and "Building inclusive workplaces" working groups.

As a result of the working group on advancing human rights, in 2020, B4IG members adopted a collective statement supporting a European framework on mandatory human rights due diligence and providing suggestions to be considered in legislation.

2.4 Ethics & Compliance program

The exposure of the Group to risks of non-compliance and unethical practices has been increasing for several years, due to broader externalities for the Group through its geographic expansion, participation to complex projects and large range of acquisitions, leading to the need to strengthen the effectiveness of its risk-based ethics & compliance program.

Over the past years, the increase of law enforcement by public authorities, new regulations, and higher reputational risk with media exposure have led to the design of a preventive approach of several risks including corruption, fraud, violation of human rights (fundamental ones, health & safety, discrimination, harassment & sexual harassment), anti-competitive practices, sanctions & export control.

Adopting a full compliance approach on that topics brings trust to our employees, customers, partners and suppliers, but also to local communities.

2.4.1 Governance of the Ethics & Compliance program

Schneider Electric has built a strong governance to lead the Ethics & Compliance program to the best standards, with responsibilities at board, executive, corporate, and zone levels.

Board level: Schneider Electric's Board of Directors oversees the Ethics & Compliance Program through a dedicated annual session of the Audit & Risk Committee during which the program, risks and improvements, and action plans, are reviewed by the Directors. In addition, the Audit & Risk Committee agreed on the Audit plan which covers several audits related to the Ethics & Compliance Program or part of its, and its members are notified of their findings and related recommendations once their finalization.

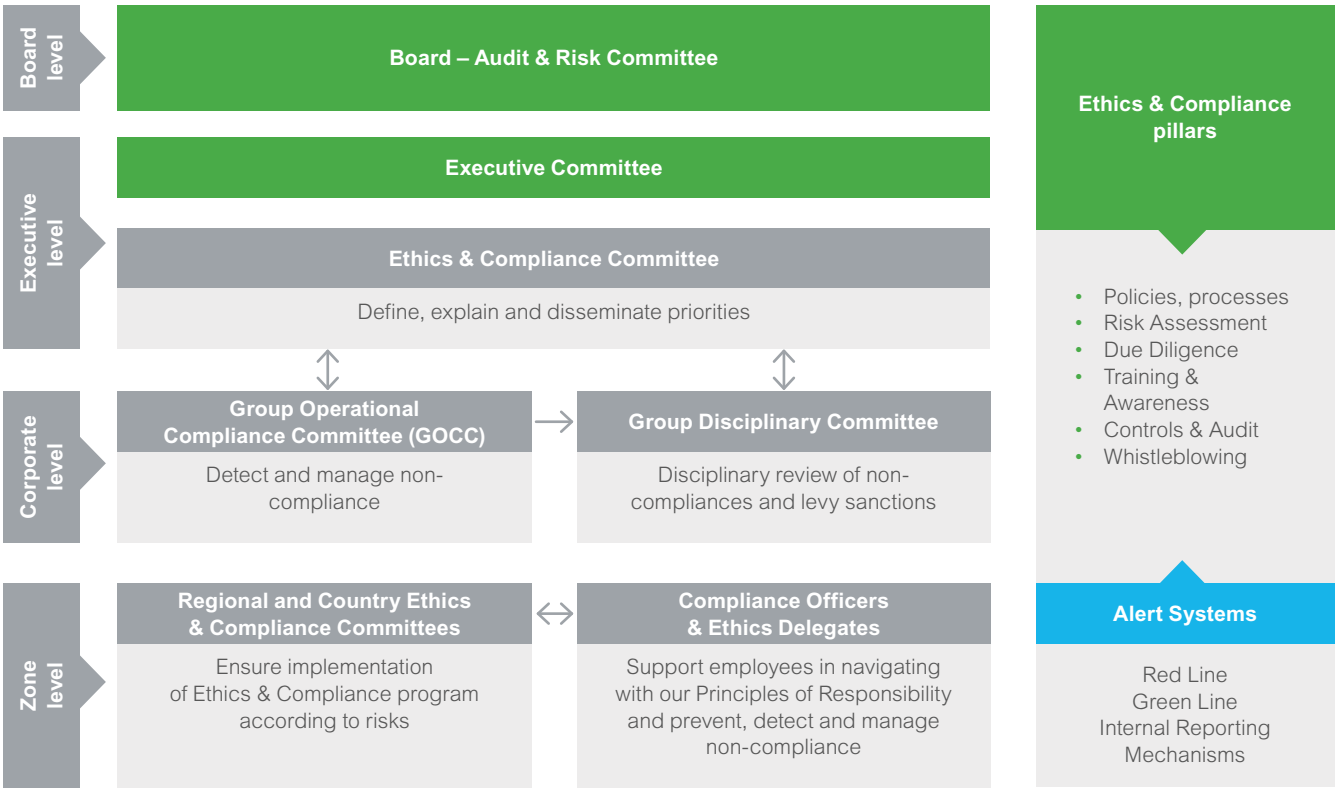
Then, through the Human Resources & CSR Committee, the Board of Directors monitors the performance of the extra financial/ESG ratings, including performance on its Ethics & Compliance program.

Executive level: Schneider Electric has put in place a dedicated governance to lead the Ethics & Compliance program to the best standards. The program is overseen by the Group Executive Committee, through the Group Ethics & Compliance Committee. This bi-annual committee is composed of seven permanent members in charge of defining the program's strategy and priorities: the Chief Governance Officer & Secretary General, Committee Chairman; the Chief Human Resources Officer; the Chief Strategy & Sustainability Officer; the Chief Compliance Officer; the Chief Legal Officer; the Sustainability SVP; and the Group Internal Audit & Control Officer. They ensure that the program is consistent with the Group's strategic goals. This committee sits twice a year.

Operationally: the Group Ethics & Compliance Committee is assisted by the Group Operational Compliance Committee (GOCC) and the Group Disciplinary Committee which ensure effectiveness of the Speak-up culture (a culture in which employees feel free and psychologically safe to share their ideas, opinions and concerns, without fear of retaliation) and whistleblowing system, and fair and transparent disciplinary policy. Once a year, the Board Audit and Risks Committee reviews the Ethics & Compliance program's effectiveness and the allocation of resources to the program (human and financial).

- The GOCC detects and manages cases of non-compliance with the Ethics & Compliance program in accordance with the Group Case Management & Investigation Policy released in February 2020, and reviews monthly the effectiveness of the whistleblowing system. The GOCC is co-led by the Chief Compliance Officer, the Chief Legal Officer, the Group Internal Audit & Control Officer, the Group Compliance Director, the Group HR Compliance Officer, and the Group Security Officer.

Governance of the Ethics & Compliance program



2. Green and responsible growth driving economic performance

- The Group Disciplinary Committee is in charge of levying sanctions and remediation actions on serious non-compliance cases confirmed by the GOCC. The Group Disciplinary Committee is co-led by the Chief Governance Officer & Secretary General, the Chief Human Resources Officer, the Chief Compliance Officer, the Chief Legal Officer, and one rotating member.

At a zone level, regional Ethics & Compliance committees ensure implementation of the Group Ethics & Compliance program in alignment with risks identified. Operationally, they rely on Regional Compliance Officers who drive the implementation in the zone, with the support of Ethics Delegates and relevant subject matters experts at local levels.

To reinforce a cross-functional and integrated approach of the Ethics & Compliance program, in August 2020, Schneider Electric decided to create a standalone Ethics & Compliance Department, chaired by a dedicated Chief Compliance Officer acting on behalf of the Group Ethics & Compliance Committee, and reporting to the Chief Governance Officer & Secretary General, to drive the strategy on the Ethics & Compliance program. Together with relevant subject matter experts from the Legal, Human Resources, Finance, and Strategy & Sustainability departments, and in close collaboration with Internal Control and Audit functions, the department assesses the effectiveness of the Ethics & Compliance program. This department is composed of four teams (the Group Compliance team, the Health & Safety team, the Fraud Examination team, and the Software Licensing Compliance team) and two other contributors whose roles were created in 2020 (the Policy & Business Continuity Planning Director and the Group HR Compliance Officer).

2.4.2 Dedicated compliance policies completing the Principles of Responsibility

To ensure that the tools are provided to follow them, the Principles of Responsibility are complemented by global and local policies, providing specific answers to the different pillars, legal obligations, and local practices. On ethics and compliance matters, Schneider Electric has deployed several policies: Anti-Corruption Code of Conduct (aligned with French Sapin II law requirements), Gifts & Hospitality Policy, Competition Law Policy, Business Agent Policy, Anti-Harassment Policy, Human Rights Policy, and Export Control Policy.

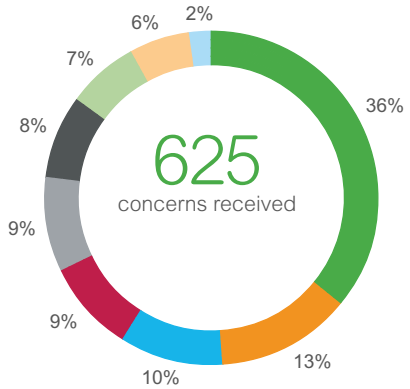
Adherence to policies is ensured through training programs at global level and local levels.

2.4.3 A whistleblowing system to cover all stakeholders

2.4.3.1 The professional whistleblowing system for employees

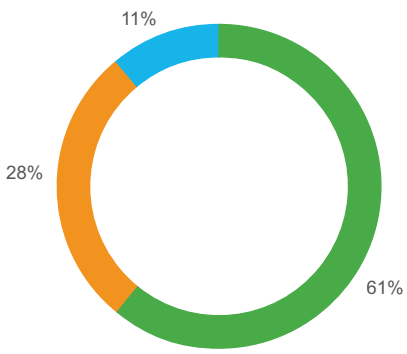
As a pillar of Schneider Electric's Ethics & Compliance program, the development of a strong Speak-up culture is embodied by reporting mechanisms such as reporting to the manager, the HR business partner, the Ethics Delegates, or the Compliance Officer without fear of retaliation. In addition, employees can directly access the whistleblowing system through the Red Line portal, which provides support to people if they are a victim/witness to a potential violation of the Principles of Responsibility. The Red Line is available online globally, at all times, and protects the anonymity of the whistleblower (unless there is legislation to the contrary). Since December 2019, employees can better report their concerns, by selecting a type of concern and checking the definition of it. In compliance with local legislation, this system is provided by an external, impartial third-party company and proposes alert categories, a questionnaire, and an information exchange protocol between the person issuing the alert and the person responsible for the internal investigation.

Number of concerns received through our whistleblowing system per region



- North America
- Middle East Africa (MEA)
- Greater China
- India
- South America
- Europe
- East Asia Japan Pacific (EAJP)
- Russia & Commonwealth of Independent States (CIS)
- France

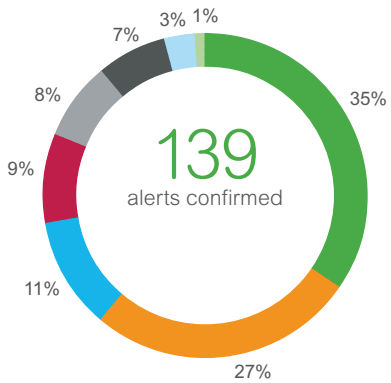
Outcomes of the received concerns through the red line*



- Alert non confirmed
- Alert confirmed
- Not considered as an alert

* % calculated not taking into account cases still under investigation and not yet evaluated

Distribution of confirmed alerts by type of issue



- Discrimination, harassment, unfair treatment
- Conflict of interest
- Bribery
- Theft
- Violation of policy
- Health & Saftey
- Other
- Labor practices

Each concern reported on the whistleblowing system is analyzed by the GOCC and relevant Regional Compliance Officer, and where considered necessary, investigated. Based on the findings of the investigation, the relevant managers or the Group Disciplinary Committee for the most sensitive alerts, take appropriate measures in order to sanction the party or parties involved and to remediate consequences of the misconduct (such as launch a specific audit, review a process, perform training, etc.). Each year, a detailed report on the effectiveness of the system is presented to the Audit & Risks Committee, which reviews effectiveness of the alert system.

Unless there are legal provisions to the contrary, the system can be used to send any concern in every country in which the Group operates, especially regarding discrimination, harassment, sexual harassment, safety, unfair competition, bribery and corruption, conflicts of interest, accounting manipulation, theft, and fraud. 625 concerns were received on the whistleblowing system, either through internal reporting mechanisms or through the Red Line in 2020.

After first analysis, 512 concerns were considered as valid alerts. After being investigated, alerts confirmed during the year led to 108 actions including employment termination in 44 confirmed alerts and written warnings in 19 confirmed alerts.
For HR related concerns, even if investigation does not allow to qualify the situation, actions may be taken, such as assigning obligation of coaching and/or training or improving internal processes.

2.4.3.2 The professional alert system for external stakeholders
Listening to external stakeholders to ensure full compliance with the Principles of Responsibility is a key priority for Schneider Electric. The Green Line, launched in 2018, is a professional whistleblowing system, available online and featuring a simple and intuitive interface. It is aimed at all Schneider Electric external stakeholders, suppliers, subcontractors, customers, and commercial agents who might be experiencing or may have witnessed any unethical situation involving or affecting Schneider.

The processing of alerts follows the same procedure as alerts received through the internal whistleblowing system and has the same confidentiality protections.

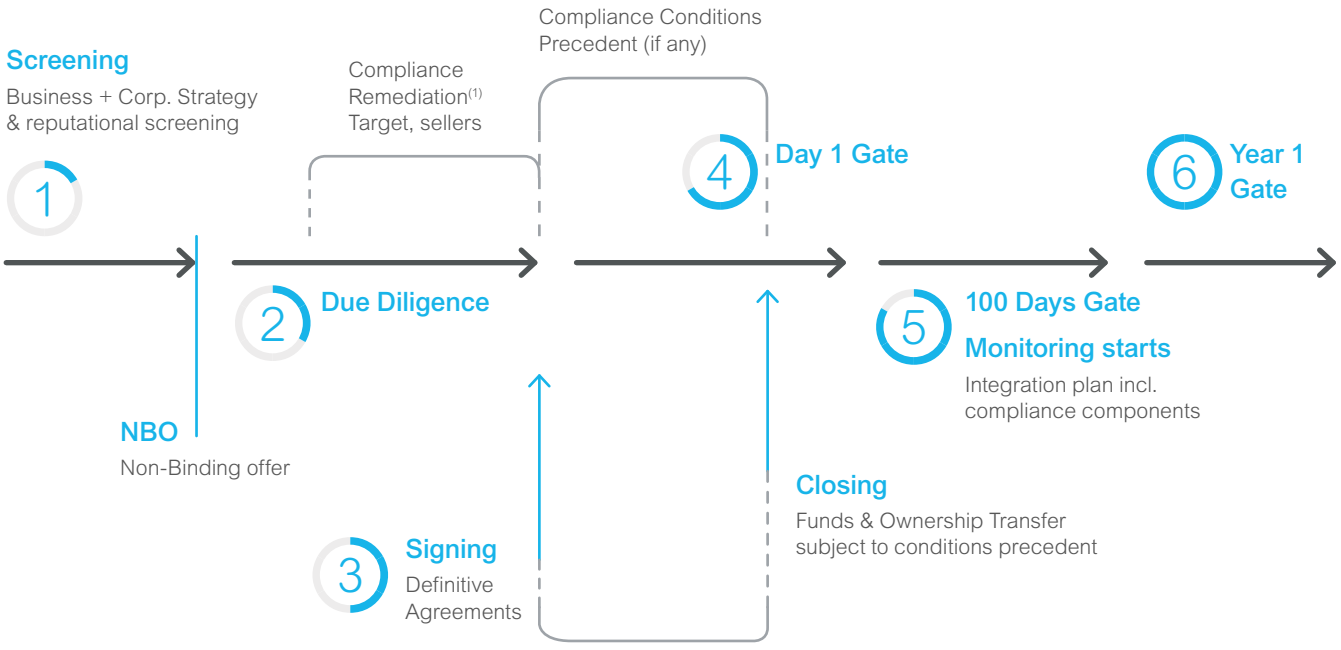
76 concerns were received through the Green Line in 2020. Such concerns have been investigated in accordance to the same process described above leading to the actions described.

2.4.4 Third-party relationship management

Third-party relationship management programs are complex as each of them presents multiple risks and different oversight functions that need to be consulted on individual risk assessments. While business agents can be used for many legitimate purposes, such as to perform tasks that Schneider Electric cannot perform as efficiently, the experience has shown that using them can be very risky in terms of exposure to bribery or corruption. Therefore, a Business Agent Policy is necessary to determine legitimate business purposes only. Business agents cover all third parties retained entirely or in part to assist Schneider Electric, directly or indirectly, in its business operations, including to obtain a sales order, contract award, permits, licenses, or other business advantage for Schneider Electric. They are subject to a due diligence and approval process, which has been centralized with the Business Agent Policy in 2019 and digitized in July 2020. Several documents and information are gathered and sent to the Group Compliance team who will perform the due diligence and manage the approval process by analyzing risks of corruption, sanctions, and unethical practices. At the first level of assessment, the business agent could be approved based on the level of risk, or additional checks could be carried out if necessary. The Group Compliance team can request to validate payments to a business agent based on this assessment.

Our robust network of suppliers is the foundation of our supply chain, and we extend the same level of ethical control to them as we do to ourselves. For more information, please refer to section 2.9 “Relations with subcontractors and suppliers”.

Six steps to securing long-term value creation in acquisitions



Timing depends on conditions precedents

(1) Compliance remediation is a continuous process that will extend beyond the due by closing date.

M&A operations represent specific risks regarding ethics and compliance, specifically corruption and export control risks. With the support of the Group Ethics & Compliance Committee, a specific process was put in place in February 2020 to ensure full compliance of M&A operations with anti-corruption and export control regulations: this process was built by the Group Compliance Director, the Global Export Control Director, and M&A team, ensuring a methodology that fit with M&A processes and ways of working, as described in the figure page 105.

2.4.5 Regular monitoring and control of the Ethics & Compliance program

The Ethics & Compliance program is an integral part of the Group's Key Internal Controls. In particular, there are two categories of specific controls that the internal controllers review in subsidiaries when evaluating the degree of maturity and the effectiveness of the program: the Principles of Responsibility and alert system, and the Business Agent Policy. Whenever an evaluation indicates points of weakness, action plans must be set up and monitored by internal auditors.

Furthermore, the Group's Internal Audit program includes specific tasks related to the Ethics & Compliance program, and to activities or subsidiaries for which an evaluation of the maturity and effectiveness of the program will be reviewed. Several internal audits were conducted in 2020 resulting in recommendations related to the improvement of the Ethics & Compliance program.

The Audit & Risks Committee reviews the internal audits and related recommendations as part of its annual review of the Ethics & Compliance program.

2.4.6 External engagement

Schneider Electric knows that corruption cannot be fought alone, so we participate in the initiatives of many non-governmental organizations (NGOs) and professional associations, such as Transparency International France, a leading NGO that aims to stop corruption and promote transparency, responsibility, and integrity across all sectors. Schneider Electric is also member of *Le Cercle d'Éthique des Affaires* (The Ethical Business Circle), a professional association that facilitates cooperation between business leaders across France to share best practices. From a corporate governance point of view, Schneider Electric has taken part in MEDEF's *"Haut comité de gouvernement d'entreprise"* (HCGE).

To maintain innovation in our approach to ethics and compliance, Schneider Electric became the eighth sponsor of the Master of Law and Business Ethics at CY Cergy Paris University in 2020 and will benefit from the work of the Master's Chair, led by experts in France and in the United States, as well as from listening to the students and reviewing their work.

2.4.7 Training and awareness

Local awareness sessions on the Principles of Responsibility and our specific policies are conducted by Compliance Teams, Legal Teams and Ethics Delegates: such awareness sessions cover general overview of the Ethics & Compliance Program, or a specific policy, such as Anti-harassment policy, Competition policy, Gifts & Hospitality policy. In 2020, at least 237 sessions were organized at local level face to face or remotely.

Besides training of our employees, since the beginning of 2020, as part of the integration process of companies acquired, a specific training for Leaders of the acquired company is organized on the Ethics & Compliance Program, with specific focus on what is expected from the Leadership teams to endorse the program and follow up actively completion of mandatory trainings to be followed by employees on Principles of Responsibility and anticorruption.

In November 2020, Schneider Electric organized its first global "Ethics & Compliance Day" campaign in order to promote the Company's values on business ethics and to bring a focus on the need of a working environment that promotes a Speak-up culture.

2.5 Focus on anti-corruption

2.5.1 Risks and opportunities

Schneider Electric interacts constantly with several stakeholders throughout the world: its borders are expanding, its environment is changing ever more quickly, its activities are becoming globalized, and its social responsibilities are growing. The challenges are numerous:

- Gain and maintain the highest trust of stakeholders;
- Mitigate the growing pressure from public authorities through solid ethics and compliance programs, especially to fight corruption;
- Attract and retain talents, especially within new generations, who consider an ethical working environment as a key element of engagement.

Each year, Schneider Electric's Internal Audit Department draws up a risks matrix at Group level which is presented to the Executive Committee and used to identify all risks faced by the Company, especially with regard to ethics and compliance.

Furthermore, to meet the legal obligations specified by the December 9, 2016 French law known as the Sapin II law, the Company launched a risk mapping exercise focusing on corruption risks, which was conducted in 2018 at global level and in 2019 at regional levels. In 2020, action plans were implemented in accordance with risks identified. In 2021, a new Ethics & Compliance Risk Assessment will be launched as part of the new Group's risk management framework.

2.5.2 Group policy

As stated in our Principles of Responsibility and Anti-Corruption Code of Conduct, Schneider Electric is committed to comply with all applicable laws and regulations, such as the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and the French Sapin II law.

Schneider Electric applies a zero-tolerance policy towards corruption and other unethical business practices and considers that "doing things right" is a key value-creation driver for all its stakeholders. We count on our employees and third parties to promote business integrity. For doing so, we must provide them with the tools to encourage them to act right.

In order to meet the requirements of the French Sapin II law, the Group released an Anti-Corruption Code of Conduct. The Code was reviewed in November 2019 to take into account results of the corruption risk mapping, to incorporate principles of the former Anti-Corruption Policy, and to provide employees with examples illustrating situations they may face. The Anti-Corruption Code of Conduct shall serve as a handbook that anyone may consult when having doubts about appropriate business practices. It is not intended to address every issue one may encounter, but it provides appropriate examples of corruption risks and offers guidance to resolve many ethical dilemmas.

Anti-corruption awareness is one component of the compliance program. We want to ensure that country leaders, managers, employees, and third parties are aware of our Anti-Corruption Code of Conduct.

In addition to the compliance with all international and local regulations, all Schneider Electric employees are expected to comply with the Company's values of integrity and transparency.

Managers are expected to walk the talk by complying with rules, spreading the right message in their teams, and support reporting of misconducts.

The Anti-Corruption Compliance program is part of the Ethics & Compliance program.

The Gifts & Hospitality Policy provides guidance to employees on the ethical handling of gifts and hospitality received and given by Schneider Electric employees.

A new version of the Business Agent Policy was released in August 2019 to meet legal requirements and public authorities' guidance, especially regarding risk-based approach of the due diligence, as well as internal recommendations following several audits performed on applicability of the policy in 2018.

2.5.3 Prevention of the risks related to corruption

2.5.3.1 Anti-corruption trainings

At Schneider Electric, we value training as it is the best way to prevent risks and misunderstandings concerning ethical topics. It allows us to raise awareness, promote responsibility, and support our employees and third parties.

As such, an anti-corruption e-learning was developed in 2018. In 2019 and 2020, the e-learning was updated through a design thinking approach, aiming to listen first to the trainees' needs and expectations and then to identify targeted employees considered "at risk" through their job codes. This led to a curriculum of learnings, presenting three modules: a general module on the Zero Tolerance message against corruption and an explanation of the legal framework and risks, and two specific modules providing concrete examples, advice, and explanations about internal processes. The modules were supported by top leaders' videos demonstrating the "tone at the top" on this crucial matter.

SSI#18: 100% of sales, procurement and finance employees trained every year on anti-corruption

Launched in 2018, the anti-corruption e-learning, initially mandatory for Finance, Sales and Procurement teams, was extended to 201 job codes identified at risk, representing approximatively 38,000 employees in 2020, compared to 23,000 employees in 2018. At the end of 2020, 94% of exposed employees had completed this e-learning.

% targeted employees trained in 2020

94%

2. Green and responsible growth driving economic performance

Furthermore, in-person learnings were organized in sensitive geographic areas regarding ethics and compliance challenges (Brazil, India) or in locations where a specific risk is higher (such as the export control risk).

The focus on ethics and compliance has increased this year due to the COVID-19 pandemic, with actions put into place such as global guidance for all country presidents on "Ethics & Compliance considerations in the management of COVID-19", global risk-management live talks focusing on general compliance, HR compliance, and export control, and finally, weekly meetings with subject matter experts to identify and manage the main risks related to COVID-19. This close collaboration accelerated synergies between the Ethics & Compliance and Legal Departments which led to several transversal projects, launched in H2 2020.

2.5.4 Focus on responsible lobbying, political activity, and donations

In its Principles of Responsibility, under "responsible corporate citizenship", Schneider Electric takes a clear stance with regards to responsible lobbying, political activity, and donations. As a Company, Schneider Electric has a role to play in the public debate addressing leading issues with the global community. It is necessary that the Group states its positions clearly, participates in technical discussions, and supports responsible public policy development. However, Schneider Electric believes that this representation of interests shall be conducted in a transparent and fair manner, allowing its third parties and stakeholders to understand its activities, positions, and statements. In particular, Schneider Electric does not engage in political activity or political representation and does not make any payment to political parties in relation to its public representation. In 2020, Schneider Electric has not been involved in sponsoring local, regional, or national political campaigning.

In the US, political contributions can only be made by a corporation through a legally formed Political Action Committee (PAC) or Super Political Action Committee. Schneider Electric does not engage with Super PAC activity nor does it have a PAC in the US and therefore cannot make any political contributions in this country.

Donations and lobbying activities are risks specifically addressed in the Anti-Corruption Code of Conduct.

Schneider Electric presents information about its lobbying activities in the French High Authority for Transparency in Public Life, in the EU transparency register, and in the US Lobbying Disclosure Act Registration.

For 2017 to 2019, the Group discloses membership fees towards trade associations, business coalitions, and think-tanks to a large extent in the sense that many organizations' fees are not primarily focusing on political campaigns or legislative activities but rather on standardization activities and industry best practices. However, as they could be referenced in policy development in the margin of their activities, we decided to include these. The following geographies are covered: Europe, the US, China, and Russia, which are where the Group is mostly active when it comes to policy and legislation.

Total contributions to such groups globally amounted €3.2 million in 2017, €2.6 million in 2018 and €5.2 million in 2019. 2020 data is not available at the time this report is published as reporting on these matters typically ends mid-year or end of year.

Largest contributions and expenditures concern two main engagement topics:

- The first is "sustainable energy for all": Schneider Electric believes that energy management and energy efficiency are critical to move towards a new energy landscape and therefore supports a policy framework that unleashes the business and climate opportunities related to the new energy landscape. Contributions and expenditures on this topic amounted €0.52 million in 2019 (€0.37 million in 2018) globally;
- The second is "powering the digital economy": The Group supports the emergence of digital economy to bring new opportunities for businesses and people and therefore supports a policy framework that facilitates the digital transformation globally. Contributions and expenditures on this topic amounted €0.27 million in 2019 (€0.23 million in 2018) globally.

2.6 Compliance with tax regulations

Schneider Electric Group engages to comply with the international and local tax regulations applicable in each of the countries in which it operates, and to provide to the tax authorities with all the information necessary to enable them to carry out their mission. The tax policy of the Group can be consulted on our website.

2.7 Digital trust and security

2.7.1 Cybersecurity context and stakes

Digitization is evolving and rapidly transforming Schneider Electric's environment. This new environment generates many opportunities and risks. Companies are now more and more vulnerable to the following risks:

- Threats to revenue and reputation due to data breaches;
- System risks due to bogus system access and control;
- Inherent system vulnerabilities from cloud data storage and computing;
- Physical damage to machines and factories from malicious attacks.

These risks are inherent to any company operating in the digital space, but in the case of industrial infrastructures such as the ones of Schneider Electric's customers, the physical and financial damage can be particularly high and, in some cases, involve security impacts.

2.7.2 Reinforcing the Group's cybersecurity posture and that of its ecosystem of partners and customers

Schneider Electric deploys several actions to reinforce its cyberposture and that of its ecosystem of partners and customers:

- Holding a cyber related business risk register to articulate potential vulnerabilities/attacks and define remediation activities;
- Identifying and prioritizing high value assets (crown jewels) to the Company's operation;
- Implementing cyber capabilities and digital locks around people, processes and technologies;
- Deploying general and dedicated awareness and training programs on cybersecurity and General Data Protection Regulation (GDPR);
- Monitoring, detecting, responding and learning from events and all those with partners and customers;
- Performing reality checks via metrics, internal and external reviews, cyber crisis drills and vulnerability assessments;
- Partnering with leading companies in the field of cybersecurity.

2.7.3 Proposing cybersecurity by design

- Cybersecurity Framework and other recognized standards (ISA/IEC 62443 and ISO 27000);
- Schneider Electric IoT-enabled EcoStruxure platform provides our customers with end-to-end cybersecurity solutions and services to protect a vast digital ecosystem.

2.7.4 Personal data protection

Schneider Electric believes that the global implementation of a digital strategy must reconcile economic objectives and respect for fundamental human rights, including the right to protection of personal data and privacy.

Schneider Electric establishes an organization, work streams, policies, procedures and controls required by the obligations stemming from GDPR and data privacy and protection regulations, including:

- internal data privacy policy and Binding Corporate Rules (BCR);
- training and awareness campaigns;
- processing registers;
- online privacy policy and privacy notices;
- digital assets privacy assessment process;
- data breach management and notification process;
- maturity assessment and audit controls.

Schneider Electric has put in place a governance ecosystem including a Group Data Protection Officer, a DPO network, an implementation team, Data Privacy & Protection Champions and Steercos.

In 2020, Schneider Electric has automated several processes including processing registers, consent management, digital asset privacy review, and has mapped key processes with the main expectations of ISO 27701. It has also rolled out new Privacy by Design Checklist and Guidelines and developed taylored training for targeted audiences. Schneider Electric has also been developing a Global Data Privacy & Protection compliance approach and addressed privacy compliance in relation to COVID-19.

2.7.5 Training and awareness

Online training on cybersecurity is mandatory for all employees. This training helps employees to understand what are the cyber threats they may face and how they should behave to be protected from the risks. At the end of 2020, 99% of Schneider Electric employees have completed this training. Specific employee categories received mandatory training for risks linked to their activity.

Schneider Electric implemented the GDPR requirements and specific training was launched to present the major challenges of this regulation. This training is mandatory for Schneider Electric employees in Europe and key functions.

2.8 Vigilance plan

2.8.1 Context

Schneider Electric seeks to be a role model in its interactions with customers, partners, suppliers, and communities, when it comes to ethics and the respect and promotion of human rights. The Group strives to have a positive impact on the planet and the environment by contributing to finding solutions to limit climate change.

The Group's vigilance plan reflects this ambition. It also complies with the provisions of 2017 French law on Corporate duty of vigilance. The plan includes:

- A risk analysis specific to vigilance: risks that Schneider Electric poses on the ecosystem and environment;
- A review of the key actions implemented to remediate or mitigate these risks;
- An alert system;
- Governance specific to vigilance.

In this Registration document, Schneider Electric reviews the risk matrix analysis and some of the actions to mitigate these risks are described. When necessary, the reader will be directed to other sections of the report to get the relevant information. For more comprehensive and complete information, the full vigilance plan of the Group is available as a standalone document and can be downloaded from Schneider Electric's website.

2.8.2 Evaluation of the main risks towards Schneider Electric's environment

2.8.2.1 Methodology

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

In order to enhance the existing risk matrix and cover a more comprehensive scope, in 2020, Schneider Electric worked with an external consultancy. This work led to a sharper granularity of risk categories, a reorganization of the supplier categories, and a focus on local communities.

The scope of work covered Schneider Electric, its subsidiaries and majority-owned joint ventures, its suppliers and subcontractors, as well as local communities.

2.8.2.2 Risk categories

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

Human rights:
- Decent workplace;
- Health and safety.

Environment:
- Pollution and specific substances management;
- Waste and circularity;
- Energy, CO_2 and GHG.

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

Offer safety and cybersecurity:
- Offer safety;
- Cybersecurity and data privacy.

2.8.2.3 Risk location

The Group has studied four areas where risks may occur:

- Schneider Electric sites: sites have been segmented based on categories that present a specific level of risk. Employees with frequent travels (sales, field services, travelers, audit, top management) have been assessed separately;
- Suppliers: the level of risk differs based on the type of process and technologies used, and the Group has therefore segmented the analysis by component category. The risk level is an average assessment. The geographical location is factored in when selecting suppliers for the audit plan;
- Contractors: when implementing a customer project, like building a large electrical system at a customer's site, Schneider Electric is working with contractors, leveraging their expertise (civil work, electrical contracting, etc.). This "off-site" project work generates a specific level of risk for contractors. A separate "off-site and projects execution" category for contractors has therefore been defined for the assessment.
- Local Communities: Schneider Electric has identified two distinct segments: communities located around Schneider Electric sites and communities located around customer projects. Communities have been assessed against three risk categories; human rights, environment and business ethics.

2.8.2.4 Risk evaluation and scale

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

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

In this 2020 risk assessment, no "Very high" risk levels were identified.

2.8.2.5 Key findings

Globally, the 2020 risk assessment exercise did not result in any significant variation of the level of risk versus previous year, reinforcing the relevance of last year's exercise. However, some variations are worth noting:

- **Schneider Electric sites:** Cybersecurity is confirmed as a priority subject, reflecting the global evolution across countries and industries. The COVID-19 pandemic and its social, business, and economic consequences has led to a growing pressure on teams and individuals. That leads to the implementation of specific measures to protect employees and help them preserve their well-being. On the subject of CO_2, GHG, and particles emissions the situation is stable, while the introduction of our new SF_6-free offer is about to bring an important mitigation of the current risk.
- **Suppliers:** risk levels tend to be more evenly spread across the different categories of risk, except in the case of suppliers' segments such as raw materials, transportation and shipping, plastics, or battery manufacturing. As supplier categories have been adjusted to better reflect the industry sector, the risk comparison with the previous year is complex. Aside this supplier categories adjustment, no specific risks increase for suppliers has been identified.

- **Contractors:** the 2020 assessment confirmed external off-site contractors as one area that needs special attention. This is due to the specific nature of project work (civil work, installation, etc.) that implies high labor activity on construction sites.
- **Communities:** the assessment work is still ongoing and therefore conclusions are still preliminary. Overall, it seems that communities located around Schneider Electric sites, at least for the largest sites, are not affected, or only marginally affected by Schneider Electric's presence. This is mostly due to the fact that Schneider Electric's sites are located in large, already structured industrial areas, or in cities. In regards to customer projects, the assessment shows that there may be some impact on communities. Schneider Electric is usually just one of the suppliers to the customer project, and the impacts are therefore highly variable and linked to the industrial profile of the end-customer. A more detailed evaluation is in progress.

Schneider Electric 2020 vigilance risk matrix

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

- Very high risk
- High risk
- Medium risk
- Low risk

		Schneider Electric sites						Suppliers							Contractors		Communities	
		Offices	Travelers, sales forces	Factories low voltage and electronics	Factories medium voltage	Project centers	Field services	Travels and hospitality	Transportation and shipping	Raw materials	Metal transformation and treatment	Plastics	Batteries	Other components	On Schneider Electric sites	Off site and projects execution	Around Schneider Electric sites	Around customers project sites
Human rights	**Decent workplace**	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Health and Safety	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
Environment	**Pollution and specific substances management**			●	●	●	●		●	●	●	●	●	●	●	●	●	●
	Waste and circularity		●	●	●	●	●	●	●	●	●	●	●	●	●	●		
	Energy CO_2 and GHG	●	●	●	●	●	●	●	●	●	●	●	●	●		●		
Business Ethics	**Ethical business conduct**	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Alert system, protection and non-retaliation	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
Offer safety and cybersecurity	**Offer safety**			●	●	●	●		●		●	●	●	●		●		
	Cybersecurity and data privacy	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		

This analysis has not revealed major changes or gaps that were not identified so far. The following evolutions are to be mentioned:

- The COVID-19 pandemic has impacted Schneider's business in several ways, like other companies. A crisis management team was set up globally, with connections to local crisis management teams in countries. This has allowed to limit the risks of illness for Schneider teams, including those working at the contact of customers. The implementation of remote working has been supported by the deployment of digital tools and the implementation of processes specific to this new way of working. Overall this was positively received by employees, but it must be noticed that lockdowns, remote management, the complexity of working from home in a sometimes unprepared environment, have created difficulties for some employees and is resulting in a higher risk on morale, fatigue, health, and overall psycho-social risks. As the consequences of the pandemic will continue to create an impact in 2021, this is an area to be specifically watched.
- Ethical Business Conduct: although no formal trend has been confirmed, it is an area that is specifically monitored as the adverse business situation in 2020 may lead to increased pressure on ethical conduct, both internally and externally.
- Cybersecurity and data protection remain a point of very high attention, and Schneider is taking the subject very seriously. Several measures and trainings are implemented in order to protect employees, customers and stakeholders from threats.
- The specific risk analysis conducted on communities residing around Schneider sites has not revealed particular areas of concerns. The largest industrial and office sites have been reviewed and risk level has been evaluated as low, or medium. This is mostly because Schneider sites are situated in large urban areas, and therefore have very little impact on their immediate surroundings.

2. Green and responsible growth driving economic performance

2.8.3 Governance

The plan is governed by the Duty of Vigilance Committee, set up in 2017. The steering committee meets twice a year in normal circumstances. Overall, since the creation of this instance, 11 committee meetings have been held (five in 2017, two in 2018, two in 2019, two in 2020). The committee's objective is to provide a discussion on strategic orientation, and prioritize initiatives and the resources allocated to their implementation. This committee also reviews the actions in progress and their results, and defines decisions on next steps for action.

Composition of the Duty of Vigilance Committee

Chairman:

- Executive Vice President Global Supply Chain (Executive Committee member)

Management:

- Senior Vice President (SVP), Sustainability
- SVP, Global Safety and Environment
- SVP, Global Procurement
- SVP, Global Customer Projects
- SVP, Ethics and Responsibility
- SVP, Human Resources

Experts:

- Environment Performance Measurement
- Sustainable Procurement

2.8.4 Mitigation actions

The following measures are the main actions implemented to mitigate the highest risks identified in the vigilance risk matrix.

2.8.4.1 Schneider Electric sites

Main environmental actions

See section "Schneider Electric's commitments towards environmental excellence", pages 118-143, for more details on the deployment of environmental actions on Schneider's sites. It covers, notably:

- Certification of its sites to ISO standards;
- Schneider Electric specific programs to reduce CO_2 emissions;
- Reduction of SF_6 emissions;
- Schneider Energy Action program for energy efficiency;
- Reduction of waste and increased circularity.

Main health, safety, and human rights actions

See section "Human Rights", pages 101 to 102, and section "Committed to and on behalf of employees", pages 144 to 169, for more details on the deployment of health, safety, and human rights actions on Schneider Electric sites. It covers, notably:

- Schneider Electric's employees safety;
- Human rights and people development policies;
- Well-being programs.

Main Business Ethics actions

See section "Ethics and Compliance", pages 103 to 106 and section "Focus on anti-corruption", pages 107 to 108, for more details on the deployment of business ethics actions on Schneider Electric sites. It covers, notably:

- Internal and external alert systems;
- Third-party relationship management;
- Specific anti-corruption actions.

Main cybersecurity actions

See section "Digitally Trusted and Secure", page 109, for more details on the deployment of data privacy and cybersecurity actions on Schneider's sites. It covers, notably:

- Cybersecurity by design approach;
- Personal data protection;
- Training and awareness on cybersecurity.

Our actions on communities

See section "Schneider Electric, an eco-citizen company", pages 170 to 184, for more details on the deployment of actions for a positive impact on communities:

- Access to Energy program;
- The Schneider Electric Foundation;
- Territorial positioning and local impact on economic and social development.

2.8.4.2 Vigilance plan for suppliers

Supplier risk categories and audit plan

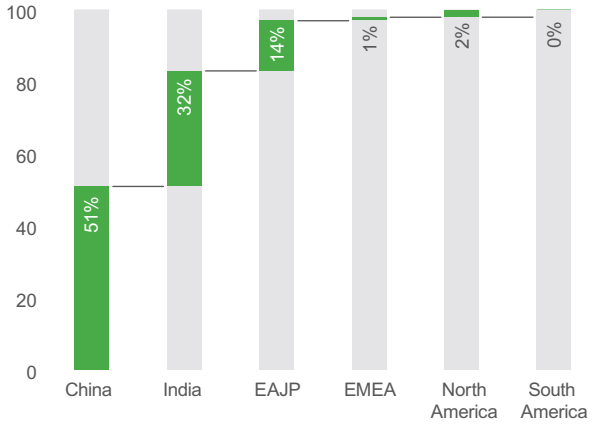
Schneider Electric is conducting a specific evaluation of suppliers. This evaluation covers all natures of risks identified and considers specific parameters such as the type of industrial process used by the suppliers, their technology, and the geographic location of those suppliers. This allows the Group to factor in risks that may arise from a country's specific situation (social, political, etc.). These parameters are compiled in a third-party independent database (Responsible Business Alliance methodology, RBA, ex-EICC, of which Schneider Electric has been a member since January 2018), with an annual evaluation. Schneider's entire network of tier 1 suppliers (52,000) is processed through this methodology. The Group identified 1,500+ "high risk" suppliers (see graph 1) and targeted to audit 350 directly or through third parties.

The audit plan was started in 2018. 2020 is the third year of implementation and Schneider Electric completed this schedule and planning of 350 audits before end 2020. Schneider Electric's audit questionnaire and audit methodology are fully aligned with the RBA framework. This audit plan is integrated into the Schneider Sustainability Impact (SSI). It is to be noted that, despite the travel restrictions imposed in different countries by the COVID-19 measures, the Group managed to complete the full three-year audit plan, with a total of 374 on-site audits completed.

In 2020 only, the Group conducted 95 initial on-site audits with suppliers (audits conducted for the first time with a supplier, within the scope of the vigilance plan, see graph 2). These audits allow Schneider Electric to identify non-conformances and request the supplier to implement corrective actions. Re-audits with suppliers already audited were also conducted to review the corrective actions implemented to remediate non-conformances identified during the initial audit.

% Risky suppliers identified in 2020 by geography – Graph 1

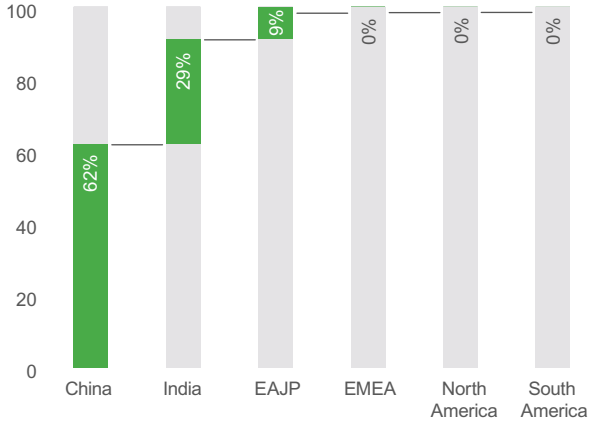
% Audits carried out in 2020 by geography – Graph 2



- EAJP: East Asia Japan Pacific
- EMEA: Europe Middle East Africa

% Non-conformances in 2020 by topic – Graph 3

% Non-conformances in 2020 by geography – Graph 4



A major part of non-conformance in 2020 is related to health and safety, management system and labor regulations (34%, 26% and 24% respectively). Graph 3 gives the breakdown of non-conformances by topic and graph 4 gives them by geography.

Top priorities are most serious non conformances. For each case, escalation is done at Chief Procurement Officer level. An analysis of the 133 "top priority" raised in 2020 shows the following issues are the most recurring:

- **Labor standards** (53% of top priorities non-conformance issues): lack of respect of working time and resting days (time measurement systems are often insufficient); poor overtime reporting and payment; lack of formalization of working contracts;
- **Health and safety** (34% of top priority non-conformance issues): weak emergency procedures; insufficient emergency training issues and preparation drills; insufficient fire alarm and protection systems; lack of medical response equipment; and lack of training;
- **Environment and management systems** (13% of top priorities): lack of administrative compliance, management tools, and systems; and insufficient waste management and pollution prevention systems.

Remediation and mitigation actions

As of end 2020, Schneider Electric has closed 94% of 2019 and 6% of 2020 non-conformances (all types) representing a cumulated rate of 71% over 3 years. Schneider Electric's approach is to help suppliers remediate the issues by sharing good practices and providing them with guidance and training. When non-conformances are not remediated (mainly top priorities), escalation to Chief Procurement Officer may lead to stop business relationship. In 2020, two relationships with suppliers have been terminated (two in 2019 and four in 2018).

In order to reinforce the coordination between Schneider Electric teams and suppliers on vigilance topics, a specific training program has been implemented. The primary target audience is the Schneider Electric Procurement team, and the training modules aim to increase their knowledge on the natures of risks, so they can integrate these topics early in the discussions with suppliers.
At the end of 2020, 400+ employees have taken this training. These trainings combine in-class experience with e-learning sessions.

2. Green and responsible growth driving economic performance

To raise suppliers' awareness, improve their ability to identify risks earlier, and implement mitigation solutions, Schneider Electric organized face-to-face workshops dedicated to vigilance subjects. At the end of 2020, 300+ supplier teams have attended these events. These sessions include in-class face to face workshops and digital webinars.

Other actions

Schneider Electric has deployed a continuous improvement program for its strategic suppliers based on the ISO 26000 standard. Schneider Electric partners with Ecovadis company to perform ISO 26000 assessments.

As of today, approximatively 700 strategic suppliers, representing 70%+ of total strategic purchasing volume, have submitted their data and obtained an average score of 57.4 pts out of 100. For reference, the average score of companies in the Ecovadis database is 44 pts, and Schneider Electric's own score is 82 pts.

2021-2025 ambition

Schneider Electric has defined new objectives for the period 2021-2025, as part of the sustainability strategy. Expanding from the previous plan to audit 350 "high-risk" suppliers, the Group took the objective to conduct 1,000 on site audits on high-risk suppliers and 3,000 self-assessment audits on medium-risk suppliers.

2.8.4.3 Contractors for project execution on customer sites

Project execution environment

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

Vigilance plan specific to the project execution environment

Schneider Electric operates with a pool of project contractors (or "solution suppliers") from more than 8,000 companies. Not all of them may be active during a year. In the course of its supplier risk mapping exercise, Schneider Electric has identified approximately 100+ solution suppliers categorized as "high risk". Schneider Electric's current three-year audit plan is targeting 60+ on-site audits of these suppliers (included in the overall 350 target). Since 2018, 53 suppliers have already been audited, a bit below the ambition due to 2020 slow down facing COVID-19.

SSI#17: 350 suppliers under human rights and environment vigilance received specific on-site assessments

The three-year program ambition has been elevated from 300 to 350 specific on-site audits, and Schneider Electric is well on track to reach the new target. The 95 initial audits performed in 2019 have allowed Schneider to raise 1,200 non-conformances. Out of these non-conformances, 133 are assessed as "top priority" and are given very specific attention during the re-audits of the suppliers. Schneider Electric's objective is to close 100% of all types of non-conformances identified, whatever their priority level.

Suppliers on-site assessments since 2017

374

Main findings and actions

The most recurring non-conformities with high risk solution contractors are: insufficient on-site security measures to protect workers; improvement needed in working conditions; the lack of working contract formalization; and respect of working hours and resting days.

In addition to these non-conformities, specific risks related to local contract negotiation and relations with local authorities may occur.

Actions following non-conformities are the same as with other suppliers (re-audits, trainings, workshops). Specific measures are implemented for this project environment: Schneider Electric implements regular reviews of safety incidents on customers' sites, involving the Global Safety team and the Project Management leadership. The Group also reinforced training on anti-corruption and business agent policies for its employees involved in commercial negotiations. The project follow-up with contractors and the selection processes for contractors has been adapted to ensure vigilance topics are considered early in the project stage.

2.8.5 Alert system and whistleblowing

To allow specific alerts to be reported with a high level of confidentiality and to be dealt with at a high level, Schneider Electric relies on an online internal system called Red Line. A similar alert system has been implemented for external cases. This system, called Green Line, is available for external stakeholders including suppliers, subcontractors, customers, and business agents. It allows alerts to be raised on issues such as corruption, theft, human trafficking, health and safety, environmental pollution, etc. Green Line is managed similarly to the internal alert system, Red Line.

For more details, see section "One alert system to cover all stakeholders" pages 104 to 105.

2.9 Relations with subcontractors and suppliers

2.9.1 Description of risks and opportunities

Schneider Electric has been involved in an ambitious approach to including sustainable development challenges in supplier selection and working processes. This approach is all the more important as Schneider Electric's Procurement volume represents more than EUR12 billion – and more than 52,000 suppliers.

With a complex global supply chain, there are some potential risks that Schneider Electric is committed to mitigating in the areas of health and safety, human rights, ethics, the environment, and sustainable development. Proactively managing upstream supplier risks, through Schneider Electric's Supplier Vigilance, Sustainable Development and Procurement programs and processes also improves the Group's reputation and shareholder value, and greatly lowers legislative and business risks.

By working closely with its suppliers to develop their maturity in integrating sustainability, Schneider Electric further de-risks and improves its competitive advantage by continually improving the global supply chain. Other opportunities and benefits include carbon footprint reduction and opportunities to co-innovate sustainable solutions with top suppliers and partners.

2.9.2 Risk identification and management

Schneider Electric has a risk management system to identify and manage critical suppliers, and uses a tool, Supplier Risk Management (SRIM), to capture risks and ensure the follow-up of identified cases with an extended source.

The Group has also been performing sustainability risk assessments with its own purchasing specialists, supported by its Schneider Supplier Quality Management (SSQM) processes and ISO 26000 assessments for strategic suppliers.

In addition, Schneider Electric is reinforcing its sustainability risk assessment by geography and type of activity as part of its vigilance plan.

Schneider Electric has also launched its professional alert system for external stakeholders (Green line).

2.9.3 Group policy

Since 2004, the Group has been encouraging its suppliers to commit to a sustainable development initiative. Since 2012, Schneider Electric has wanted to place itself in a continuous improvement process as well as to follow up with its suppliers by requiring them to make progress according to the ISO 26000 guidelines.

This approach is strengthened by the General Procurement Terms and Conditions which all suppliers must abide by: each supplier undertakes to apply the principles and guidelines of the ISO 26000 international standard, the rules defined in the ISO 14001 standard, and is informed that the energy performance of its supply has been considered as part of the selection criteria.

Schneider Electric's sustainable procurement strategy

Schneider's strategy combines actions on large and deep coverage (multiple tiers), seeks to engage strategic & impacting suppliers, allows supply chain risks identification & prevention and drives continuous improvement on four main pillars.

		Minimum requirements for all suppliers		Continuous improvement for impacting suppliers		Compliance for targeted suppliers	
		Sign-off*	Performance assessment	ISO 26000 on strategic suppliers	Specific programs and partnerships	Vigilance audits on risky suppliers	Environment & Human rights compliance
Net zero CO_2 emission	Climate pledge alignment	✓	✓	✓	CO_2 reduction program		
Decent work & Human Rights	Decent work for safe and inclusive workplace	✓	✓	✓	Decent work program	✓	Conflict minerals
Circular supply chain	Sustainably sourced or recycled materials	✓	✓	✓	Sustainable. packaging, plastics, metals solutions	✓	Green Premium Materials Declarations
Environment friendly	Compliant to the best standards to preserve biodiversity & health	✓	✓	✓		✓	

* General Terms & Conditions, Code of Conduct, Global Compact

Programs Programs tracked in Schneider Sustainability Impact

2. Green and responsible growth driving economic performance

Suppliers also commit to respect all national legislation and regulations, the REACH regulation, and the RoHS directives, and, more generally, the laws and regulations relating to the prohibition or restriction of use of certain products or substances. Lastly, suppliers are expected to report the presence and country of origin of any and all conflict minerals supplies in accordance with the requirements of the US Dodd-Frank Act of 2010 known as the "Conflict Minerals" law. In this context, Schneider Electric has a "conflict-free" objective.

Schneider Elecrtric publishes a charter for its suppliers, called the Supplier Guide Book, initially launched in 2016. The first section of this articulates expectations for suppliers on sustainable development in the following five areas: environment, fair and ethical business practices, sustainable procurement, labor practices, and human rights. In 2018, the Group adopted the Responsible Business Alliance (RBA) Code of Conduct for suppliers.

2.9.4 Due diligence and results

2.9.4.1 Integration of the sustainable purchases approach in the selection of new suppliers

Schneider Electric uses a qualification process called Supplier Approval Module (SAM) to qualify new and legacy suppliers. It is based on an auto-evaluation questionnaire combined with on-site audits by Schneider Electric certified auditors.

It includes two specific sections on sustainability. The following have been chosen as the criteria of evaluation, as the most relevant areas identified for the business of Schneider Electric:

- People and social responsibility: training, human rights and ISO 26000, health and safety;
- Environment: ISO 14001 and energy savings, EcoDesign, REACH and RoHS, conflict minerals.

Schneider Supplier Quality Management (SSQM) includes several supplier assessment modules. The last being decisive and where sustainable development criteria account for nearly 30% of supplier evaluation. In addition, all of these criteria have a minimum level, below which a supplier cannot be selected to start business or extend business with Schneider Electric.

Schneider Electric carried out 440 SAM audit decisions in 2020. In 2014, the Group launched an e-learning program which covers expectations in these fields and defines the documents and proof to be obtained from audited suppliers. In 2017, Schneider Electric digitized its supplier approval module tool, making it more efficient and consistent across the organization.

Thanks to this capability, all newly assessed suppliers have their action plan registered in a central database available to all in real time, making supplier interactions more fluid. These are tracked by Schneider Electric supplier leaders on a monthly or pluri-annual basis depending on the severity of the risks and classification of the supplier.

2.9.4.2 Promotion of a continuous improvement process based on the ISO 26000 standard for strategic suppliers

Sustainable development is one of the seven pillars used to measure supplier performance, allowing the highest- performing suppliers to become "strategic" suppliers. Performance resulting from the Ecovadis evaluation is one of the key points of the sustainable development pillar.

The Group has set out to engage all its strategic suppliers in a process of continuous improvement on this pillar. At the end of 2020, strategic suppliers represented c. 62%+ of Schneider Electric's purchases volume. Strategic suppliers who have passed the third-party evaluation process cover 70%+ of total strategic purchasing volume.

In 2018, the Group took on the ambitious target of achieving a 5 points out of 100 increase in the average ISO 26000 assessment score of its strategic suppliers between 2018 and 2020 as part of the SSI. In 2019, this target was raised to a 5.5 points increase. This indicator of the SSI is integrated into the performance incentive of Procurement employees receiving a bonus. The Ecovadis 26000 ratings remain one of the key aspects of Schneider Electric's supply chain and Procurement-led sustainable development strategy.

The elements of the assessment are now an integral part of the business reviews scheduled between buyers and suppliers, on a quarterly to yearly basis, depending on the suppliers. This monitoring supposes an improvement from the supplier.

In addition to the external assessments, Schneider Electric defined "off-limit" situations which are: employee safety risks, environmental pollution and child labor.

These situations have been identified as material issues in Schneider Electric's supply chain and unacceptable for a supplier of the Group. Each buyer is expected to be alert enough to detect any problem areas related to sustainable development themes when visiting a supplier's site. Off-limit cases must be addressed immediately or escalated using the specifically defined process.

SSI#16: 5.5 pts/100 increase in average score of ISO 26000 assessment for our strategic suppliers

In 2020, the average score for strategic suppliers is 57.4/100, up 6.3 points versus 2017, and one of the top performing supply chains measured by the third-party evaluation (Ecovadis). For reference, the average score of companies in the Ecovadis database is 44/100, while Schneider Electric's own score is 82/100. This achievement is due to continued prioritization in the strategic sourcing process and desire to continually improve the environmental, labor and human rights, ethics, and sustainable procurement aspects of Schneider Electric's supply chain.

Points increase vs 2017

+6.3

To support this approach, training was made available to Procurement teams. Basic training on the ISO 26000 standard for all purchasers is now part of the standard purchaser curriculum and more advanced training allows employees to learn how to question strategic suppliers during business reviews (whether assessed by a third party or not). For these off-limit situations, Schneider Electric favors a practical training approach, based on case studies, to ensure that purchasers have a clear understanding of situations that are unacceptable per the Group's standards. This also includes how to react if such a situation is encountered by Procurement. Potential detection may come from supplier on-site audits conducted as part of the vigilance plan leveraging RBA guidelines: a process is in place for immediate alert towards the Procurement community, including executives, for escalation and response.

2.9.4.3 Conflict Minerals rule

In August 2012, the US Security and Exchange Commission (SEC) adopted the Conflict Minerals rule as part of the Wall Street Reform and Consumer Protection Act. As defined by the legislation, "conflict minerals" include the metals tantalum, tin, tungsten and gold, often called "3TG", which are the extracts of the minerals cassiterite, columbite-tantalite and wolframite, respectively. The legislation focuses on the sourcing of these minerals to be "DRC conflict free" – meaning when these minerals were extracted, they did not directly or indirectly benefit armed groups in the Democratic Republic of Congo (DRC) and adjoining countries. This rule requires companies to conduct a "reasonable country of minerals' origin inquiry" and due diligence to determine whether "conflict minerals", as defined in the rule, are used in their supply chain.

Although the US SEC Conflict Minerals rule does not apply directly to Schneider Electric – since it is not registered with the US SEC – it is deeply concerned about social and environmental conditions in some mines that could supply metals for its products. As part of the Group's sustainable business practices, it is committed to increasing its responsible metal sourcing efforts.

In working towards these commitments, Schneider Electric has taken numerous steps including:

- Updating its Procurement Terms and Conditions to reflect its expectations from suppliers;
- Establishing a "Conflict Minerals Compliance program" supported and sponsored by its top leadership. This program was developed based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (CAHRA) and other appropriate international standards, which covers a wider scope of minerals and countries;
- Identifying the use of conflict minerals in its products;
- Engaging with its suppliers so that they respond in a timely manner to its requests for evidence of compliance.

Schneider Electric is working with an expert third party, collecting information from its suppliers to identify the source of the minerals in question and ensure they are recognized as "conflict-free" within established international standards such as the Responsible Minerals Initiative (RMI), the London Bullion Market Association (LBMA), and others. The Group is aware of the complexity of this task, and that it will take time to collect the required information, but it is committed to contributing to this responsible sourcing initiative as well as responding to its customers' potential concerns.

At the end of 2020, 87% of the smelters and refiners identified in our supply chain were designated as conformant with a recognized third-party validation scheme or actively engaging in same (equivalent to more than 90% of the relevant spend being compliant). The remainder are either from outside the conflict zone outlined in Section 1502 of the Dodd Frank Act, or solely using recycled and scrap materials. When the country of origin is known to be in the conflict zone, 100% of the smelters and refiners were verified conformant. Therefore, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries.

2.9.4.4 Cobalt program

Mid-2020, Schneider Electric added cobalt to its conflict minerals program. Cobalt sales have been identified as potentially funding or supporting inhumane treatment, including human trafficking, slavery, forced labor, child labor, torture, and war crimes in known CAHRA. These areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. These areas are often characterized by widespread human rights abuses and violations of national or international law. The program, currently ramping up, is focusing on the responsible sourcing of cobalt used as a key element for lithium ion batteries in Schneider Electric's supply chain.

2.9.4.5 Rollout of eco-responsible initiatives

Schneider Electric is rolling out several eco-responsible initiatives with its suppliers.

For example, Schneider Electric has chosen to go further than the European REACH and RoHS regulations. The approach is rolled out in the Group over the whole product portfolio and all suppliers, regardless of their geographic origin. To support the REACH and RoHS projects, Schneider Electric has implemented a data collection process supported by a dedicated team to gather the required information from its suppliers. This has allowed it to significantly reduce its response time to collect such information and therefore be quicker to respond to its customers' inquiries. In addition to data collection, Schneider Electric put in place a review process for this data to guarantee its quality. Thanks to this process, the level of verification required for a given supplier can be adjusted in order to make the controls more stringent in cases where deviations have been detected.

On the topic of sustainable packaging, Schneider Electric engaged with its suppliers to ensure that 99% of cardboard and pallets used in the transport of goods are sourced either from recycled or certified sources, hence conserving and preserving the natural resources.

Another example is Schneider Electric's commitment to supporting the small and medium enterprises network. This support is given through an approach to work in an adapted manner with certain suppliers. In France, Schneider Electric is a major player in the International SME Pact.

Finally, by the very nature of its activity, the Group continually encourages its ecosystem (including customers and suppliers) to implement energy efficient solutions.

3. Schneider Electric's commitments towards environmental excellence

In this section:

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Context and goals

Schneider Electric's environmental strategy is both a reflection and an enabler of its profitable growth strategy. 2020 came with yet additional evidence of the speed of climate change, resource depletion, and biodiversity losses. In 2020, "Earth Overshoot Day" fell on August 22, later than 2019's date of July 29, however, this was driven by a COVID-19-impaired global economy and not by any major inflection towards resources decoupling. 2020 saw an increase of people conscious about the environmental challenges, and a growing number of stakeholders have now realized the urgent need to pivot global supply chains and business models towards more resource efficient alternatives. Additionally, 2020 saw many commitments towards carbon neutrality from countries as well as corporations, such as through the Group's Climate Pledge, which was announced in September 2019. Schneider Electric is determined to continue transforming its supply chain and business models towards a "one-planet prosperity" for all. Schneider Electric is working to adopt lowest-impact operations, while inventing resource efficiency-enabling technologies for its customers. The Group wants to show there are ways for companies to "do good while doing well". Its environmental strategy is built on two pillars: climate and resources.

Key targets and results

Schneider Sustainability Impact 2018-2020

Megatrends and SDGs	2018-2020 programs	2020 progress	2020 target
Climate 	1. Renewable electricity	**80% ▲**	**80%**
	2. CO_2 efficiency in transportation	**8.4% ▲**	**10%**
	3. Million metric tons CO_2 saved on our customers' end thanks to EcoStruxure™ offers	**134 ▲**	**120**
	4. Increase in turnover for our EcoStruxure™ Energy and Sustainability Services	**17.6% ▲**	**25%**
Circular economy 	5. Sales under our new Green Premium™ program	**76.7% ▲**	**75%**
	6. Sites labeled Towards Zero Waste to Landfill	**206 ▲**	**200**
	7. Cardboard and pallets for transport packing from recycled or certified sources	**99% ▲**	**100%**
	8. Metric tons of avoided primary resource consumption through ECOFIT™, recycling, and take-back programs	**157,588 ▲**	**120,000**

▲ 2020 audited indicators.

The 2017 performance serves as a starting point value for the Schneider Sustainability Impact 2018-2020. Please refer to pages 185 to 189 for the methodological presentation of indicators and the following pages for the analysis of the results: pages 133 to 134 for indicator 1; pages 134-135 for indicator 2; pages 126-127 for indicator 3; pages 97-98 for indicator; pages 140-143 for indicator 5; pages 138-139 for indicator 6; page 137 for indicator 7; and page 136 for indicator 8.

2025

- Achieve carbon neutrality in the Group's operations (scope 1 and 2) by sharply reducing emissions from energy, SF_6, and company vehicles, and offsetting remaining emissions;
- Demonstrate that the Group, together with its customers and partners, is carbon positive thanks to CO_2 savings delivered by EcoStruxure™;
- Reach the SSI and SSE objectives under the Climate and Resources pillars

2030

- Net-zero operational emissions and reduction of scope 3 emissions by 35% (vs 2017) as part of the Group's validated 1.5°C Science-Based Target;
- Switch to 100% renewable electricity (RE100);
- Double energy productivity versus 2005 (EP100);
- Shift 100% of Company fleet to electric cars (EV100).

2040

- Become carbon neutral on full end-to-end footprint (full scopes 1, 2, and 3), 10 years ahead of 1.5°C climate trajectory.

2050

- Engage with suppliers towards a net-zero CO_2 supply chain.

3.1 Environmental strategy

2020 was a year of acceleration. Acceleration of our collective realization of the fragility of the world's ecosystems, climate, resources, biodiversity, and even human lives. The magnitude of changes needed will not accept incremental year-on-year progress. What is now needed is placing a Planet-first lens onto our collective development path: are we living under the limits of one planet? As science tells us this is not the case, let us instead work backwards and define what needs to be done to preserve climate under 1.5 °C of global temperature increase, to achieve biodiversity "No Net Loss", and to conserve primary resources. Towards that end, innovation and R&D are needed to invent solutions, technologies, and business models to help customers operate as well within the limits of one planet. Schneider Electric's environmental strategy covers many different dimensions, from supply chain to materials selection, from finance to people decision, and from business models to value-propositions, through two main perspectives:

- **+1.5 °C climate compatibility:** the determination to build value propositions, business models, and supply chains which are +1.5 °C compatible (i.e. allowing the fast decarbonization of the Group's operations and that of its customers and suppliers);
- **One-planet resource and life compatibility:** to decouple resource consumption from business growth and create a circular economy, design products and industrial processes that do not alter life, water or biodiversity. Strive to push back "Earth Overshoot Day" towards December 31rst.

Schneider Electric sees itself and reviews its progress as part of a broader ecosystem: first, how the Group as a company and in its supply chain delivers progress within the limits set out above; second, how customers are helped to do the same through offers, solutions, and services; and third, how Schneider Electric helps the world at large – its cities, buildings, and infrastructure – and progresses against the same factors (climate, resources, and life).

3.1.1 Description of risks and opportunities

Environmental sustainability comes with an array of risks and opportunities.

Products environment compliance and stewardship: with increasing chemical substances regulations, raising standards from a well-being perspective, especially in the building space, and increasing questions from B2C and B2B customers on health matters, the ability to ensure compliance of several hundreds of thousands of product references has never been so critical. When such product traceability is mastered at scale, with robust processes and systems in place, clear business opportunities emerge, as digitization of such data is increasingly needed. Winners are those who can seamlessly capture underlying data from suppliers, aggregate it, and disseminate it swiftly to customers who need it.

Circular innovations and business models: an obsession to avoid wastage and to reuse, repair, retrofit, or recycle, translates into cost savings. A circular mindset also triggers process innovations and opens the door to new business models, enhancing customer intimacy and thus loyalty (e.g. take-back and modernization services). High hopes are placed on circularity as a state of mind as it can transform multiple industries for the better. From a risk standpoint, some challenges may arise from a lack of stringent regulations or uncontrolled practices if used products come back into the loop without adequate controls and expertise. Schneider Electric's products are life-critical and it is paramount their circular features, including "recycled content", carefully reflect the products' unique constraints, as well as roles in various mission-critical applications.

Climate: Climate change can place a strain on specific supply chain legs should they be more exposed to exceptional climate disorders such as floods, winds, or fire. For this reason, Schneider Electric carries-out independent reviews of its industrial sites and their Business Continuity Plans (BCPs), and makes decisions accordingly. Companies who can quantify and reduce CO_2 in each of their processes and dealings, and deliberately aspire to achieve neutrality ahead of others, will have an edge over the competition.

Environmental transparency and traceability: more and more customers, green building standards, distributors, and electricians prefer offers with green credentials. It is both a risk, if one is too lenient in this domain and an opportunity to be harnessed, if made an integral part of a deliberate approach. Many building standards and local regulations, mandate or promote offers providing EPDs (Environmental Product Declarations). There is clearly a growing premium assigned to transparency.

Biodiversity and resources access: while Schneider Electric does not directly depend upon organic resources, the strain the world places onto ecosystems is also placing additional responsibility onto the Group's sector. The extraction of metals such as copper and aluminum, and the making of steel, both have a direct or indirect impact on natural ecosystems and biodiversity. When completing its first ever end-to-end biodiversity footprint in 2020, Schneider Electric purposely wanted to gauge its impacts, so it could work to address these. On an opportunity note, companies able to find alternatives to primary materials and adopt them at scale, or who can use alternate sourcing options for scarce materials sourcing, will increase the resilience of their supply chain.

3. Schneider Electric's commitments towards environmental excellence

Sites and property risks: ill-managed industrial processes can trigger spills and contamination of water, soil, and air, and this is a risk for both companies and the environment. However, a proactive approach towards site and property environmental risks helps preserve continuity of operations, reduce reputational and legal risk, and avoid expensive remediation steps.

Operations compliance and projects execution: with 135,000 people spread across more than 1,000 sites globally, operating under 100 different national environmental regulatory frameworks, risks of non-compliance exist. These risks deal with topics such as effluent management, handling of waste, or greenhouse gases related expectations, to name but a few. When Schneider Electric runs projects for customers, its superior execution ability on environmental matters may trigger preference from its customers and give the Group an edge over the competition.

Other environmental risks and opportunities exist. They may be related to environmental resource productivity (e.g. reduced energy and materials consumption) which could help both reduce operating costs and reduce risks related to price volatility and resource availability. This relates to resources such as copper, steel, polyamides, or cardboard. Other risks and opportunities exist that could either tarnish or enhance employer value proposition. However, a sound environmental strategy and execution enhances the Group's reputation with analysts, rating agencies, investors, governments, NGOs, and civil society, and overall, benefits its brand reputation.

3.1.2 Environment strategy 2030 and its pillars

Schneider Electric has defined a clear environmental strategy, defining priority initiatives and related goals across environmental domains and fully aligned with the Company's sustainable and profitable growth strategy. At Schneider Electric, environmental considerations go far beyond its efforts towards the reduction of its supply chain's footprint on the planet. They are embedded into the Group's strategy, R&D, manufacturing, procurement, finance, human resources, transportations, sales, marketing, and services, the way value propositions to customers are spelt out.

Pillar	Commitment
Climate	A CO_2 strategy has been defined, towards "+1.5°C climate compatibility", with a clear roadmap for 2030, 2040 and 2050. The Group is committed to emit net-zero CO_2 emissions in its operations by 2030, and is a member of RE100, EP100 and EV100 initiatives. By 2040, the Group will be carbon neutral on its full value chain, meaning all products will be carbon neutral. With EcoStruxure, Schneider Electric delivers measurable CO_2 gains to customers. Over the 2018-2020 period, considering only modernization projects, Schneider Electric helped its customers save 134 Mt CO_2.
Biodiversity	In 2020, Schneider Electric was the first company to publish the end-to-end biodiversity footprint of its activities, using the new "Global Biodiversity Score" (GBS) tool developed by CDC Biodiversité. The Group is committed to align targets with science to preserve biodiversity and achieve No net Biodiversity Loss in its direct operations by 2030.
Eco-efficient manufacturing	Energy and resource efficiency are a clear priority of the Group's Supply Chain strategy, supported by robust environment management systems (ISO 14001 and 50001 certifications). In addition, Schneider Electric extends its environmental ambitions to suppliers, with EHS risk assessment, audits and performance targets. Finally, the Group embeds environmental considerations across key functions' processes (procurement, capital expenditures, manufacturing, logistics, acquisition, human resources, etc.).
Circular economy	The circular economy services help extend products' lifespan, and help customers enjoy energy management and automation services using fewer resources, 'doing more with less', for a limited capital expenditure. Services towards the management of Schneider products' end-of-life are expanding. Circularity helps drive further innovation and value-addition for customers, as well as resource frugality for the benefit of the planet.
Green Premium™ and Product Environment Stewardship	More and more customers value the Group's sustainable performance offering and how they benefit from it. Green Premium™ program was created to provide customers with peace of mind and differentiating environmental performance: transparent environmental and regulatory information, superior energy, climate and circular performance, and protection of people and ecosystems from chemical substance risks. Today, 76,7% of Schneider Electric eligible sales are Green Premium. Digitized environmental information is available at a fingertip in MySchneiderApp and e-catalog, with REACH, RoHS, Product Environment Profile/PEP and Circular End-of-Life Instructions.

3.1.3 Governance

At Group level, the Chief Strategy & Sustainability Officer helps determine and enforce the Group's environmental goals and underlying transformations.

Across organizational entities, environmental managers or correspondents can be found in functions such as procurement, finance, insurance, marketing, industrialization, security, mergers and acquisitions, and sustainable development.

Various governance bodies enable these communities of experts and leaders within the environmental function to meet every month or every quarter, depending on the topics and entities, to ensure consistent adoption of environment policies and standards throughout the Group.

To implement the environment policy, environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design, and marketing. This network has access to a wide range of resources including directives, standards, policies, best practices, benchmarks, and implementation guides, all of which are shared on the dedicated intranet site and databases.

In 2020, environmental performance has also been reported and discussed on a number of other instances:

- Quarterly reviews with global supply chain leadership;
- Quarterly steering committees with business units, discussing progress on Ecodesign, the Green Premium™ program, and product environment stewardship initiatives;
- Multiple ad hoc sessions and presentations to the board Audit and Risks Committee, Board of Directors, Executive Committee, Human Resources & CSR Committee and Group Sustainability Committee.

Leading experts in various environmental fields (Ecodesign, energy efficiency, circular economy, CO_2, etc.) are identified globally. Each year, a process recognizes those individuals who have a specific expertise that the Company is eager to maintain and grow. Such experts are named Edisons, and there are ten specific domains where they were identified, one of them being environment. Each year, an environment Edison is expected to dedicate 10% to 20% of his/her time to lead a global initiative related to his/her expertise, such as development of an e-learning course, a new standard, or an innovation.

The network of leaders driving environmental transformations consists of:

- For the design and development of new offers: Sustainable Offers Managers and leaders in each business are in charge of integrating key environmental considerations into the development of new products and producing expected environmental information for customers;
- For the management of industrial, logistics and large tertiary sites: Safety, Environment and Real Estate Vice-Presidents are nominated in each region, with dedicated teams. They are responsible for implementing the Group's policies across all sites in their geographical remit. In each region, directors coordinate teams across a group of sites (clusters), as well as on-site. These environmental and safety leaders are in charge of reporting on performance as well as executing progress plans on the ground;
- For logistics: the Logistics SVP and his/her teams within the Global Supply Chain Department are in charge of reducing and measuring CO_2 emissions from freight at Group level;
- For countries and commercial entities: environment managers and safety champions are appointed in each country and are responsible for: local reporting actions where necessary; monitoring regulations, taxes, and national opportunities as applicable (e.g. national transcriptions of the WEEE in relation to end-of-life product management, and monitoring of RoHS China); the proactive management of local environmental initiatives; and relations with local stakeholders.

3.1.4 Employee engagement

To educate all employees on environmental issues, and to give them the necessary skills, e-learning modules have been developed on topics such as the circular economy, climate and CO_2, biodiversity, and EcoDesign. Additionally, an environment intranet site is accessible to all employees, informing them about the ongoing programs, best practices, results, goals, and upcoming deadlines.

In 2019, Schneider Electric launched a Company-wide initiative, Act for Green, whereby each of its employees, each day of the year, can share their suggestion on how the Group can "Green" its operations. In 2020, thanks to the suggestion of many employees, an initiative to ban the single use of plastics has been launched and 100% of the Group's sites are committed to follow this #stopsingleuseplastics program.

On June 5, 2020, on UN World Environment Day, as has been the case for each year over the last six years, Schneider Electric organized its annual "Global Environment Day" event involving tens of thousands of Group employees, inviting them to celebrate and to share innovations in the areas of CO_2 emissions reduction and the circular economy, both internally to the Group and externally in association with local communities. This year, a special focus was made on the importance of biodiversity.

3.2 Climate strategy towards net-zero CO_2 emissions

3.2.1 Description of risks and opportunities

Global climate science is clear: public and private spheres must work together to reduce global carbon emissions and halt the rise in temperature to below +1.5 °C.

In line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, Schneider Electric launched a prospective approach on climate change and energy transition two years ago, by setting up a dedicated organization in charge. The scenarios developed by Schneider Electric demonstrate that a net-zero carbon future, aligned with IPCC's 1.5 °C scenarios, is possible, and the Group is uniquely positioned to embark its ecosystem onto an inclusive, zero-carbon transition. The Group sees the energy and climate transition as an opportunity for companies who are "part of the solution" to grow their revenues. Schneider Electric's Energy Management and Industrial Automation help customers deliver energy and resource efficiency and reduce CO_2 emissions. Furthermore, smart grid technologies unlock the potential to electrify energy usage, powered by renewable electricity.

Climate risks identified in the short, medium and long term are related to climate mitigation and adaptation:

- Volatility of energy and commodity prices and regulation strengthening will generate increasing and volatile operating and investment costs along Schneider Electric's value chain, impacting both Schneider Electric's expenditures and that of its suppliers. This can translate into an increase of the cost of goods sold and reduced margins. This risk can be mitigated by securing low-carbon and resilient sources of supply, increasing resource-efficiency, and increasing resale prices along the value chain. In addition, physical assets are retrofitted for resource-efficiency, as competition with new built efficient infrastructure will increase. For instance, energy- efficient and digital buildings provide superior comfort to users while lowering operating costs, which translates into higher asset value;
- Schneider Electric also considers the possible financial impacts of future CO_2 costs on its activity, looking both at operational (scope 1 and 2) and supply chain (scope 3) footprints. Given the relatively low level of the Group's scope 1 and 2 carbon emissions, carbon pricing has indirect rather than direct impacts, resulting in increased costs from the supply chain, especially in the purchasing of raw materials and manufactured components containing metals and plastics. A carbon tax at EUR 30/ton of CO_2 is estimated to have an impact on the Group industrial supply chain up to EUR 280 million globally (including direct and indirect impacts);
- Climate change mitigation will lead to regulation strengthening, which can disrupt markets. For instance, SF_6-insulated switchgear can have a significant impact on climate change if SF_6 is mishandled at the end of life of the equipment and leaks into the atmosphere. Schneider Electric strives to anticipate regulation changes and launches innovate SF_6-free solutions;
- Extreme weather events, floods, droughts, and other climate impacts will increasingly put pressure onto supply chains. Shortage can translate directly into revenue loss (missed orders), increased costs (urgent shipping), and increased working capital requirements (stock management). Extreme events can also cause damage to property and assets. This risk can be mitigated by adopting a flexible and resilient supply chain, with the ability to rebalance supply and manufacturing.

3.2.2 Group policy

Schneider Electric has been a leading contributor to the fight against climate change for the past 15 years by implementing its own energy management and industrial automation services across operations, by supporting its clients in achieving their low-carbon and efficiency objectives, and by allowing more than 30 million people to gain access to electricity. Schneider Electric aims to reduce the end-to-end emissions of its offers, by engaging suppliers and ecodesigning offers for life cycle climate and circular performance. Schneider also takes an active role in a variety of multi-stakeholder organizations to promote solutions to climate change, call for a price to CO_2 and strengthen CO_2 governance globally. Finally, Schneider contributes, since 2011, to the Livelihoods funds, which proposes innovative investment models to simultaneously address environmental degradation, climate change, and rural poverty.

In its Principles of Responsibility, launched in 2019, Schneider Electric adopts an unequivocal position regarding impact on climate change and CO_2 emissions.

At the 25th UN Climate Conference (COP25), the Group reaffirmed its ambition to be a role model in the fight against climate change, by sharply decarbonizing its own operations and by delivering services and solutions that allow its customers to reduce more CO_2 emissions than those produced by its activity. Climate ambitions are defined for 2025, 2030, 2040 and 2050:

- Before 2025, demonstrate that Schneider Electric is carbon positive together with its customers and partners, thanks to CO_2 savings delivered by EcoStruxure™;
- On the Group's operations (scope 1 and 2): be carbon neutral by 2025 (allowing CO_2 offsets) and net-zero CO_2 emissions by 2030 (with no CO_2 offsets);
- On indirect emissions (scope 3) in its supply chain and with customers: reduce emissions by -35% by 2030 (versus 2017) by actively engaging suppliers to accelerate their climate strategy and sourcing greener materials, as well as reducing offers' emissions on customers' ends;
- Become carbon neutral on the Group's full end-to-end footprint by 2040 (scope 1, 2, and 3 with quality CO_2 offsets), 10 years ahead of 1.5 °C trajectory. This means that all Schneider Electric's products will be carbon neutral in 2040;
- Engage with suppliers to move towards a net-zero CO_2 supply chain by 2050 (with no CO_2 offsets).

The Group's 2030 targets (net-zero CO_2 emissions on scope 1 and 2, and -35% on scope 3) are a validated 1.5°C Science-Based Target.

Roadmap towards a 1.5°C climate trajectory

	Suppliers (Scope 3 upstream)	SE's Operations (Scope 1&2)	Customers (Scope 3 downstream)	Customers (Saved & Avoided)
2020 CO_2 footprint	Induced: 6.9 $MtCO_2$	Induced: 287 $ktCO_2$	Induced: 58.7 $MtCO_2$	
2025	Supplier decarbonisation Green materials and packaging	Carbon neutral operations (with CO_2 offsets)	EcoDesign Way™ of new offers	CO_2 positive together with customers -800Mt CO_2 2018-2025
2030	-35% Scope 3 End-to-End	Net-zero CO_2 operations (no CO_2 offsets)	-35% Scope 3 End-to-End	
2040	Carbon neutral products, i.e., carbon neutral on full end-to-end value chain (with CO_2 offsets)			
2050	Net zero CO_2 supply chain (no CO_2 offsets)			

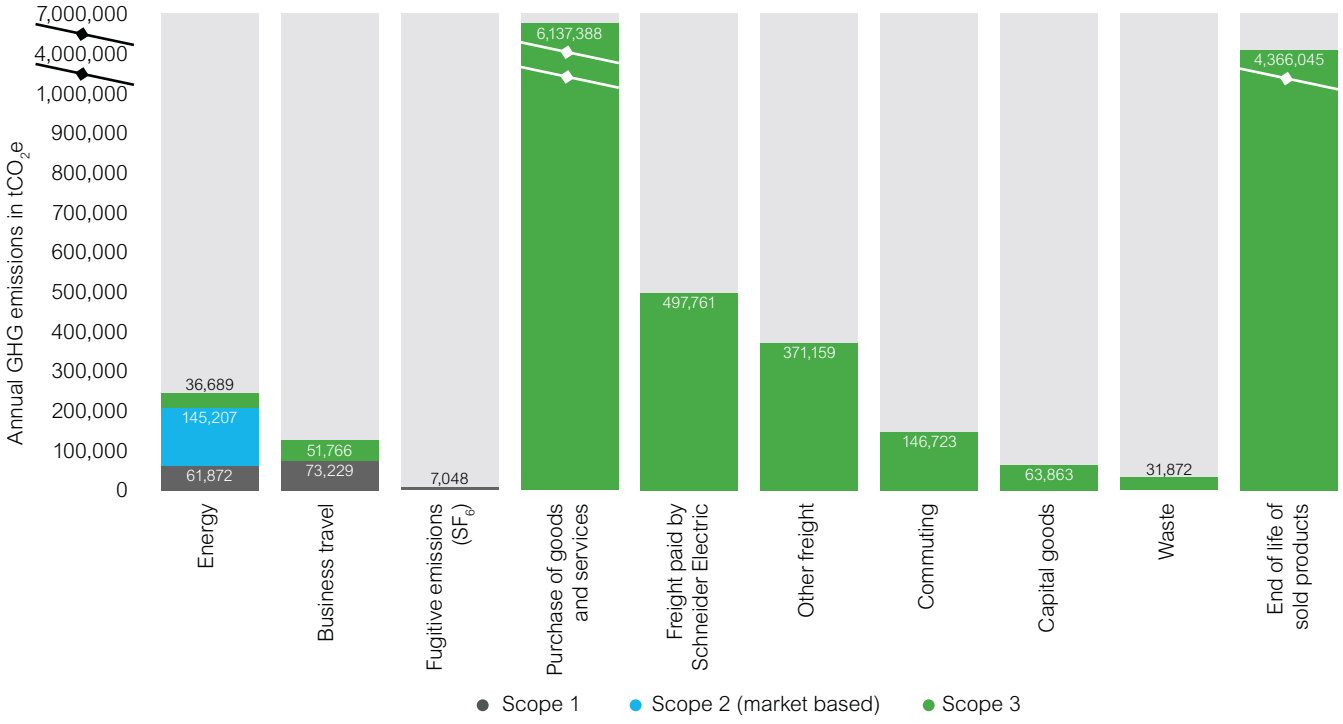
Concrete actions

Engage suppliers towards net-zero CO_2 supply chain	Reduce operational CO_2 emissions, towards zero	Deliver CO_2 savings to customers
Strategy and governance: carbon committee, CO_2 scenario for strategy, CO_2 pricing in decisions, ActforGreen for employee empowerment		
Suppliers engagement towards zero CO_2	**Energy efficiency (EP100)**	**CO_2 savings with EcoStruxure™**
Green materials	**Renewable energy (RE100)**	**Ecodesign Way™**
Responsible packaging	**Electric Vehicles (EV100)**	**SF_6-free innovation**
Low CO_2 logistics	**Zero CO_2 buildings**	**Circular value propositions**

3. Schneider Electric's commitments towards environmental excellence

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

Schneider Electric's 2020 industrial carbon footprint



3.2.3 Due diligence and results

3.2.3.1 CO_2 footprint

Schneider Electric updates its scope 1 and 2 carbon footprint annually, and scope 3 emissions annually or every three years (depending on the source of emission). Its industrial carbon footprint (i.e. scopes 1, 2 and 3 upstream, as per the Greenhouse Gas Protocol, excluding use and end-of-life of products sold) enables the Group to quantify and reduce CO_2 emissions from its supply chain, adopting a cradle to gate view. Scope 3 emissions represent around 90% of the Group's industrial carbon footprint, mainly from the purchase of raw materials, equipment, and services to its suppliers. Emissions produced, saved, and avoided by Schneider Electric's products and services during their use phase and end-of-life are also quantified.

The diagram above represents Schneider Electric's 2020 industrial carbon footprint on scopes 1, 2 and 3 (excluding use of the sold products), including all greenhouse gas emissions (GHG) from the upstream activity of all its suppliers to the downstream logistics activity to distribute its products to customers.

Coverage of reported emissions is 100% for energy, fugitive SF_6 emissions, waste, purchases, capital goods, commuting, travel, and freight (coverage is estimated using a relevant activity indicator for each source of emissions, such as spend for purchases and business travel, surface for energy and capital goods, headcount for commuting, and waste). Schneider Electric reports no GHG emissions on franchises, investments, or downstream leased assets, because these emissions are not considered relevant for its activities.

In the end-to-end carbon footprint of Schneider Electric, covering the entire life cycle of products, the use phase and end of life of the products are also taken into account. During the use phase, the emissions induced and saved by the Group's offers to its customers are measured using the methodology described in subsection 3.2.3.6 "CO_2 savings delivered at every layer of EcoStruxure™". Use phase emissions from products sold were estimated in 2020 at 58.7 million tonnes of CO_2e. End-of-life emissions from products sold were estimated in 2020 at 4.4 million tonnes of CO_2e. The end-to-end CO_2 footprint of Schneider Electric is declared each year in the CDP Climate questionnaire, which is publicly available.

3.2.3.2 Net-zero CO_2 emissions in operations by 2030

To deliver its net-zero scope 1 and 2 by 2030, validated in 2019 by the Science-Based Targets initiative, the Group has launched several ambitious transformations, such as the phase-out of SF_6 in its products by 2025, the switch to 100% renewable electricity, the doubling of energy productivity, and the shift to 100% electric cars in the Company fleet by 2030. The Group leverages its Power and Building EcoStruxure™ IoT architectures to deliver these ambitions, monitor and optimize energy consumption, manage assets and grid infrastructure, manage distributed renewable energy resources and electricity load, monitor energy quality, and power electric vehicles. The initiatives to deliver these targets are described in section 3.4 Eco-efficient manufacturing, pages 130 to 135.

Thanks to Schneider Electric's energy efficiency and renewable strategies, the Group has achieved significant CO_2 emissions reduction in absolute terms in 2020 versus 2017 baseline: scope 1 and 2 operational emissions have reduced from 698,162 tCO_2e to 287,356 tCO_2e, which is an absolute reduction of 410,806 tCO_2e, and a -59% decrease.

3.2.3.3 End-to-end carbon neutrality by 2040 (scope 1, 2 and 3)
In addition to its previous commitments, Schneider Electric has added a bold 2040 milestone to its Carbon Pledge. The Group commits to become carbon neutral on the Company's full end-to-end footprint by 2040 (full scopes 1, 2 and 3 with quality CO_2 offsets), 10 years ahead of the 1.5 °C climate trajectory. This means that all Schneider Electric products will be carbon neutral in 2040.

By connecting technology, business, and collaboration, Schneider Electric joins the likes of global partners, such as Amazon, Infosys, and Daimler to help deliver carbon neutrality by 2040 as part of the Climate Pledge, a jointly created initiative between Global Optimism and Amazon. The Climate Pledge was founded on the conviction that global businesses are responsible and accountable for acting on the climate crisis, together.

This milestone is set 10 years earlier than the pledge made in 2015 by all UN country members at Paris COP21, showing the Group's eagerness to accelerate the world economy decarbonization to respect the 1.5 °C targets.

Schneider is already taking concrete action to:

- Reduce purchasing-related CO_2 emissions with EcoDesign™ to improve the end-to-end life cycle environmental footprint of its offers, notably by reducing and substituting materials and components embedded in products. The Group aims to source 50% green materials by 2025, favoring bio-sourced, recycled, and sustainable options;
- Reduce CO_2 emissions from freight and logistics activities, by shifting from air to sea freight and optimizing fill rates and travel routes. The reduction of CO_2 intensity of freight has been part of the Schneider Sustainability Impact since 2012;
- Reduce CO_2 emissions from waste management, with its "Waste as Worth" program. Since 2012, Schneider Electric has increased its waste recovery ratio by +12.7% to 96.3%, meaning that over 13,600 tons of additional waste was diverted from landfill in 2020 compared to 2012 – nearly the weight of two Eiffel Towers. In 2020, 206 sites achieved the "Towards Zero Waste to Landfill" designation;
- Reduce CO_2 emissions from travel and commuting with the development of digital solutions such as messaging, web audio, video conference, and remote collaborative brainstorming tools. (see section 3.5 "Circular economy", pages 136 to 139);
- Reduce CO_2 emissions from capital goods by optimizing real estate space occupancy. Indeed, by using existing building surfaces more efficiently, it is possible to deliver more value from existing assets and limit the need to build new infrastructure. Saved surfaces translate directly into lower CO_2 emissions, as well as spared natural habitats and agricultural land.

3.2.3.4 Towards net-zero CO_2 emissions in supply chain by 2050
Going further, Schneider Electric is committed to engaging suppliers towards a net-zero CO_2 in supply chain by 2050, in line with 1.5 °C climate scenarios.

Schneider Electric is already taking concrete action to engage suppliers to reduce CO_2 emissions. By 2025, the Group aims to engage 1,000 suppliers to reduce their CO_2 emissions by 50%.

By 2050, achieving net-zero CO_2 emissions in supply chain will require Schneider Electric to work transversally with all stakeholders, from product design, to sourcing, manufacturing, and shipping.

To deliver this transformation, strategic supply chain and R&D decisions will embed carbon pricing of EUR 30-130/ton depending on time horizons. The Group also focuses on co-innovating with suppliers. In 2018 and 2019, the Group co-developed a state-of-the-art digital CO_2 tracking solution for freight with a world-leading logistics company, enabling this supplier to commercialize a new offer on the market.

3.2.3.5 Climate-related scenarios embedded in the Group's strategy
Since 2018, Schneider Electric has built a scenario planning function and roadmap.

This exercise led to the creation of several scenarios leading to 2040, developed following an inductive methodology approach. These scenarios include critical reviews of the geopolitical landscape, commodity and resources availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways, and technology developments, among others.

The consequences on the energy transition are quantified, looking at 10 regions and a number of sectors individually, framing the business landscape in which Schneider Electric operates. Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, among others, on a regular basis.

Governance is in place, under the leadership of the Chief Strategy Officer, and this exercise is shared internally and used to inform strategic priorities across the business and operations.

Across all scenarios, a key takeaway is the dominant role of:

- Efficiency: a critical enabler for decarbonization, resiliency and security;
- Electrification: the world is becoming more electric, with 2x growth against other sources of energy;
- Digitization: with the increase in connectivity, complemented by real-time information and competitive computing capabilities, digital technologies play a major role in reaching decarbonization targets while augmenting economic productivity.

Based on these inputs and findings, and by estimating the financial impact such scenarios may have on the Group's business (as risks or as opportunities), key development areas have been identified that allow to actively contribute to the low-carbon transition. These scenarios therefore heavily drive the Schneider Electric business strategy in terms of investments (R&D, incubation, efficiency), and enable to develop its sustainability portfolio of offers.

3. Schneider Electric's commitments towards environmental excellence

3.2.3.6 CO_2 savings delivered at every layer of EcoStruxure™

With EcoStruxure™, the IoT-enabled architecture, Schneider Electric helps companies become more efficient and reduce their CO_2 emissions. To demonstrate this positive impact, a new indicator was launched in 2018 to quantify CO_2 savings delivered to customers through the use of Schneider offers. From 2018 to 2020, Schneider Electric's solutions helped customers save 134 million tons of CO_2e. In addition, new technologies were added to expand the methodology coverage in 2020: microgrids, Advanced Distribution Management Systems (ADMS), cooling, power quality and 3 phase UPS. Overall, from 2018 to 2020, Schneider Electric helped customers save and avoid 263 million tons of CO_2e.Only saved emissions are reported as part of the current Schneider Sustainability Impact scorecard. This indicator is audited every year as part of the extra-financial audit. 2020 audit covered five new technologies and both CO_2 saved and avoided.

For 2021 onwards, Schneider Electric is committed to extend the methodology to progressively include all relevant offers, as well as report both saved and avoided CO_2 emissions with customers and partners. From 2018 to 2025, Schneider Electric is committed to help customers saved and avoid 800 million tonnes of CO_2. This commitment is one of the three performance indicators of the first ever convertible Sustainability-Linked Bond launched by the Group end 2020.

Schneider has created an innovative CO_2 accounting methodology to quantify CO_2 savings delivered to customers. This methodology allows to quantify CO_2 induced and saved by the Group's solutions at its customers' premises. Detailed calculation rules are defined per offer, leveraging sales data, market expertise, and technical knowledge.

Emission savings are net emissions (savings are netted from use- phase caused emissions) and considered solely as savings delivered on brownfield (retrofit) projects. Avoided emissions are defined with respect to greenfield sales (new infrastructure); they are defined as a limitation of emissions increase versus a reference scenario. Avoided emissions are net emissions, they are the difference between emissions of a reference scenario and emissions with the implementation of Schneider Electric's offer.

The methodology is designed to become a shared industry standard, its principles are applicable across capital goods and consumer durables sectors. Attention was given to define rigorous calculations, with conservative assumptions. The methodology is public and was developed with an expert CO_2 accounting consulting company, Carbone 4.

3.2.3.7 Internal CO_2 price

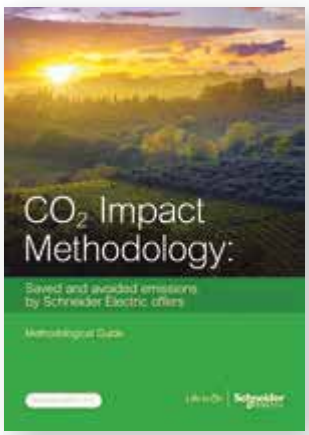
To lead the global transition to a zero-carbon economy, Schneider Electric calls for policymakers to define robust and predictable carbon pricing for companies, enabling companies to integrate collaterals on climate in their strategy. A high and stable price on carbon will strengthen incentives to invest in sustainable technologies and to change behaviors.

As part of its Climate Pledge, Schneider Electric is committed to embed a carbon pricing of EUR 30-130/ton (depending on time horizons) in strategic supply chain and R&D decisions. In line with the vision, an internal price on carbon is already used in several cases to embed the cost of CO_2 externality in decision making and strategy.

First, an internal CO_2 price is used to assess the performance and resiliency of operations. The cost of CO_2 is evaluated for industrial activities, looking at CO_2 emissions from energy consumption, SF_6 leaks and road freight per region. CO_2 cost is also embedded in industrial network modelling to account for future CO_2 prices in industrial decisions. This enables measurement of the potential impact of CO_2 pricing on the Group's supply chain and review of progress against the CO_2 reduction targets. Second, an implicit price to carbon has been adopted for over 10 years, through the Group's three flagship programs to reduce scope 1 and 2 emissions: energy efficiency, renewable energy and SF_6 leaks reduction. These programs are evaluated against a conventional price of CO_2 of EUR 30/tCO_2, to assess whether the investment and reduction efforts are in line with the cost of CO_2 externality. Schneider Electric views internal CO_2 pricing as a useful tool to reinforce its governance and external commitments on CO_2.

30-130 €/tCO_2
Internal CO_2 price

Time for Climate Impact Disclosure white paper and CO_2 Impact Methodology guide



SSI#3: 120 million tons of CO_2 saved on our customers' end thanks to our EcoStruxure™ offers

CO_2 savings are delivered at every layer of EcoStruxure™. For instance, Building Management Systems (BMS) monitor, control, and optimize buildings' performance throughout its life cycle. This drives occupancy productivity as well as energy savings. From 2018 to 2020, Schneider Electric's BMS sales enabled customers to save 7.9 million tons of CO_2e.

Million tons CO_2 saved since 2018

134

CO_2 savings are delivered at every layer of EcoStruxure

Together with Customers and Partners:

134M tons

CO_2 saved from (2018 to 2020)

Annual savings are equivalent to:

5.5M people in the EU

22M hectares of US forest

EcoStruxure™
Innovation At Every Level

Apps, analytics and services	Leverage IOT data to identify additional energy efficiency opportunities, increase the lifetime of assets, optimize maintenance services and boost demand flexibility.	**CO_2 savings in the ecosystem** Example: Power Purchase Agreements (PPA)	
Edge control	Manage on-site operations, with day-to-day optimization of energy consumption through remote access and advanced automation.	**CO_2 savings in the building or industrial process** Example: Building Management System (BMS)	
Connected products	Connected products are Eco-Designed to improve their efficiency and deliver electricity savings.	**CO_2 savings of the product** Example: Variable Speed Drive (VSD)	

3.3 Biodiversity journey

3.3.1 Description of risks and opportunities

According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) global assessment report, biodiversity loss is unsustainable, and transformative changes are required to safeguard economic and social models. Major biodiversity loss undermines nature's ability to support people and communities, a factor which strongly improves both quality of life and business prosperity.

Science clearly says that human activity takes an unsustainable toll on nature. In 2018, the world average terrestrial Mean Species Abundance (MSA)(1) was only 66%, meaning that a significant part of the species abundance of ecosystem integrity has already been lost. Under a business-as-usual scenario, this number would fall below 60% MSA by 2050, which is much beyond the safe operating zone that respects the planetary boundary, which is estimated at 70% MSA (CDC Biodiversité). Such a high biodiversity loss undermines nature's ability to provide its contribution to people, which is vital for human existence and a good quality of life.

The fight against nature loss should be a business priority: nature is essential to global economic prosperity and individual business success. A sustainable future for people and economies will be possible if nature, climate and people are addressed in an integrated way. Indeed, climate change is among the main drivers of biodiversity loss, and yet nature is part of the climate solutions.

For Schneider Electric, biodiversity loss generates business risks. First, biodiversity loss can accelerate climate deregulation and related risks. Biodiversity loss could also have a significant impact on the increase of the cost of raw materials and, eventually, its availability. Finally, natural habitats offer good protection from extremes events, meaning that nature degradation increases business continuity risks.

3.3.2 Group policy

To engage in a transformative change, clear and measurable international targets must be set, counterparts to both the 1.5-2°C increase climate limit and its associated carbon budget. Schneider Electric supports the creation of ambitious biodiversity targets during the COP15 for Biodiversity. Only together, businesses, finance and governments will be able to drive global systemic and transformative change, unlocking new opportunities and allowing everyone to live sustainably on a healthy planet.

To drive change, companies need quantitative metrics to estimate, monitor, and pilot the impacts of their activities on biodiversity loss or demonstrate their contribution to biodiversity restoration. Creating aggregated and standardized biodiversity metrics and protocols is a much-needed step to ensure nature is truly placed at the heart of business strategy.

In 2020, Schneider Electric was the first company to publish the end-to-end biodiversity footprint of its activities, using the new "Global Biodiversity Score" (GBS) tool developed by CDC Biodiversité.

With the backup of a quantified footprint, Schneider Electric commits to achieve No net Biodiversity Loss in its direct operations (scope 1) by 2030.

By sharing its experience with other companies and choosing to publish results transparently, the Group aims to demonstrate that biodiversity footprints are a key first step to help companies define relevant and impactful biodiversity strategies, across their entire value chain.

Schneider Electric calls for all companies to fast-track the adoption of ambitious biodiversity strategies, leveraging best practices from climate Science-Based Targets. In a joint effort with Marc Abadie, Chairman of CDC Biodiversité and Eva Zabey, CEO of Business for Nature, Schneider Electric invites all companies to "Raise corporate biodiversity ambition & aim at no net loss".

Raise corporate biodiversity ambition & aim at no net loss

3.3.3 Due Diligence and results

The GBS gives detailed and modular results which can be split by input line (for example, by raw materials such as metal, plastic, or timber); by pressures on biodiversity (such as land use, climate change, fragmentation, encroachment); or it can be presented by scopes (in MSA.km²) like a carbon footprint. The biodiversity footprint results are expressed in MSA.km², a metric that has all the ingredients it needs to become the international standard: synthetic, easy to understand, and widely applicable.

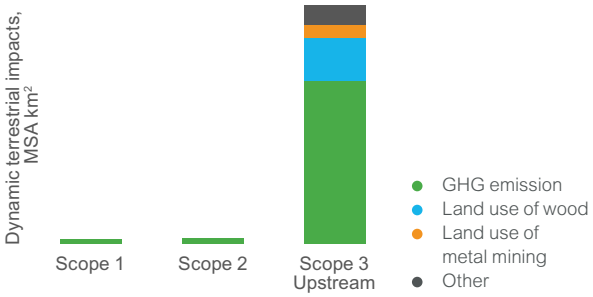
Assessing biodiversity footprint, the occasion to accelerate corporate biodiversity strategy

The end-to-end assessment allowed Schneider Electric to identify hotspots around which is most effective to develop biodiversity strategy and actions.

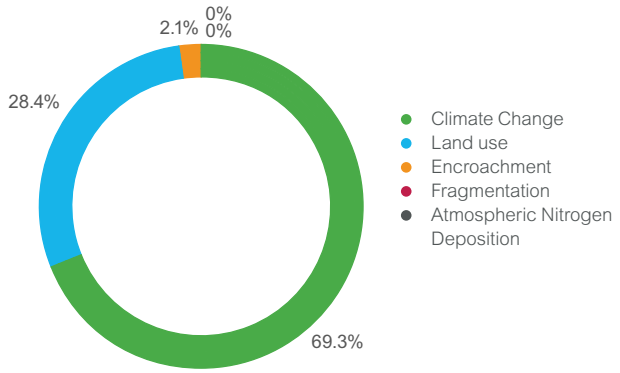
(1) The Mean Species Abundance (MSA) of original species relative to undisturbed situations is a metric that measures the level of "integrity" or "naturalness" of ecosystems. The relative abundance of a species is the percentage of individuals left in a given ecosystem compared to a past undisturbed situation. The MSA is the mean of the relative abundance of all species present. The MSA can thus range from 100% (for an undisturbed ecosystem) to 0% (for a lifeless ecosystem).

The bar chart below illustrates Schneider Electric's dynamic terrestrial impact, with detail by pressure. The pie chart highlights the weight of greenhouse gas emissions which represents almost 70% of Schneider Electric's pressure on biodiversity. Land use accounts for almost 30% of cradle to gate's impacts.

Schneider Electric's biodiversity industrial footprint (in MSA.km²)



Cradle to gate terrestrial dynamic pressures on biodiversity



Climate change is one of the major pressures on biodiversity globally and is the first of the Group's biodiversity impact. Therefore, the Group's Climate Pledge takes a renewed importance under the biodiversity light as it will have a significant impact on reducing Schneider Electric's pressure on biodiversity. The Group has identified 3 main levers of actions that will be addressed through specific actions:

1. The Group's most important pressure on biodiversity is climate change. Given the very significant impact of its products in their use phase, it is important to underline the relevance of Schneider's solutions and technologies to support biodiversity preservation. In fact, EcoStruxure technologies leverage digital to conserve energy, water and resources, reduce climate change pressure, optimize land usage and build transparency, traceability and circularity in value chains. Its solutions:

    - Help customers reduce their own CO_2 emissions: 800 million tons CO_2 from 2018 to 2025;
    - Enable traceability and circularity in value chains, with digital monitoring of resources;
    - Foster new circular economy models, with predictive analytics and optimization of assets;
    - Optimize space usage with Building Management Systems;
    - Reduce water leaks and optimize water networks thanks to water management systems;
    - Design intelligent building management solutions to reduce consumption and for example to allow the automatic extinction of nighttime light pollution;
    - And also contribute to the access to electricity of 50 million people who are deprived of it and thus reduce their pressure on local biodiversity.

2. The second largest share of the Group's biodiversity footprint lies in the upstream supply chain, mainly due to GHG emissions and land use (this latter, due to wood and metal sourcing). The Group aspires to engage and transform the value chain and to source more biodiversity-friendly resources, which will require innovations both in terms of supply chain traceability and product design. By 2025, Schneider ambitions to join hands with suppliers to:

    - Increase green material content in products with a first step at 50%;
    - Phase out single-use plastics in packaging and use recycled cardboard;
    - Reduce CO_2 emissions from top 1000 suppliers' operations by 50%;
    - Avoid the consumption of 420,000 tons of primary resources, through 'end-of-use' offers.

Furthermore, the need for increased traceability is clearly one of the central issues to solve to engage in a more virtuous procurement practice. Schneider Electric calls for the creation of raw material traceability and certification schemes to provide information all along the value chain.

3. Schneider Electric is engaged to act locally to preserve and restore biodiversity, joining forces with other stakeholders through coalitions and partnerships. Schneider Electric and its Foundation also support NGOs that raises the awareness of the general public on nature protection (Global Footprint Network, WWF, etc.) and act for nature restoration with partnerships such as Livelihoods. By 2025, Schneider Electric will further accelerate its local engagements:

    - 100% of sites will define local biodiversity conservation and restoration programs
    - 100% of sites located in water-stressed areas will have a water conservation action plan
    - 200 sites will achieve the 'Waste-to-Resource' label

Together, the fight against biodiversity loss can be accelerated. In its journey, Schneider Electric will continue to leverage its partnerships with external organizations such as CDC Biodiversité, Livelihoods funds, or many of the VolunteerIn initiatives.

3.4 Eco-efficient manufacturing

3.4.1 Description of risks and opportunities

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

"Resource and energy efficiency", Schneider Electric's mantra, delivers not only financial savings, but also limits the Group's exposure to commodity-price volatility and shortage risks. The risk extends to the reliability of the energy on which a facility relies to maintain production. CO_2 emissions pose a threat environmentally and are subject to additional costs as carbon taxes become implemented. Facilities and industrial assets themselves are also at risk of acute and chronic climate events which can disrupt the supply chain and endanger lives.

By using lean and clean eco-efficient operations, Schneider Electric can outperform competitors and avoid numerous risks. Schneider Electric believes environmental performance is a powerful tool to innovate towards a more efficient and resilient supply chain and generate bottom-line savings. By using its own EcoStruxure™ architecture to achieve this ambition, the Group also showcases carbon efficient architectures to its customers.

3.4.2 Group policy

Schneider Electric continuously works towards a greener supply chain to protect the environment, decouple its activity from the consumption of natural resources, and innovate to build a more circular supply chain. These ambitions are embedded in the Group's supply chain strategy, namely TSC4.0 (Tailored Sustainable Connected supply chain 4.0) from 2018 to 2020, and STRIVE (Sustainable, Trusted, Resilient, Intelligent, Velocity & Efficiency) starting 2021. Flagship programs include delivering energy efficiency with the EcoStruxure™ solutions, powering facilities with renewable energy, minimizing landfill waste through the Towards Zero Waste to Landfill program, sustainably sourcing packaging, and reducing CO_2 emissions generated by transportation. The Group also partners with its suppliers to extend its environmental ambitions to its upstream supply chain. These ambitions are embedded in the Group's Principles of Responsibility and the Group's supply chain strategy.

Schneider Electric 2020 sustainable supply chain ambitions

Clean and safe facilities

0 serious and fatal accidents

100% of applicable sites certified with ISO 14001, ISO 50001 and ISO 45001

Carbon light and digital

80% of electricity comes from renewable sources

100% of sites deliver energy savings, leveraging EcoStruxure™ Power and EcoStruxure™ Resource Advisor

Resource efficient and circular

95% waste recovery ratio

200 sites on the way towards zero waste to landfill

100% of regions with circular supply chain innovations

Schneider Electric has issued two global policies that drive eco-efficiency performance, the Environment Policy and the Energy Policy.

Regarding eco-efficient manufacturing, it is the Group's goal to:

- Protect the environment, prevent pollution, and limit emissions;
- Continuously improve the environmental management system and meet compliance obligations;
- Decouple the supply chain from natural resource consumption;
- Invent circular business models and supply chain loops;
- Embed environment in its strategy and governance;
- Extend environmental ambitions to suppliers and partners;
- Spread a culture of environmental excellence in the Company.

Regarding energy management, it is the Group's goal to:

- Reduce the energy intensity of its operations, sustainably decoupling energy consumption from activity growth;
- Reduce the CO_2 intensity of energy consumption, and CO_2 footprint in absolute terms, in line with the Group's commitments to achieve a 1.5 °C climate change trajectory through a proactive electrification of its operations and renewables;
- Adopt Schneider Electric's own Energy Management and Automation EcoStruxure™ solutions wherever possible, to showcase its solutions for customers and business partners, and help embark them onto an energy excellence journey.

Climate and Energy

-400,000 tCO_2 reduced in 2020 (scope 1 and 2) since 2017	80% renewable electricity in 2020	40% energy efficiency since 2010	30 zero CO_2 sites in 2020
Target: **Net-zero CO_2 on operational scope by 2030**	**80% target in 2020 90% target by 2025**	**Rolling target of -3.3% each year**	**150 sites in 2025**

Waste and Water

96.3% waste recovery in 2020	206 Towards Zero Waste to Landfill sites in 2020	-29.6% water intensity since 2017
Target: **95% target in 2020**	**200 sites in 2020**	**-5% target in 2020 vs 2017**

3.4.3 Due diligence and results

3.4.3.1 Environmental risk management and prevention

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

On this topic, a number of initiatives are in place, and major ones which were again executed in 2020 can be highlighted:

- The Integrated Management System (IMS) covers the Group's plants, distribution centers, and large offices and hosts ISO 14001, ISO 50001, ISO 9001, and OSHAS 18000/ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally. Such a program is a key pillar towards robust environmental governance;
- The CLEARR program (Company-wide Look at Environmental Assessment and Risk Review) was continued, with additional and updated surveys of select manufacturing sites that focused on historical and current potential environmental risks;
- Environmental risks and provisions are reviewed with local and corporate finance and legal functions;
- As part of mergers, acquisitions, and disposals, thorough environmental due diligence of sites is conducted where chemicals are or have been used. Any environmental risks or liabilities identified are addressed through proper risk management activities;
- Risks and mitigation actions are presented to the board Audit and Risks Committee;
- Schneider Electric's global risk matrix embeds the biggest environmental risks (on suppliers, products, sites, and customer projects).

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

3. Schneider Electric's commitments towards environmental excellence

In addition, Schneider Electric uses third-party services to assess each of its key sites' risk profile, in relation to a certain number of external risks such as fires, earthquakes, flooding, and other natural disasters. Through this process and its business continuity planning efforts, Schneider Electric endeavors to gauge related risks and anticipate possible steps which would be required. With around 200 plants globally, the footprint is balanced geographically. Roughly 60 of the Group's plants are located in areas classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute (WRI) Aqueduct Water Risk Atlas. The nature of the Group's manufacturing processes (mainly assembly) allows rebalancing of manufacturing lines in a fairly prompt manner, if needed.

During 2020, no new material environmental impacts were identified. Furthermore, no Schneider Electric sites are Seveso-classified.

3.4.3.2 ISO 14001 and ISO 50001 certification

ISO 14001 certification allows Schneider Electric to define and sustain robust environment governance on its sites, fostering continuous improvement to deliver environmental performance. As soon as the ISO 14001 environmental management standard was published in 1996, Schneider Electric decided to certify its sites. The Group certifies all industrial and logistics sites comprised of more than 50 employees within two years of their acquisition or creation, and all large tertiary sites of more than 500 employees. 232 sites are certified ISO 14001 as of the end of 2020, representing approximately 72% of the Group scope based on the share of site surfaces, 76.5% of the Group scope in terms of energy consumption, and over 90% of the Group scope in terms of water consumption, waste generation, and Volatile Organic Compounds (VOC) emissions.

The Group's environmental reporting scope and targets are based on all ISO 14001 sites. Environment reporting metrics are shown in the table on pages 200 to 203 and include energy consumption, scope 1 and 2 CO_2 emissions, waste generation, water consumption, and VOC emissions at ISO 14001 sites.

Schneider Electric also leverages ISO 50001 certification to drive energy excellence, focusing on the highest energy-consuming sites. ISO 50001 certification is complementary to ISO 14001 certification and enables us to define and sustain robust energy governance. With the support of this certification, the sites are equipped to understand and reduce their energy footprint. The Group aims to ISO 50001-certify all sites consuming over 5 GWh per year. By the end of 2020, 150 sites were certified ISO 50001.

3.4.3.3 Energy Action program: delivering efficiency from the inside out

Schneider Electric leverages the power of its EcoStruxure™ architecture to deliver energy savings and uses its own sites as showcases for customers and business partners.

In smart factories and distribution centres, the Group implements the three-layer power and building EcoStruxure™ architecture, with connected meters and sensors to monitor energy consumption and quality, edge control power monitoring software to optimize daily operations, and analytics and services to benchmark performance and optimize energy and maintenance. Asset Performance Management also enables us to optimize operations and maintenance, for maximum uptime and longevity. Five of Schneider's smart factories have been designated as "lighthouses of the fourth industrial revolution" by the World Economic Forum (WEF), in China, France, the US, Indonesia, and Mexico. With its Smart Factory and Distribution Center (DC) program, the Group has deployed advanced manufacturing technologies to over 80 smart factories and DCs in the past three years.

In offices, Schneider Electric's EcoStruxure™ solutions Building and Workplace Advisor enables analytics of BMS data alongside space, utilization, and comfort metrics. These smart solutions enable the Group and site leaders to actively benchmark and develop occupancy and facility management strategies to ensure continuous right sizing of its footprint and site occupation to keep energy consumption and resultant emissions to a minimum, while reducing cost and improving employee experience and comfort.

Spotlight: Lexington manufacturing facility, Kentucky

In September 2020, Schneider Electric's Lexington, Kentucky facility earned the distinction of 4th Industrial Revolution (4IR) Advanced Lighthouse by the WEF. The Lexington site is the third Schneider Electric factory to receive this honor for successfully adopting 4IR technologies at scale with demonstrated benefits to date. Two additional sites, Showcase-Monterrey, Mexico and Wuhan, China, have also been designated as Developing Lighthouse facilities.

The more than 60-year old Lexington facility was the first of Schneider Electric's US plants to become a smart factory showcase site. Exemplifying "brownfield" innovation, it integrates Schneider Electric's IoT-based EcoStruxure™ solutions, providing the latest in digital tools, including augmented reality, remote monitoring, and predictive maintenance, to drive energy efficiency, sustainability, and overall cost savings, while offering increasing agility and resiliency within the operation.

The Lexington plant continues to drive efficiencies within the operation, setting new benchmarks for smart factories:

- Monitoring and analyzing energy usage has driven energy savings of 3.4% year-on-year, contributing to $6.6 million in savings since 2012;
- Leveraging AVEVA's Discrete Lean Management software has reduced unplanned machine downtime by nearly 6% through increased visibility into operations; additionally, paperwork has also been eliminated by 90%;
- Optimizing with EcoStruxure™ Power and Buildings has driven a 26% energy reduction, a 78% CO_2 reduction in conjunction with Renewable Energy Credits (RECs), and a 20% water use reduction.

Global, regional, and site energy reporting is delivered with the Resource Advisor software suite. Resource Advisor provides a data visualization and analysis application that aggregates volumes of raw energy data into actionable information. As a cloud-based software as a service (SaaS) model, it provides reduced solution costs, increased data storage capacity, and a flexible and mobile energy solution enhanced by Schneider Electric expert services.

The Group demonstrates its energy efficiency commitment by being a member of EP100 (Energy Productivity 100), a Group climate initiative. The target is to double energy productivity by 2030 against the 2005 baseline, meaning double the economic output from every unit of energy consumed within 25 years. In 2020, the Group achieved 72% energy productivity (against a 2030 target of 100%) compared against the 2005 baseline.

In general, Schneider Electric sites are low consumers of energy compared with other industries because industrial processes are discrete and assembled. The Schneider Energy Action program uses site energy experts along with Schneider Electric's Energy and Sustainability Services (ESS) team to report and analyze energy consumption, to identify energy savings opportunities, and to deploy actions. Since 2005, Schneider Electric has fixed annual objectives for energy efficiency each year, as part of the Schneider Energy Action program. The Group met or exceeded its energy efficiency goals during the previous three Company programs (2009-2011, 2012-2014, and 2015-2017), by achieving 10%, 13%, and 10%, respectively, totaling over 30% reduction from 2009 to 2017.

The 2018-2020 Company program aimed to reduce energy consumption by a further 10% over three years compared to 2017. At the end of 2020, this program enabled the following achievements:

- 10.3% reduction in energy consumption compared to 2017 (climate and level of production standardized) for the 224 sites with the highest consumption, covering 80% of the total energy consumption published by the Group;
- About EUR 10 million and 130 million kWh were saved in 2020 compared to 2017 baseline, thanks to the 10.3% energy savings;
- About EUR 15 million was invested, of which EUR 14.4 million was capital costs and EUR 0.6 million was operating costs.

EP100

3.4.3.4 100% renewable electricity by 2030

In 2017, Schneider Electric joined RE100 and committed to source 100% of electricity from renewables by 2030, with an intermediary target of 80% by 2020. In 2020, the Group sourced 80% of its electricity from renewable sources, up from a starting point of 2% in 2017. To deliver its target, the Group leverages four complementary tools: green tariffs, renewable certificates, power purchase agreements, and on-site generation.

RE100

This commitment entails many benefits. First and foremost, going green is deeply aligned with the Group's strategy. Schneider Electric wants to be one of the corporate players who shape the future energy landscape, having its own sites producing and consuming renewable electricity. Second, renewable sourcing is an important pillar to drastically cut CO_2 emissions from the Group's operations, following a 1.5 °C trajectory in line with Science-Based Targets. Third, because it makes good business sense. In a lot of cases, renewable supply enables savings on electricity costs. It is also a way of diversifying energy supply risks and reduces exposure to the volatility of market prices. Also, in some developing countries, microgrid technologies coupled with renewables can enable the securing of power supply and reduce downtime risks. Fourth, because the Group wants to demonstrate the value add of its own technologies and solutions, by showcasing EcoStruxure™ Microgrid IoT architecture on its own sites. Sites leverage Schneider Electric's connected inverters, Molded Case Circuit Breakers (MCCB), and transformers to connect on-site solar panels to the grid and use the energy and microgrid software to manage energy production and consumption. Schneider Electric also leverages the expertise of ESS consulting teams to deliver this transformation.

In 2020, Schneider Electric was recognized as the 2020 Clean Energy Trailblazer by The Climate Group's RE100. This is the first year of the RE100 Leadership Awards, which recognizes companies going above-and-beyond to accelerate a clean energy future. Schneider Electric was awarded the honor based on its wide-ranging commitments, including the Company's own CO_2 reduction targets, CO_2 savings delivered by EcoStruxure™ technologies to customers, clean energy advisory services, and Access to Energy program, providing energy access in underserved communities globally.

Schneider Electric's factory for transformers and medium and low voltage switch gear in Vadodara India generates approximately 1 GWH per year of onsite solar electricity

3. Schneider Electric's commitments towards environmental excellence

3.4.3.5 Towards 100% electric vehicles in the corporate car fleet

As part of Schneider Electric's climate strategy, we investigate opportunities to improve accessibility of sites, with commuting shuttles, secure bicycle storage, personal lockers and changing areas, and pedestrian-friendly access paths connecting to local routes. Schneider Electric also promotes flexible working to avoid thousands of unnecessary or avoidable trips generating travel-led emissions by enabling employees to connect remotely, to work from home and at/from customer sites.

At the end of 2019, Schneider accelerated its efforts to cut CO_2 emissions from transport with the commitment to switch to 100% electric cars by 2030. By 2025, we aim to switch 1/3rd of the Company car fleet. The Group demonstrates this commitment by being a member of EV100, a global initiative bringing together forward-looking companies committed to accelerating the transition to Electric Vehicles (EVs) and making electric transport the new normal by 2030.

EV100

3.4.3.6 Reduction of SF_6 emissions

All Schneider Electric manufacturing plants and R&D laboratories handling SF_6 gas in their processes are managing the reduction of SF_6 emissions during the different phases of their activities. Notably, the seal testing processes of the products are mainly done with helium instead of SF_6. This method ensures that no emissions are coming from non-compliant enclosures during the production time.

The SF_6 leakage rate has been systematically decreasing. It globally fell from 4% in 2008 to 0.14% by the end of 2020. This SF_6 leakage reduction enabled savings of 7,754 tons of CO_2 equivalent in 2020 versus 2017. A worldwide community of SF_6 experts are sharing best practices for processes, including procedures, equipment, and training. In 2019 and 2020, Schneider Electric implemented advanced Emissions Monitoring Systems in five manufacturing sites in Spain, France, China, and Turkey. This technology allows for continuous measurement of SF_6 concentration in enclosures around devices and piping network. In case of deviations, alarm notification is automatically sent to maintenance teams.

SSI#1: 80% renewable electricity

In just three years, the renewable commitment greatly transformed our electricity sourcing strategy. The Group has accelerated the installation of onsite solar panels, coupled with EcoStruxure™ metering and power architectures. In 2020, over 40 sites are equipped with onsite solar capacities.

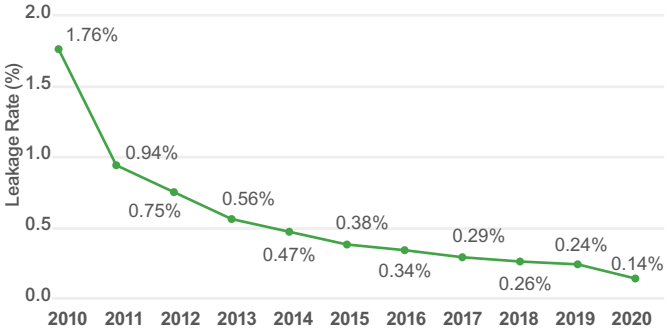
% renewable electricity in 2020

80%

Thanks to this global activity and to the commissioning of efficient equipment, Schneider Electric has exceeded the 0.25% target set for 2020.

By 2025, Schneider Electric intends to phase out SF_6 from its products, offering a comprehensive portfolio of SF_6-free offers. In 2019, the Group launched a breakthrough innovation, with new SF_6-free medium voltage switchgear technology. 2020 saw multiple projects running in customer installations around the world. In the coming years, Schneider Electric will continue to deploy new solutions to monitor and reduce SF_6 leaks in its processes, while innovating with breakthrough SF_6-free technologies.

SF_6 leaks reduction trend



3.4.3.7 CO_2 efficiency in transportation

Schneider Electric utilizes a robust transport network to connect its factories and distribution centers, and to deliver to its customers. The related CO_2 emissions are part of the scope 3 emissions of the Group's carbon footprint as this activity is performed by transport suppliers. From 2015 to 2017, CO_2 emissions intensity from transportation was reduced by 10%.

The 2018-2020 Company program aims to further reduce CO_2 intensity in transportation by 10% in 2020 compared to 2017. By the end of 2020, performance compared to 2017 is a decrease of 8.4% of transport-related CO_2 emission.

CO_2 emissions from air and sea transport decreased by 34% versus the 2017 baseline. Schneider Electric reaped the benefits of a better ocean container loading factor of 65% in 2020 versus 63.4% in 2017. More significantly, reductions in air freight and subsequent shift to ocean over the same period made a significant contribution to CO_2 reductions. Regarding domestic freight in 2020, CO_2 emissions from road and air domestic modes increased by 31%.

To continually improve CO_2 emissions performance and the quality of the reporting, Schneider Electric has been co-innovating with a third-party provider to standardize CO_2 emissions reporting, with worldwide coverage of all transport modes. This requires transport providers to supply accurate reporting each month on the freight carried for Schneider Electric. This new platform was implemented in Q4 2019 and was used for 2020 reporting onwards. The methodology is certified by Bureau Veritas.

The collaborative work to reduce CO_2 emissions with the Group's forwarders will continue, mainly by optimization of the transport footprint and piloting advanced low carbon transportation technologies such as electric and hybrid vehicles. By 2025, Schneider Electric aims to reduce CO_2 intensity of transportation by 3% every year, meaning 15% over 5 years.

Some evidence of Schneider initiatives to mitigate the impact of transport CO_2 emissions are:

- 25% less air and express freight, the highest CO_2 emissions modes of transportation, used in 2020 compared to 2019. Lower emissions modes of transportation were utilized – with this volume shifting to ocean and other multi-modal alternatives.
- Implementation of reusable packaging with a closed-loop freight flow between factories, enabling to sharply improve the loading factor of trucks
- Multi-modal (rail and truck) transportation utilized from France to China as well as China to France to replace air travel;

SSI#2: 10% CO_2 efficiency in transportation

As part of its efforts to reduce the CO_2 intensity of transportation, Schneider Electric is piloting low carbon transportation technologies such as electric and hybrid vehicles. For instance, in the East Coast of the USA, electric terminal trucks are used by a final mile transport partner to move containers between the Distribution Center and the Port's Terminal.

% CO_2 efficiency in 2020 vs 2017

8.4%

3.4.3.8 Water consumption

Due to the nature of most of its industrial processes (manual and automatic assembly), water consumption is not generally a critical resource for Schneider Electric, and the Group has a minimal impact on water quality. The topic was considered not very material by both internal and external stakeholders during the sustainability materiality analysis. In 2020, water management and performance information was disclosed in the CDP Water program, and Schneider Electric was awarded an A- rating.

Schneider Electric's ambition is to reduce water intensity (in m^3 of water consumption per euro of turnover) by 35% in 2025 versus 2017, with a focus on sites with high water consumption and within severely water-stressed areas. In 2020, water consumption intensity was 76 m^3 per million Euro of revenue, an evolution of -29.6% against the 2017 baseline.

The Group provides a breakdown of water consumption per source, with details on water consumed from the public network, groundwater, surface water (lakes, rivers, etc.), and other sources of water (rain, recycled water, etc.). At Group level, water is primarily used for cooling and sanitary purposes and, in a few select sites, for processes such as surface treatment. Water drawn for the sole purpose of cooling and immediately released without alteration is also monitored separately. For industrial water use, water discharge is subject to appropriate treatments to reduce pollutant potential and subject to a monitoring plan.

3.4.3.9 Conditions of use and release into the soil

Schneider Electric sites are mainly located in urban or industrial areas. None of the Group's businesses involve extraction or land farming. In 2020, Schneider Electric manufacturing sites conducted their annual review of pollution risks as part of ISO 14001 monitoring. At our sites, no significant spills or discharges were reported in 2020 with known harmful impacts on soil pollution.

Hazardous materials are stored, handled and used in compliance with regulations and with appropriate pollution protection mechanisms. As part of the Towards Zero Waste to Landfill program, additional focus was brought on hazardous waste, with efforts to eliminate, substitute or improve treatment (see section 3.5 "Circular economy", pages 136 to 139).

3.4.3.10 Discharge into the water and air

Because Schneider Electric is mainly an assembler, its discharge into the air and water is very limited. Schneider Electric manufacturing sites are carefully monitored, as part of ISO 14001 certification. Discharges are tracked locally as required by current legislation. At our sites, no significant spills or discharges were reported in 2020 with known harmful impacts on water or air pollution.

Emissions of NOx and SOx and particles into the air are monitored at the site level in accordance with applicable legal requirements; monitoring of these emissions is verified via ISO 14001 audits. These emissions are not consolidated at Group level.

Schneider Electric is committed to preventing adverse health and environmental impacts from Volatile Organic Compounds (VOC) emissions, and for this, works to reduce VOC emissions from industrial activities by 10% every three years. VOC emissions are primarily linked to production. VOC emissions decreased from 29kg/Million EUR in 2017 to 18kg/Million Eur in 2020 (-39%). The Group engages with each of its industrial sites that contribute the most to VOC emissions, and that together concentrate over 80% of the Group's VOC emissions, in a Pareto law approach. For these sites, environment, health and safety, and industrialization teams join hands and actively collaborate to ensure conditions of use are strictly adhered to and health and environmental risks are known and mitigated. These top VOC-emitting sites also investigate opportunities to reduce and phase-out concerned chemicals from industrial processes wherever possible.

Finally, CFC and HCFC emissions are monitored locally, in accordance with applicable regulations. These emissions are mainly due to the operation of air conditioning systems and are not directly linked to Schneider Electric industrial activities. These emissions are not consolidated at Group level.

3.4.3.11 Noise, odors and light

All Schneider Electric sites comply with local regulations on noise and odor. Given the nature of its activities and distribution model, Schneider Electric does not have any light pollution externality.

3.5 Circular economy

3.5.1 Description of risks and opportunities

The risks that Schneider Electric sees are around the perception of "one size fits all" for circularity, the temptation to see it through a waste or recycling lens and the focus on developing the related guidelines, governance and standards based on this perception.

- Product durability versus shorter-term waste loops: all resources are not equal in their thermal, mechanical, or electromagnetic profiles. For the industrial sector, the biggest impact of the circular economy will come from the promotion of reparability, upgradability, "retrofitability", extension of lifespan, and of related "product second- and third-life services". Schneider Electric's products are highly technical in nature with a long lifespan and are highly unlikely to end up as ocean plastic waste, yet a risk that the emerging regulations may be too "resource-/waste-centric" is seen. To meet quality and safety expectations, and adhere to stringent electric and electronic equipment standards, recycled materials are sometimes not available in either quantity and/or quality. The Group actively advocates sector-specific approaches.
- Ensuring the safety of people and assets through qualified and certified services: while promoting services to extend the products' life, Schneider Electric grows the ranks of certified experts on its products (through thousands of Field Services Representatives). Leveraging the circular economy, there is a fantastic opportunity to enable more repair, retrofit, and recycling services, provided concerned product categories are adequately maintained and serviced by qualified and certified experts.

There are opportunities to leverage the circular economies, both externally with customers and internally in operations. Schneider Electric's value propositions have long delivered resource efficiency, allowing customers to "do more with less".

Schneider Electric's deeply ingrained belief in the circular economy helps create a win-win-win-win ecosystem: good for the planet, good for customers (lower Total Cost of Ownership, lifespan of assets, etc.), good for the Company as a business (customer intimacy, stickiness, etc.), and good for its people (meaningful jobs, pride to take part in saving resources and energy, etc.).

3.5.2 Group policy

For Schneider Electric, circular economy is an all-encompassing strategic transformation, rather than an isolated initiative (such as incorporating recycled materials in some products). It is core to the lasting success and touches everything Schneider Electric does, detailed under three main channels:

- Circular business models and value propositions for customers: through circular capabilities such as local models of reuse, retrofit, repair, refurbish, and take-back, and by unleashing the potential of IoT, connecting and digitizing products (predictive maintenance, performance optimization, leasing, pay-per-use, performance contracting);
- Circular resources and product development: starting at the product design phase to minimize resource usage and maximize reuse, recycled resources, and recyclability;
- Circular supply chain: zero-waste and circular excellence in operations and sites with strict targets on waste reduction, reuse, and recovery.

Schneider Electric has been part of task forces on circular economy, playing leadership roles in multi-stakeholder dialogues. For example, the Group is active in France's Circular Economy Roadmap and engaged in China with MIIT (Ministry of Industry and Information Technology) on circular strategy, leading AFEP, Gimélec, FIEEC, IGNES, and ORGALIM discussions for its sector on circular economy, publishing articles and speaking at conferences (Greenbiz, Gartner, WEF, SCM World, peer-to-peer, EthicalCorp, and WindEurope, among others).

3.5.3 Due diligence and results

3.5.3.1 Circular business models and value propositions

Most of Schneider Electric's new products are digital, connectable, ensure full product life cycle management and predictive maintenance, and guarantee optimum performance, enabling the Group to move towards customer-intimate models like subscription, performance contracting, and leasing.

The first focus, before considering end-of-life, is to prolong the lifespan of products. These solutions, using up to 60% less materials than using entirely new equipment, enable pull-through and constant payback, increased customer stickiness, and long-term relationships.

SSI#8: 120,000 metric tons of avoided primary resource consumption through ECOFIT™, recycling and take-back programs

Example of a Circular Economy winning offer:
In a customer project highlighting the combination of business and sustainability benefits, Schneider Electric helped Arcelor Mittal prolong the lifespan of its equipment thanks to EcoStruxure and connectivity, give a second life by refurbishing MV Switchgears and Dry-type transformers and responsibly recycle oil transformers – thus keeping products and components in use at their highest possible utility, in a true circular economy approach.
See our case study with ArcelorMittal.

Metric tons avoided since 2018

157,588

The underlying bulwarks of such value propositions to customers are:

- Focus on traceability – Assets Under Management > 4.2 million at December 2020, growing at 45%/year;
- Worldwide network of specialized centers providing local circular solutions and services;
- Schneider Electric Circular Certified label.

Launched for the French market in September 2020, this label is dedicated to the sale and promotion of products from the circular economy and is in line with the group's circular economy strategy. Currently available for the French market, it is planned to be deployed more extensively in the near future.

3.5.3.2 Circular resources and product development

Mandatory criteria for circularity have been embedded in the EcoDesign Way™ principle and all new offers are designed with these criteria in mind. The Group also considers itself best-in-class in providing product circularity information digitally via the MySE App and on the website (end of life instructions are available for more than 100,000 products).

Schneider Electric is also one of the few companies in the industrial sector to be part of the European Plastics Pact as well as recycled plastics commitment in the French Circular Economy Roadmap. The Group has committed to doubling the quantity of recycled plastics in its products by 2025. In 2020, the Group was at 22% of the 2025 target. Various actions are underway such as updating an internal repository of circular materials examples and important proof-of-concepts with suppliers and partners.

3.5.3.3 Circular supply chain

The Group has an obsession for zero-waste in its operations. The supply chain supports the other channels as well as focusing on efficient production, distribution, and packaging in operations.

Schneider Electric also strives to purchase circular resources for its supply chain. As of end 2020, 99% of its transport packing (cardboards and pallets) is from recycled or certified sources.

SSI#7: 100% cardboard and pallets for transport packing from recycled or certified sources

Clear communication with regional suppliers and real-time adaptation of part numbers in internal Schneider Electric systems are some underlying critical actions to achieve this result. Studies are also being launched to increase the life cycle of pallets, hence reducing the need to purchase additional ones.

% from recycled or certified sources in 2020

99%

With these three complementary channels (3.5.3.1, 3.5.3.2, 3.5.3.3), the Group is able to have an ecosystem focus by aligning with its customers' expectations all the way to embarking its suppliers.

Employee engagement and a circularity mindset:

- Schneider Electric was among the first companies to co-develop a circular economy e-learning with the Ellen MacArthur Foundation. Since 2016, more than 4,000 employees have attended this training;
- Release of version 2.0 of Circular Materials Playbook – an internal repository of best practices, live examples, and inspirations for recycled materials used in products (focusing on plastics) and packaging;
- In its supply chain (84,000 employees), circular resource management is an integral part of the Schneider Performance System maturity assessment, from reuse maximization to zero landfilling.

External participation, co-development, and knowledge sharing:

The Group has taken important strides in partnering and co-developing circular economy pilots with customers and suppliers, as below:

- Winning the Philips Supplier Innovation event with a value proposal of greater efficiency through new generation technology and sustainable business models (ongoing collaboration);
- Partnering with BASF, the largest chemical producer in the world, to develop a new product prototype using recycled plastics.

Schneider Electric continues to be a member of the Ellen MacArthur Foundation and is involved in various co-projects to develop partnerships and solutions for the challenges faced in further implementing the circular economy in business operations.

Some white papers and partnerships for circular economy to which Schneider Electric contributed:

- Enabling a Circular Economy for chemicals with a mass balance approach;
- Remanufacturing: Designing new products for many lives;
- Making manufacturing sustainable by design;
- The need for sector-specific circularity;
- Partnership with Accenture for the Circulars Accelerators program.

Recognitions:

- Being the winner of The Circulars award in 2019, Schneider Electric was invited as a panelist at WEF, Davos 2020 for the launch of the Circular Economy Handbook. Schneider Electric also provided a case study and endorsement for this book, along with a video of Jean-Pascal Tricoire detailing its approach to the circular economy.

3. Schneider Electric's commitments towards environmental excellence

3.5.3.4 Waste as Worth program: Towards Zero Waste to Landfill sites

Because waste is a major source of pollution but also a potential source of raw materials, waste management is a priority of the circular economy strategy. At Schneider Electric, waste is considered as a resource. The Waste as Worth program includes:

- The goal of achieving 200 industrial sites sending Towards Zero Waste to Landfill(1) by 2020. Progress on this target is published quarterly in the Schneider Sustainability Impact and the Group is proud to mention that 206 sites received this label by the end of 2020;
- The implementation of specific actions to reduce and reuse materials, focusing notably on thermoplastic, metal, and packaging;
- The maximization of value recovery from metal waste.

In order to deliver Schneider Electric's commitments, a waste pyramid has been defined as part of the Waste as Worth program. Priority is put on reducing waste volume, through better product and industrial process design. Waste is then reused in the Group own industrial processes when possible or recycled through third parties. Finally, waste is recovered through energy conversion. The Waste as Worth program aims at drastically reducing waste left over from this virtuous circle and sent to landfill or burnt without energy recovery.

SSI#6: 200 sites labelled Towards Zero Waste to Landfill

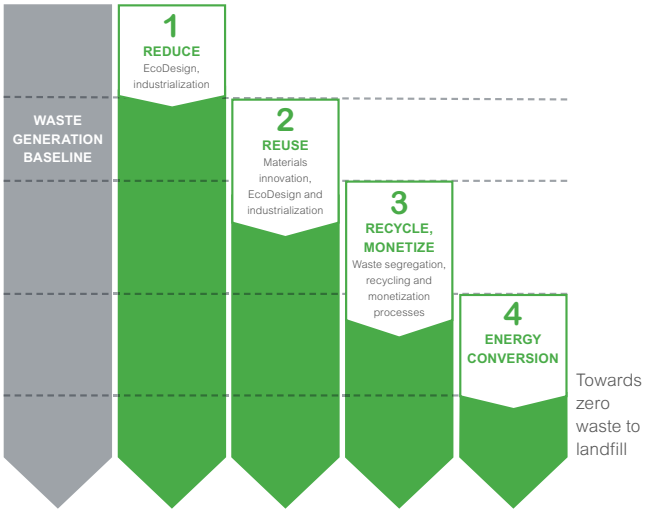
Schneider Electric is driven to maximize the value of its resources, considering waste as a resource and ensuring its waste stays within a circular system. Beyond avoiding landfill and looking at traditional recycling solutions, Schneider Electric strives to move up the waste hierarchy and find Reduce and Reuse solutions for its resources. This inspired the circular innovation initiative in 2019 and continuing into 2020. In addition to delivering tremendous environmental benefits and strengthening relationships within the supply chain, the program has delivered over 1M€ in savings across hundreds of projects, including reusing incoming pallets and cardboard for outgoing shipments and creating an internal website for the exchange of industrial and office equipment between sites to avoid scrapping.

Sites towards zero waste to landfill in 2020

206

Waste Pyramid

Towards zero waste to landfill



Schneider Electric generated around 125,000 tons of waste in 2020, most of it being solid waste. Continuous improvement plans have been deployed to manage this waste, in line with the ISO 14001 certification. In 2020, the Group recovered 96.3% of total waste reported (recovery ratio includes material and energy recovery). This recovery ratio has increased from 81% to 96.3% since 2009, thanks to site by site waste management action plans.

The Group also focuses on generating value from waste, with a focus on improving waste segregation. This enables the Group to ensure that waste recycling potential is maximized, both in terms of quantity and quality of recycled material. In 2020, the Group notably recovered 99.99% of reported metal waste.

Finally, Schneider Electric is committed to ensuring the potential adverse impacts of hazardous waste on environment and health are mitigated. Two main levers are investigated as part of the Waste as Worth program: first, all sites generating hazardous waste ensure visibility of handling and end-of-life treatment paths and seek to add value to waste as much as possible (through material or energy recovery) while neutralizing its hazardous nature. Second, top hazardous waste generating sites work to reduce the volumes of waste generated in the first place, notably by implementing "Best Available Techniques" (BAT) in their industrial processes. Such BAT processes come along with superior performances from a resource efficiency perspective, and/or chemical substances use, and/or emission reductions. By 2025, the ambition is to reduce hazardous waste intensity by 30% against the 2017 baseline.

In 2020, hazardous waste generation intensity was 0.3 tons/million EUR of revenue, an evolution of -27% versus 2017.

(1) "Towards Zero Waste to Landfill" means over 99% of metallic waste and over 97% of non-metallic waste recovered at site level as well as 100% proper handling/ treatment of hazardous waste.

Starting in 2021, the ambitious Towards Zero Waste to Landfill (TZWL) program will evolve further into the Waste to Resource program. This new program will focus more heavily on better circular solutions (reduce, reuse) while relying less on traditional landfill diversion solutions (such as recycling and waste to energy). The new program will require diverting 99% of all non-hazardous waste from the landfill while placing a limit on the amount of allowable waste to energy usage, and encouraging reduction and reuse activities. 100% of Hazardous waste will still need to be handled according to Schneider Electric expectations, just as in the TZWL program. Schneider targets to have 200 sites meeting this new ambitious requirement by 2025.

3.5.3.5 Green IT (Information Technology)

Conscious of the growing environmental footprint of IT, as well as the social impact linked to minerals resources, Schneider Digital has launched a Green IT initiative in order to measure and optimize the environmental footprint of Schneider Electric's information systems.

This footprint was measured using the Club Green IT framework. In 2018, Schneider Electric participated in the "WeGreenIT" study conducted under the patronage of World Wide Fund for nature (WWF) by Club Green IT, following a generalized LCA screening methodology. WeGreenIT results show that the yearly resource footprint of IT per end user is 800 kg of CO_2, 5,740 kWh of primary energy, 14,000 liters of water, and 3 kg of electronic waste, placing Schneider Electric in the average of the 18 participating companies representing 880,000 end users.

An action plan has been engaged to optimize this environmental footprint on the different components of IT.

For end user equipment, the Group has updated its IT Asset Management (ITAM) Policy and standards with a strong focus on standardization, sustainability, and circular economy enablement. This notably focusses on sustainable hardware decommissioning through proper ITAM – Asset Recovery approach. Leasing services (mainly in Europe and North America) and Employees' PC Purchase programs (mainly in Asia Pacific and China) enable second life for retired PCs. Responsible Recycling (R2) compliant vendors are prioritized for Schneider Electric IT Asset Recovery Services. Refurbishing laptops to give them a second life has extended their life cycle by one to two years, and the amortization of manufacturing CO_2 emissions can be cut by up to 50%.

Carbon footprint reduction is also an integrated part of requirements for IT vendor selection processes. Consequently, new PCs are between 15% (desktops) and 30% (laptops) more energy efficient than the corresponding old replaced equipment at the end of its life cycle. By holding the Group's IT vendors to sustainability requirements, the annual CO_2 emissions have been reduced by 1,000 tCO_2 and annual energy consumption by 100 MWh.

In 2021, the Group aims to implement a framework to track sustainability KPIs when it comes to IT infrastructure, similarly to the existing program with IT assets. For instance, in North America, the release of the Canon Printing dashboard allows site leaders to review local usage and change printing habits. The dashboard tracks cost savings and environmental savings on CO_2, trees, and gallons of water.

Optimization of the Group data center footprint is done using two levers: the rationalization of on-premise servers and the move to cloud. In 2020, the journey to the cloud has been accelerated, partnering with providers who have made commitments to sustainability and carbon neutrality. With this effort, approximately 38% of the Group overall IT footprint has been migrated to the cloud in 2020 with the goal to increase this to 60% by the end of 2021.

The hosting of the Schneider Electric Infrastructure for Europe & Global applications is provided by IBM for both its Montpellier and Grabels data centers. Both locations are ISO 14001 and ISO 50001 certified for the environmental management of IT. Those two IBM datacenter sites hosting Schneider Electric workloads, were awarded by the European Commission Participant status in the EU Code of Conduct (CoC) for Energy Efficiency in Data Center program.

Thanks to the rationalization of the Group's application landscape, 480 applications have been decommissioned in 2020, bringing the total to over 3,500 since 2017. This allows Schneider Electric to reduce datacenter footprints as those applications are replaced by applications running on more efficient infrastructures.

Regarding the network footprint, as the move to cloud has an effect on network energy consumption itself, Schneider Electric has launched different initiatives to optimize application hosting between edge or cloud. A standard hybrid architecture, allowing to host locally on virtual machines some network intensive applications while having a cloud DRP with the best service level has been defined using the Schneider "smart bunker" solution. In addition, Local Area Network (LAN) LIFI capability have been tested functionally. LIFI is an emerging technology using LED as an access point with potential dramatic energy savings compared to WIFI, and an added health benefit as no radio waves are emitted.

Finally, different collaboration solutions are being implemented for messaging, web audio, and video conference. This roadmap has been expedited by COVID-19. Innovative digital solutions allowing virtual teams to work in an agile way were implemented in 2020 including remote collaborative brainstorming tools, electronic whiteboard, and telepresence robot. Last year, international travel were replaced with digital interaction including hosting large scale internal and external events virtually. New collaboration solutions aiming at reducing paper and email exchanges and further leveraging cloud data storage are deployed, and a new communication solution, cloud based, for messaging, web audio, and video conference has been implemented.

As part of the Group's IT Disaster Recovery program, a significant investment was made in 2020 in modernizing the IT infrastructure. Over 2,000 of Schneider Electric's own EcoStruxure™ solutions were deployed throughout its facilities to reduce the energy and CO_2 footprint of the IT equipment, with the rollout of EcoStruxure™ Power Monitoring Expert, Building Operation, and Building Advisor already underway.

3.6 Product stewardship

Over the last 17 years, the Product stewardship team has been dedicated to providing environmental premium to customers. Initially, efforts were focused on compliance, then on transparency. Over the last few years, additional efforts have been made to develop a more customer-centric program, helping Schneider Electric offers to differentiate themselves from the competition.

13 years of product stewardship with Green Premium™

RoHS	RoHS REACH	PEP EoLI RoHS REACH	EcoDesign Way™	Updated Green Premium
2003 European Union adopts RoHS	**2007** European Union adopts REACH	**2008** Green Premium eco-label introduced to provide transparent information on regulated substances and to share the environmental information of Schneider products	**2015** EcoDesign Way™ launched – internal EcoDesign approach embedded in the offer creation process	**2018** Upgraded Green Premium eco-label to include customer value propositions for services, solutions and products

3.6.1 Description of risks and opportunities

The main risks Schneider Electric identifies for product stewardship come from the increasing complexity of the environmental pressures worldwide from markets and regulations. This complexity is directly linked to a "regionalization" of these environmental pressures (California Prop 65 and China RoHS are some examples of regulations being more regionalized) while global resources are limited. Moreover, the multiplication of distribution channels, especially e-commerce, could amplify the risk of non-compliance due to the regionalization of environmental pressures.

With increasingly stringent environmental regulations year after year, there is a risk for Schneider Electric to have key materials and substances that could be utilized to deliver high performance to be regulated themselves. This would limit the innovation potential of products that would fall within the regulation radar with possible restrictions.

By its customers' side, Schneider Electric has observed a multiplication of external repositories to leverage product environmental performance, some being specific to a single customer. As such, there is a risk for Schneider Electric products not to be systematically referenced externally.

Products are at the very end of a customer journey. As such, they crystalize a lot of expectations for customers and all Schneider Electric stakeholders. Schneider Electric has identified a risk to face contradictory recommendations due to regulations overlap (e.g. substances restriction versus circularity performance).

To circumvent the risks stated earlier, Schneider Electric relies on the completeness of the Green Premium™ program, enabling it to cover all relevant product-oriented environmental topics. Relying on the ecoDesign Way™ process and tools is also key to embed environmental performance as soon as possible into the new product development process. This enables Schneider product development teams to innovate while delivering more Green Premium™ products that will differentiate themselves from those of competitors thanks to higher environmental performance.

The multiplication of environmental regulations requires a lot of information to be shared with the supply chain and updated regularly. Only the best in class suppliers will be able to answer this challenge and it is an opportunity for Schneider Electric to put in place a strong interraction with those suppliers and ensure that future restrictions will be anticipated. (also see section 2.9 "Relations with subcontractors and suppliers", pages 115 to 117).

Schneider Electric is reinforcing a worldwide approach of environmental product stewardship directives fed by a regional and local environmental steward network, and strengthening its influence position towards regulators through Schneider Electric professional associations.

From the customers' side, Schneider Electric. is relying on the "Check a Product" platform, a public website providing all relevant product environmental information. Thanks to "Check a Product", Schneider Electric is in a good position to be well referenced in external databases such as the future SCIP (Substance of Concern in Products) database or customer's prescription tools.

In a commitment to go one step further, Schneider Electric is taking the steps necessary to digitize the environmental information of offers. Within a fully digitized environment, Schneider Electric can provide a streamlined and efficient process to be well referenced in external third party databases and in the customer's own prescription tools.

3.6.2 Group policy

Schneider Electric strives to distinguish itself through innovative green offers as mentioned in the Global Environment Policy. This ambition is articulated through:

- Designing energy-efficient, low CO_2, serviceable, and safe offers;
- Helping customers improve their environmental performance;
- Providing digital environmental information on offers.

To reach such ambitions, Schneider Electric has committed to:

- Invest in R&D to create energy-efficient and environment-friendly solutions;
- Create new EcoDesigned products and solutions and develop life-cycle thinking;
- Invent circular offers and business models, through products that can be reused, repaired, retrofitted, refurbished, and recycled, and through end-of-life services;
- Provide transparent and digitized information on the environmental information and benefits of offers;
- Deliver continuous improvement in product stewardship through the Green Premium™ portfolio.

3.6.3 Due diligence and results

3.6.3.1 Green Premium™

Launched in 2018, the updated Green Premium™ program is designed to deliver customer valued sustainable performance around five value propositions:

- A brand promise of compliance and digital transparency, with offers that comply with RoHS and REACH regulations, an environmental disclosure, and a circularity profile;
- A minimum of two environmental performance claims selected from any of the performance pillars;
  - Resource
  - Circular
  - Well-being
- Obtaining recognition from an external organization.

1. Compliance and transparency (substances, environmental disclosure, circular profile, footprint, etc.)

2. Resource performance

We help our customers reduce their energy and carbon footprints.

3. Circular performance

We help our customers optimize total cost of ownership of their assets.

4. Well-being performance

We help our customers to best protect their people from environmental risks.

5. Differentiation (external labels recognition, customer preference)

In 2020, the main objectives for the Green Premium™ program were to:

- Ensure compliance with the latest regulations within a difficult context;
- Develop new “circular” and “resource” performance differentiating claims;
- Prepare the digitization of environmental information, especially toward the SCIP Database for declaration;
- Expand the environmental value propositions for customers;
- Prepare the future of product stewardship for the years to come.

On circular performance, we have embedded into Green Premium™ new circular value propositions such as the “take-back” claim. For example, customers who have purchased one of the APC Uninterruptable Power Supplies (UPS) have access to complimentary recycling when the battery in the product reaches its end of usable life. In 2020, this service collected around 8,000 tons of batteries globally for recycling.

Green Premium™ information, including environmental claims and external labels, is digitally available 24/7 for customers in the technical data sheet of the online catalog, in the mySchneider mobile app, and on the “Check a Product” website.

3. Schneider Electric's commitments towards environmental excellence

SSI#5: 75% sales under our new Green Premium™ program

Supporting customers to achieve their sustainability goals is a key success factor for Schneider Electric.

% sales in 2020

76.7%

3.6.3.2 EcoDesign Way™

EcoDesign Way™ is Schneider Electric's proprietary process, deployed on product development projects of more than EUR 300,000. EcoDesign Way™ is fully embedded into Offer Creation Processes (OCP) mandatory deliverables and encompasses all involved functions: Marketing, Quality, Design, Supply Chain, and Project Manager.

The EcoDesign Way™ scorecard is fully aligned with all Green Premium™ value propositions. Moreover, several initiatives were launched to embed EcoDesign Way™ earlier in the OCP with strong inputs from the Future Offer Manager in order to foster innovation and increase EcoDesign's positive impact.

In 2020, focus was put on embedding EcoDesign criteria at an early stage of the OCP. For instance, a simplified Life Cycle Assessment tool was deployed to assess the environmental potential of incubated projects. A key objective for the upcoming years is to embed EcoDesign in systems and solutions and better integrate it into agile development methods.

3.6.3.3 REACH

The implementation of the European Court of Justice decision in case C-106/14 (O5A: once an article, always an article) is fully deployed in the compliance tools, and most of Schneider Electric REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) declarations towards its customers are in that format, which is perfectly in line with the entry in force of the ECHA (European Chemicals Agency) SCIP (Substances of Concern In Products) database. The high level of supplier declarations collected allowed Schneider Electric to stop using a worst case approach, instead being able to give more relevant information to the customers, and allowing the Group to better target substitution actions.

In the frame of the Waste Framework Directive, ECHA was mandated by the EU commission to put in place a SCIP database (database containing information on substances of concern in articles) for 2021.

2020 was dedicated to actively following the development and testing of the SCIP trial versions, giving feedback and constructive remarks to ECHA with the support of the Group's professional associations. The SCIP database has been available since the beginning of November 2020 and Schneider Electric has begun to manually upload relevant data with the objective of covering information on its main products by January 2021, which is the official opening deadline. Schneider Electric is proud to be one of the first companies undertaking this duty. 2021 will be dedicated to automating the upload process thanks to a new compliance tool under development.

Also, in 2020, several requests from the customers for pushing digitized compliance information in their compliance systems have been answered. This is currently a manual process that will be enhanced in 2021.

Schneider Electric is also very active in the development of data exchange formats on substances through FIEEC and IEC2474, formats that will be crucial for targeting substances of concern to be substituted with safer options.

Schneider Electric also participated in some EU consultations, providing technical and economic information to support regulatory evolutions on chemicals.

3.6.3.4 RoHS

In 2020, no major evolution of the RoHS (Restriction of Hazardous Substances) directive was planned. The four RoHS phthalates substitution process is almost finished and will be closed by the mid-2021 official deadline for the very few remaining special cases. The Green Premium™ objectives to apply RoHS on a worldwide basis (in all product categories) have been achieved. Main RoHS exemptions concerning lead in some metal alloys and electronic technologies are undergoing a renewal process. Nevertheless, Schneider Electric innovation teams permanently study the alternative solutions available on the market or under development, in order to propose technical solutions to avoid the use of exemptions whenever possible to the design teams.

3.6.3.5 WEEE

Schneider Electric has been engaged for a long time in a process that protects the environment and the health of people in the treatment and recycling of its products at the end of their life cycle.

In the context of the application of the Waste Electric and Electronic Equipment (WEEE) directive, Schneider Electric implements product identification and selection actions, establishing recycling streams and pricing the taxes to be applied in compliance with the regulations of each country where its products are sold.

For products falling within the scope of the WEEE directive, a circularity profile including detailed end-of-life instructions is systematically provided through the "Check A Product" public website.

3.6.3.6 Environmental Disclosure

An Environmental Disclosure is a product or solution-related content that provides quantitative, Life Cycle Assessment (LCA)-based information. As Environmental Disclosure is mandatory to enable Green Premium™ to work, Schneider Electric relies on Product Environmental Profile (PEP) to fulfill this requirement. A PEP is defined as a product-oriented "summarized" version of a full LCA. It relies on Product Category Rules (PCR) or Product Specific Rules (PSR). At Schneider, there are two types of PEP available:

- Certified – a type III Environmental Declaration in compliance with ISO 14025. The certified PEP is externally reviewed by an accredited verifier and published by a program operator according to the rules provided by this operator (e.g. PEP Ecopassport). In January 2020, 336 certified PEP were published on the PEP Ecopassport association website;
- Internal – the internal PEP follows the exact same rules as the certified one. However, an internal PEP is reviewed internally and therefore cannot be registered through an independent program operator. A process of accreditation for internal verifiers guarantees the good level of internal PEP verifications (training done by an external consultant). Verifiers check PEPs from other lines of business than their own, thus ensuring independence. Internal PEPs comply with the ISO 14021 self-completed-declaration;
- In 2019, 77.3% of Schneider's product revenue was covered by a PEP, including 33.9% of ISO 14025 type III declarations and 43.4% of ISO 14021 type II self-completed declarations.

4. Committed to and on behalf of employees

In this section:

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Context and goals

Great people make Schneider Electric a great company. The Group motivates its employees and promotes involvement by making the most of diversity, supporting professional development, and ensuring safe, healthy working conditions. Its ultimate ambition is to generate higher performance and employee engagement, through world-class people practice that are supported by a global/local and scalable model.

Human Resources thus play a key role in supporting the performance and talent development of Schneider Electric in the changing context of its activities. Its growth is characterized by a sustained internationalization, numerous acquisitions, an increase of headcount dedicated to selling solutions and services, while maintaining a share of blue collars close to 50%. All employees are treated equally based on their skills, notably regarding employment, recruitment, talent identification, training, remuneration, health and safety, thanks to common processes and policies.

Key targets and results

Schneider Sustainability Impact 2018-2020

Megatrends and SDGs	2018-2020 programs	2020 progress	2020 target
Health & equity	**9.** Score in our Employee Engagement Index	**69% ▲**	**70%**
	10. Medical incidents per million hours worked	**0.58 ▲**	**0.88**
	11. Employees have access to a comprehensive well-being at work program	**90% ▲**	**90%**
	12. Employees are working in countries that have fully deployed our Family Leave Policy	**100% ▲**	**100%**
	13. Workers received at least 15 hours of learning, and 30% of workers' learning hours are done digitally	**90% ▲**	**100%**
	14. White-collar workers have individual development plans	**92% ▲**	**90%**
	15. Employees are working in a country with commitment and process in place to achieve gender pay equity	**99.6% ▲**	**95%**

▲ 2020 audited indicators.
The 2017 performance serves as a baseline for the 2018-2020 Schneider Sustainability Impact (SSI). Please refer to pages 185 to 189, for the methodological presentation of indicators. The performance of each indicator is presented in detail in corresponding chapters.

Other 2025 targets

Schneider Sustainability Impact 2021-2025:

- Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30)
- Create opportunities for the next generation – 2X number of opportunities for interns, apprentices, and fresh graduate hires

Schneider Sustainability Essentials 2021-2025:

- <1% pay gap for both females and males
- 60% subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)
- 100% of employees paid at least a living wage
- 3X the number of employee-driven development interactions on the Open Talent Market
- >90% of employees undergo digital upskilling through the Digital Citizenship program and digital transformation training
- Systematic career review and development plan for all employees ten years before retirement
- 75% employee engagement score

4.1 Step Up

The profile of the Company has changed tremendously in the past ten years and the same has happened with its external environment. The new Schneider Electric that has been created is much bigger and well-balanced across geographies and end-markets. It provides a unique portfolio of products, systems, services and software to customers through different go-to-market channels and consolidating many acquisitions. The Group has identified that this new Company requires a different type of leadership. Schneider has embarked on a People transformation, which is embedded in the Company program called 'Step Up'. Step Up is the People strategy and the common roadmap to transform leadership and culture.

Through Step Up, the ambition is to create:

- a new Schneider Electric that consistently achieves high growth by innovating for customers and beating the competition;
- a more engaging environment for employees;
- an attractive company for talent through an Employee Value Proposition (EVP).

All of this while delivering a best-in-class digital experience to employees, supported by simple and agile processes.

4.1.1 Schneider Electric's People Vision and Our Core Values

Great people make Schneider Electric a great company. This is our People Vision. To transform our culture and create a great place to work for, we launched our new People Vision in 2018, composed of our Employee Value Proposition, our Core Values and our Leadership Expectations.

Our Core Values define the way we work together.

Customer First. Above and beyond for Our Customers. We surprise and delight customers as we would be nowhere without them. So, not only do we put ourselves in their shoes, but we also anticipate their needs and go the extra mile. We champion our sales people, because they are the face of our Company. Whatever our role, we have an impact on the customer's experience.

Dare to Disrupt. Constantly in Beta. Innovation is our middle name. Good is never good enough, and that's why we are constantly experimenting, taking risks and disrupting the status quo. We think fast, and we act even faster. Setbacks don't hurt us. They motivate us. That's why we are not afraid to make our bets bigger, and our decisions bolder to power the digital economy through energy management and automation. We, at Schneider, ensure Life Is On.

Embrace Different. Different is Beautiful. We are 100% committed to inclusion. 'Exclusion' is not even in our vocabulary. We believe in equal opportunities for everyone, everywhere. This means welcoming people from all walks of life, ages and cultures, embracing different perspectives and calling out bias when we see it. So that every person feels uniquely valued and safe to be at their best. To us, a stranger is simply a friend we haven't met yet.

Learn Every Day. #Whatdidyoulearntoday. To stop learning is to stop growing. We are genuinely curious, never done with learning. To us, there is no such thing as knowing it all or having all the answers. We believe in life-long learning. Every minute of every day brings a new chance to listen, open up our minds, and widen our horizons. We are never too experienced to learn.

Act Like Owners. All in. Together. Entrepreneurs at heart, we take responsibility and ownership of everything we do. This is not somebody else's company. It's ours! We are individually empowered and collectively driven to collaborate and beat the competition together. In the end, we do what is right for Schneider first – always with integrity and honesty.

4.1.2 Organization

Since 2009, the Human Resources (HR) department has been structured around three principal roles to better respond to its missions:

HR Business Partners assist managers on a day-to-day basis in setting out their business strategies and in assessing the human resource requirements needed to meet business targets. They also play a pivotal role in anticipating skill requirements and employee development, and in the management of employee relations.

HR Solutions creates and develops comprehensive solutions for the organization's strategic challenges in key areas, such as compensation, benefits, human capital development, learning and performance management. Regional teams are leveraged to effectively support the Group's globalized operations.

HR Services handles the logistics and administrative responsibilities relating to payroll, sourcing, mobility and training programs, mainly through shared service centers designed to optimize efficiency and costs. Since 2015, the Group has put in place an HR Excellence initiative with the objective of creating HR teams ready to make the Leadership & Culture vision a reality while supporting the growth of the business.

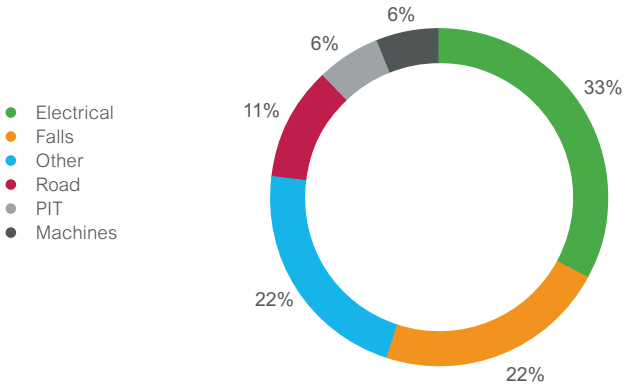
4.2 Employee health and safety

4.2.1 Description of risks and opportunities

At Schneider Electric, risk assessments and strategic action plans are performed, based on the primary risks associated with the workplaces. These plans include opportunities to reduce serious and fatal incidents, maintain legal compliance, provide safe working conditions, and encourage employee engagement in the safety processes throughout the organization.

The plans are built on the Top 5 Hazards found in every aspect of the Company, which include driving, electrical, falls, powered industrial trucks (PIT), and fixed powered machines (FPM).

Injuries based on the Top 5 Hazards since 2018



4.2.2 Group policy

4.2.2.1 Safety is a value

Safety is a value on which Schneider Electric will not compromise, and this extends to employees, customers, partners, and those working on their behalf. Included in the Principles of Responsibility is a chapter on Safety at Work which reinforces the Group's commitment to provide a healthy and secure workplace for all. In addition, Schneider Electric's ambition is to achieve the highest standards of safety excellence. Schneider Electric is committed to invest in its people and its workplace as stated in its Group Safety and Occupational Health Policy, stating "the ambition is to be the standard for safety excellence worldwide."

The Safety and Occupational Health Policy establishes the commitment that Schneider Electric has made to maintaining safe and healthy working conditions, to fulfil legal obligations, to engage employees in safety processes, and to continually improve the health and safety program, and is the cornerstone of its certified Safety Management System. The policy includes the Group's Health and Safety Vision and Mission as such:

Vision:

To be the standard of excellence and the benchmark for health and safety within the industry.

Mission:

To protect occupational health and safety of employees, customers, contractors, and visitors, in the Group's locations, at offsite locations, and while travelling…

…to preserve Company license to operate through robust EHS compliance and risk management…

…to provide employees safe, pleasant, and efficient workplaces for enhanced well-being and effectiveness…

…to enhance our brand image and contribute to world sustainability through employees' behavior and innovation.

In 2020, as part of its improvement efforts, Schneider Electric successfully achieved re-certification for ISO 45001 Safety Management System as part a fully integrated management system certified through Bureau Veritas. This certification is in place for over 200 manufacturing, logistics, and R&D locations.

4.2.2.2 EHS strategy

The Schneider Electric global safety strategy includes "S.A.F.E. First" at the core. Developed as a personal reminder to pause and reflect on safety before beginning any task, the program empowers employees to perform S.A.F.E. First checks and if "Unsafe? Stop Work!"

In 2020, Schneider Electric had to deal with the global COVID-19 pandemic, in which the Group responded through local responders' teams, provided personal protective equipment to all its employees, and implemented audits to ensure that control measures were in place worldwide. The field services teams were recognized as critical workers as they supported hospital, laboratories, and data centers during this period.

The Group has also internally surveyed the employees on related topics to COVID-19, in which 78% expressed that they were satisfied with workplace health and safety measures implemented.

The global safety strategy also takes into consideration the five guiding principles that help to determine actions to be taken as part of a work task. They are:

- Ensuring employees are qualified for the work task before performing work;
- Empowering employees to stop work if unsafe;
- Reporting opportunities for improvement;
- Resolving and sharing solutions to problems;
- Encouraging employees to care about their own safety and the safety of their co-workers and customers.

4.2.3 Due diligence and results

4.2.3.1 Annual EHS Assessments

To ensure successful implementation of the strategy, annual Environmental, Health, and Safety (EHS) Assessments are performed in industrial sites worldwide. The EHS Assessment is a global process in which a site is evaluated to identify opportunities and to recognize excellence. At regional and global levels, EHS teams consolidate site results to identify and prioritize actions to support site performance, training needs, and cross-site mentoring opportunities. The EHS Assessment uses the same structure as the Schneider Performance System (SPS) (Company performance standardization tool) for simplified user-adoption and to enable further alignment to SPS.

Training on hazards and their associated risks is an important part of Schneider Electric employee expectations. There are more than 390 safety-related topics, housed in the My Learning Link database. Employee safety e-learning training increased by 124% compared to 2019. Employees averaged 5.6 hours in 2020, compared to 2.5 in 2019.

Communication is important to ensure coordinated and standardized program implementation. This is evident through quarterly safety campaigns, safety alerts, workplace standards, and employee engagement to identify safety opportunities. In 2020, over 300,000 employee safety opportunities were identified, a 20% increase from 2019. These communication programs are deeply embedded into the safety culture at Schneider Electric. The Group also monitors proactive leading indicators, including safety employee engagement, which tracks the rate of employee participation in safety opportunities, and the effective application of the EHS Assessment tool.

4.2.3.2 Results summary

Schneider Electric has been very successful in meeting goals for the reduction of workplace injuries and illnesses, including those injuries resulting in lost time days. Since 2011, the Group has reduced the frequency of incidents (Medical Incident Rate, MIR) by 85% and the severity of incidents (Lost Time Incident Rate, LTIR) by 84%. This is based on 1 million hours worked.

The MIR includes injuries and occupational illnesses. The Occupational Illness Rate is also tracked independently for benchmarking purposes and to drive continuous improvement. The Occupational Illness Rate is 3% of our total medical incidents (MIR) in 2020.

Employee engagement = Safety opportunities reported including near-miss and safety ideas

Employee Engagement 2.12 ↑

33%
Improvement over 2019

(2019 = 1.59)

MIR = Medical Incident Rate. Work-related medical incidents.

MIR 0.58 ↑

27%
Improvement over 2019

(2019 = 0.79)

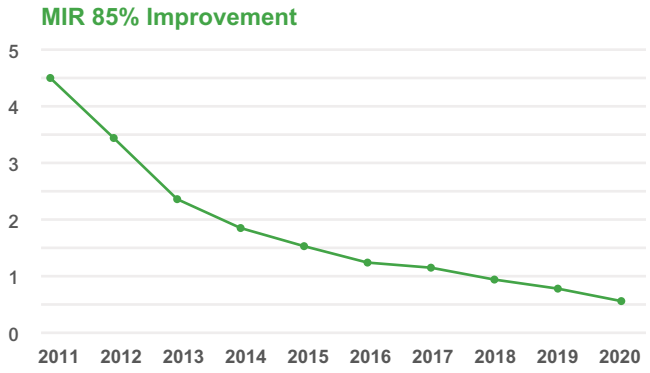
LTIR = Lost Time Incident Rate. Captures the number of work-related incidents requiring time off work (>24hrs)

LTIR 0.32 ↑

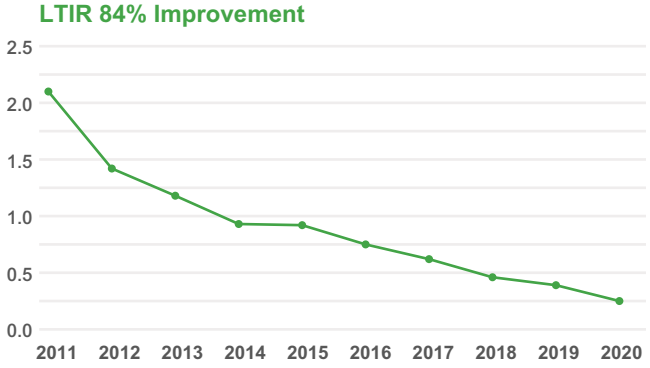
15%
Better than target

(Target = 0.37)

Historical trend



Lost Time Incident Rate Historical trend



4. Committed to and on behalf of employees

Other key attributes

Each quarter, the Group focuses on a key safety topic to bring attention to both workplace and human factors that have caused serious injuries at Schneider Electric. The campaign includes a dedicated web-portal to access tools, videos, training materials, apps, games, posters, and leader-led topics to further promote the importance of safety worldwide. The four quarterly safety campaigns culminated with the annual "Global Health & Safety Day" celebration held on October 16, 2020. During "Global Health & Safety Day" we emphasized the importance of being healthy and safe, especially while performing essential work in the midst of the pandemic. A special emphasis was placed on the importance of performing "SA.F.E. First Checks" to ensure that each employee is mentally focused and physically well before starting any new task. This was one of our most popular employee engagement activities with personal commitments and pledges to commit to personal health and safety.

4.2.3.3 Recognition and awards

Schneider Electric was the recipient of several awards for occupational health and safety programs in 2020. This includes Royal Society for the Prevention of Accidents (RoSPA) Gold Awards for both Safety and Fleet. The RoSPA Awards recognize achievement in health and safety management systems, including practices such as leadership and workforce involvement.

Schneider Electric was proudly represented during the Campbell Institute Executive Summit, organized by the National Safety Council Congress & Expo, where we achieved 274 awards in categories such as 1 million hours worked with no Occupational Safety & Health Admnistration (OSHA) reportable, Perfect Record (no OSHA recordable), Safety Leadership (5yrs with no lost time accident) and Superior Performance (10 years with no lost time accident).

Schneider Electric also received a Bronze 2020 Stevie award for Most Innovative Use of HR Technology During the Pandemic – Europe.

4.2.3.4 Future evolution of safety at Schneider Electric

Safety is a never-ending journey towards excellence. Schneider Electric goals and initiatives are to be the standard in safety excellence worldwide. This pursuit begins with Group employees, starting with leaders. Safety is leadership led, and the Group's ambition is to progress the entire community towards full empowerment as defined in the "S.A.F.E. First" Human Factors training, Safety Culture Assessment, and leadership action plans, which were developed in 2020 and ready for implementation in 2021.

This journey begins with the understanding that we, as humans, are prone to error. Schneider Electric is committed to enabling employees to identify (get involved), report (get engaged), and resolve to protect themselves and colleagues from injury (be empowered). The next evolution of safety is one that will transform the global community throughout the supply chain and at every level of the organization including partners, contractors, and suppliers. The intent is to use technology and innovation to enable Schneider Electric employees to be more empowered to detect and address unsafe conditions or behaviors. The future of safety at Schneider Electric starts with acknowledging that safety is a value on which we will not compromise, a belief shared by every employee, partner, contractor, and supplier.

SSI#10: 0.88 medical incidents per million hours worked

Success for this program in 2020 is attributed to a number of factors including the launch of the the Safety Culture Assessment and the continual focus on "S.A.F.E. First" program, a 33% increase in safety employee engagement compared to 2019. Together with leadership role-modelling, Schneider Electric continues to strive to have a deeply embedded "S.A.F.E. First" culture.

Medical Incident Rate in 2020

0.58

4.2.4 Well-being in our DNA

Well-being has been a strategic priority since 2015. 2020 tested our ambition and maturity, showing how the Company managed this unprecedented situation through global actions to help employees find the best strategies to cope with the COVID-19 pandemic and its implications.

Schneider Electric's well-being ambition is to create an environment where employees are empowered to manage their unique life and work by making the most of their energy.

The holistic view of well-being (physical, mental, emotional, and social) and the joint effort between the Company, leaders and employees, are key for the success of the program. The current strategy tackles two areas of impact:

- Empowering individuals – through training and awareness actions to encourage well-being practices for managing self and teams.
- Enabling environment – through policies and programs like the Global Flexibility@Work Policy, Global Family Leave Policy, Mindfulness at Work and Workplace of the Future.

Response to the 2020 pandemic:

- Four global webinars, including topics on how to manage emotions and mental health and how to strengthen teams during uncertain times: 900+ participants.
- Global mindfulness practice sessions in English and French: 2,900+ participants.
- "Here for each other" global Yammer page. A safe space to share how we are doing.
- "Managing your well-being during COVID-19" learning playlist, regularly updated with resources on how to take care of oneself: 1,000+ followers.
- "Manager's Guide to the New Normal", supporting managers during the ongoing COVID-19 situation.

A structured network of more than 50 champions worldwide converted the global vision into customized local actions responding to the diversity of more than 100 countries. Some examples:

- North America: Workshop for the Top 500 leaders in the US, Canada, and Mexico to provide guidance on caring for themselves and their teams;
- UK and Ireland: "Leadership well-being videos", selfie videos from leaders on tips around well-being;
- China: Stress management workshops: 1,300+ participants including 500 customers/partners;
- NEAL Cluster (Africa): Online "Raising Happy" parenting program focused on the psychological well-being of children and parents during the lockdown.

4.2.4.1 Flexibility at work:
In October, the Global Flexibility@Work Policy was refreshed, making it a global standard to Work From Home (WFH) two days a week, starting 2021. The new global standard comes in response to employees' feedback in the Company's latest global employee survey in which a large proportion of employees stated that they prefer a hybrid work model (mix of WFH and "work from office"). Additionally, the policy addresses hybrid work holistically, providing employees with mental health resources and training on best practices.

4.2.4.2 Mental health:
Since 2019, mental health is part of the global well-being agenda, raising awareness within the organization about its importance and aligning with the World Mental Health Day. In our second year, the campaign was run over the full month of October, building synergies with other transformations like diversity and inclusion, and health and safety, which were received very positively by employees.

4.2.4.3 Commitment to the United Nations Sustainable Development Goal #3 "Good health and well-being"
The commitment to well-being is also reflected in the Schneider Sustainability Impact, with a pledge that a combined key indicator of 90% of employees have access to a standard level of healthcare coverage and training to leverage their well-being (awareness). Employees have been trained in different topics such as new and smarter ways of working, the upside of stress, mindfulness at work, "energizing our people to perform", and using strengths to prevent burnout.

SSI#11: 90% of employees have access to a comprehensive well-being at work program

The US has embedded well-being into the daily employee experience:

1. Emphasis on daily well-being through the Virgin Pulse website and mobile app:
   - >21,000 employees and spouses enrolled;
   - >20,000 completed the health risk assessment;
   - 83% of enrolled members earned rewards for healthy activities.
2. Elevated well-being topics through frequent, interactive, virtual sessions:
   - >3,000 employees attended "Caring for Yourself During COVID-19" sessions;
   - >3,000 employees attended "Mental Health for All" sessions;
3. 100% of employees have access to health care coverage;
4. Enhanced flexible work arrangements: temporary voluntary part-time schedules, home-office furniture package, and back-up child/pet/elder care.

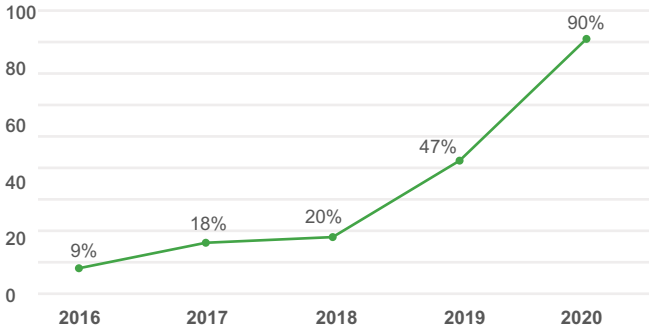
% employees with access to a comprehensive well-being at work program

90%

4.2.4.4 Recognition
Schneider Electric Middle East was awarded "Best Employee Benefits & Well-Being Strategy" Gulf Cooperation Council HR Awards and NEAL Africa was awarded "Best Corporate Well-Being Program" (Future Workplace Awards).

Well-Being Evolution 2016-2020

% Employees trained in different Well-Being topics



Holistic Approach – 4 Dimensions

Physical
Physical well-being is what we do with and to our bodies: sleep, fitness, nutrition, and regular rest and renewal.

Mental
Mental well-being is the ability to manage and train your mind: relax your mind, concentrate and focus, observe your mind, thoughts, beliefs, perceptions.

Emotional
Emotional well-being is about cultivating and generating positive emotions: optimistic, engaged, happy, joyful, confident, enthusiastic, present, peaceful, relaxed, comfortable, serene.

Social
Social well-being comes from connecting and supporting others, finding meaning in what you do, serving something larger than yourself and living in alignment with your values.

Approach: Training and researched practical applications based on Emotional Intelligence, Positive Psychology, Neuroscience and Mindfulness

4.3 Talent and employee engagement

4.3.1 Description of risks and opportunities

Attracting and developing talent is crucial to the ongoing success of Schneider Electric. The Group is working to become the "best company" to work for, and constantly strives to provide the environment and motivation for its employees to take control of their own career progression, through access to learning and development and the latest job opportunities, and through readily available resources. Measures are in place to minimize the impact of employee turnover, performance, and disengagement on Company productivity and performance. See further information in chapter 1, section "Principal risks", pages 64 to 65.

4.3.2 Group policy

Schneider Electric places a strong focus on the effective management of talent at all levels. There are two aspects to talent management for Schneider Electric – for all employees and for high potential talent.

The Group ensures all employees have the tools and processes in place to set clear goals and have a development plan to guide their performance, development, and learning in their current role as well as for future potential roles. The process is enabled by an integrated HR information system called TalentLink. This system allows data management and analytics in the areas of strategic workforce planning and talent management; it also improves the matching of resources to demand regarding learning in different parts of the Company. In 2020, a one-stop-shop career development platform called Open Talent Market was launched to our employees to create an internal talent market leveraging Artificial Intelligence (AI) to match the supply and demand of talent throughout Schneider Electric. This creates better transparency around job and project opportunities, ensuring employees can drive their career and develop to their fullest potential at Schneider Electric.

For high potential talent, an annual talent review process operates across the Company to help ensure that high potential individuals are identified and realize their full career potential. Structured succession planning for critical roles helps to accelerate individual career development while maintaining continuity for the organization. In selecting and developing talent, an important consideration is also to foster diversity such as gender and nationalities (new economies as well as mature economies). Towards the end of the talent review process across the entities, there is an aggregated review with the Executive Committee to discuss the overall health of the leadership pipeline and succession strength for top positions.

4.3.3 Due diligence and results

4.3.3.1 Employee engagement and OneVoice

Set up in 2009, the OneVoice internal survey was designed to measure employee satisfaction. In 2012, the survey evolved to include employee engagement to derive a more holistic view of employee expectations, commitment, and sentiment on the ground.

Employees are asked to fill out a questionnaire evaluating their engagement and measuring the drivers of engagement such as diversity, learning and well-being. This process helps the Group identify key avenues for improving major employee engagement factors.

SSI#14: 90% of white collar employees have Individual Development Plans (IDP)

Schneider Electric's collective future success depends on the ability of each employee to perform, develop, and grow their careers. Since 2017, the Group has set the ambition for all white collar employees to have at least one development discussion with their manager every year. To achieve the ambition, we have integrated the performance and development process to enable broader conversations on how development can drive higher performance. The launch of the Open Talent Market platform to all employees in 2020 has further strengthened the development culture by offering internal project and mentorship opportunities for everyone everywhere. The number of white collar employees with an IDP has increased from 32% in 2017 to 92% in 2020.

% white collar employees with an IDP in 2020

92%

In the context of COVID-19, it was decided to not run the "usual" OneVoice survey in 2020. The Company kept measuring the level of engagement of its employees asking the same 6 questions based on the traditional model and added a specific set of survey questions linked to the pandemic. The level of employee engagement recorded in 2020 was 69%, which is the highest since 2012 when it was at 55%, demonstrating a strong commitment of our employees toward the organization. This Employee Engagement Index is also registered in the SSI. It enables Schneider Electric to compare itself with the best employers in the industry and the best employers in key regions of the world.

Key highlights for 2020:

- 100% of employees surveyed in June 2020, including a specific set of questions linked to the Covid-19 situation;
- A high participation rate of 68% but with a decrease of 16% compared to 2019;
- One single platform for all Human Resources surveys for continuous listening of our employees;
- 3,729 managers receiving a dedicated report;
- More than 50,000 verbatim analyzed;
- One action taken from the survey is the implementation of a new Global Flexibility@Work Policy offering the option of working from home two days per week for all eligible Schneider Electric employees.

The pandemic has made us stronger and more united, say our employees. The role of the managers is key and 90% of the employees recognize the good support received during time of crisis. Managers are also actively involved in this process: following communication of the results, managers, with the support of their HR Business Partner, organized feedback sessions with their team to foster dialog and build relevant action plans, based on both qualitative and quantitative results.

Schneider Electric looks very closely at these action plans to ensure they are seriously followed and recorded in the survey platform and that good practices can be shared across the organization. In 2020, the Company increased focus on action plans being implemented at three different levels: global, local, and team. Each country's laws and regulations are different and what is decided globally must be adapted taking into consideration those external parameters.

SSI#9: 70% scored in our Employee Engagement Index

One of the most impressive increases observed in the Employee Engagement Index was in Mexico was 73% (+14 points). The main reason for such a significant increase is top management communication, always sharing open, honest, and transparent messages with their teams. The country leadership team held monthly all-employee virtual open lines which helped keep a high level of trust. The second reason is that managers focused on putting actions in place to increase collaboration among teams, having formal and informal sessions to solve common issues and empowering employees to make decisions as they adopted new ways of working. And the third reason is the global safety measures implemented by country and location which were very much appreciated by employees as it showed a proactive response to COVID-19. Site managers helped make employee safety the highest priority on their agendas and took action accordingly.

% scored in 2020

69%

4.3.3.2 Employer Branding

Our Employee Value Proposition (EVP)

The Group is looking to establish a strong name as an employer and communicate this around its EVP, which is our promise to current and future employees.

We are driven by our meaningful purpose and continuously create an inclusive environment where employees are empowered to be at their best and innovate.

- **Meaningful:** Schneider's 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. Our mission is to be your digital partner for Sustainability and Efficiency. We adhere to the high standards of governance and ethics;
- **Inclusive:** we want to be the most diverse, inclusive, and equitable Company, globally. We value differences and welcome people from all walks of life. We believe in equal opportunities for everyone, everywhere;
- **Empowered:** freedom breeds innovation. We believe that empowerment generates high performance, personal fulfilment, and fun. We empower our people to use their judgment, do the best for our customers, and make the most of their energy.

Our EVP continues to evolve in line with the business. Making the emotional connection as to "Why Schneider Electric?" is fundamental in the ability to not only attract the best talent and be an "employer of choice", but also to have it resonate as authentic with employees as a form of encouragement, motivation, and inspiration.

Flagship program: Schneider Go Green

Launched in 2011, Schneider Go Green is an annual global competition for business and Science Technology Engineering Mathematics (STEM) students around the world to find innovative solutions for energy management and automation – exposing university students to our employer brand and Core Values. It is now established as a global initiative to attract female and male graduates for early career opportunities and/or ongoing talent fulfilment objectives. Over the years, the competition expanded its scope to become a great opportunity for students to not only share their bold ideas, but also to start their career at Schneider Electric.

Students are asked to present their bold ideas on efficient energy solutions for a better and more sustainable future. Working in pairs with at least one female participant, students are required to propose creative and viable solutions for critical energy management and automation in different categories such as: access to energy, buildings of the future, grids of the future, and plants of the future – all with measurable sustainable impact.

In 2020, the competition pivoted to digital format for the first time, firstly with a pre-show for aspiring participants and then the global final, where finalists pitched their ideas online to a panel of judges, made from senior leaders across Schneider Electric. On September 10, 2020, the winning team was announced: Team Groon, two students from Colombia, who proposed a sustainable hybrid cooling system impacting a small community of fisherman in Bojaya, Colombia.

Over the past 10 years, Schneider Go Green has had over 117,400 registrants and more than 21,700 students have submitted ideas from 172 countries. In 2020 alone, more than 24,400 students registered and nearly 3,000 students submitted their ideas, proving that Go Green continues to be consistent in developing strong and increasing interest from students for this contest, especially from emerging economies.

4. Committed to and on behalf of employees

University partnerships

Schneider Electric continues to focus on key relationships with a core selection of partner universities throughout the world. Relationships have primarily been developed with universities which offer specialization that aligns with the Group's business needs – most commonly in engineering, energy management, technology, and business. Relationships with universities are maintained at a local and global level. As the external market changes, the pathway to attract and engage young talents has also been adapting. This year, university relations has enhanced to be more digital. A selection of initiatives is set out below:

- Sharing of Schneider Electric's business acumen – for example Global Virtual Student Experience, guest lectures, and speaking engagements;
- Sponsorship initiatives;
- Collaboration on innovation projects – for example the Go Green competition and Hackathons;
- Virtual office site and Innovation Summit tours;
- On-campus and virtual recruitment events;
- Digital and face-to-face speaking engagements and networking opportunities;
- Mentoring relationships.

A major pilot in 2020 was the Global Virtual Student Experience to adapt to the ways we can engage students through the challenges of 2020. The student experience is designed to offer students who may not be ready to apply to job opportunities, a chance to learn more about Schneider Electric and learn key career building skills at the same time. The web pages attracted 69,000 views in 15 days and more than 6,900 students applied. This pilot, given the level of interest from students that Schneider Electric does not currently engage or attract, showcases Schneider Electric's employer brand recognition.

Schneider Electric has a wide range of career paths available to students pursuing the start of their career at Schneider Electric, including projects and services, industrial/manufacturing, general management, marketing, and sales. This is supported by development programs around the world that are structured to help support the acceleration of early career talent through a robust training and development path including graduate programs, internships, apprenticeships, and co-ops.

This approach has enabled strong talent pipelines to be established to attract future talent with key target skills and create greater awareness of Schneider Electric as an employer of choice.

Our employer brand, social media, and recognition

Social media plays a central role in Schneider Electric's employer branding – enabling it to engage extensively with talent to showcase the Company as an employer and the diversity of its business. Schneider Electric also greatly values the opportunity social media gives to have open dialog and receive feedback.

In particular, our achievements included:

- The Financial Times recognized Schneider Electric as a "Diversity Leader", ranking #28 out of 850 companies and 2nd in our industry for 2021;
- 2020 Universum "Top 50 World's Most Attractive Employers", ranked #48, as recognized by 235,000 IT and engineering students globally;
- Fortune recognized Schneider Electric as one of the "World's Most Admired Companies" in 2020;
- Forbes recognized Schneider Electric USA as one of "America's Best Large Employers" in 2020;
- Great Place to Work certified Schneider Electric in the US again for 2021;
- Schneider Electric's Glassdoor rating is on a steady growth, up to 4.1 at the end of 2020, recognizing both Schneider Electric France and Schneider Electric USA as a "Best Place to Work" for 2020.

4.4 Learning and development

4.4.1 Description of risks and opportunities

The ongoing growth of Schneider Electric's businesses in markets around the world requires the development of leaders and innovators across all disciplines. While that fact remains constant, the learning landscape is quickly changing in response to disruption and rapidly evolving development needs of employees. Many factors are contributing to this need for change:

- Digitization and the Fourth Industrial Revolution are creating new fields and markets requiring rapidly changing skills;
- Careers are becoming more open in a transparent marketplace: Employees are being hired for skills to perform project-based work;
- Shift towards a digital/human and gig economy workforce is creating a strong demand for a harmonized mix of hard and soft skills.

Skill needs are becoming increasingly complex and upskilling and reskilling are becoming the norm. This external landscape shift and internal growth demand led Schneider Electric to redefine its learning strategy for 2020. Learning and career development remain at the heart of Schneider Electric.

4.4.2 Group policy

At Schneider Electric, #LearnEveryDay is in our DNA. It is embedded in our belief in the power of life-long learning. Learning facilitates continuous innovation for customers, keeping the Company ahead of the game, individually and collectively. The Group's learning priorities are crisp and simple:

- Accelerate digital and personalized learning as part of learning culture, in the flow of work and life;
- Accelerate Schneider Essentials learning for all connected employees and deploy a digital program for leaders to enhance their business and finance acumen;
- Accelerate learning for critical roles and transform how to skill, upskill, and reskill for the future including digital, agility, innovation, sales, and EcoStruxure™.

4.4.3 Due diligence and results

4.4.3.1 Learning culture

Learning never stops

In response to the COVID-19 pandemic, the Group responded quickly to provide immediate learning resources and support for employees, managers, and top leaders. A learning page was created with content on virtual work, digital well-being, and function specific resources for all employees. For managers, additional content on managing virtual teams, business continuity, and a guide to the new normal were created using Schneider Electric-specific scenarios. For top leaders, there was a focus on crisis management and leading in times of ambiguity. In addition to learning resources, weekly LiveTalks were organized over a 10-week period, with external speakers and internal leader dialogues. These covered a variety of business and personal topics including mitigating risk, China leadership sharing, managing emotions in uncertainty, and leading in a crisis.

Unleashing internal knowledge

The Group actively promotes a learning and teaching culture by developing its internal trainer capability. This was critical during the pandemic, with internal trainers delivering over 80% of formal training. There has been a strong focus on equipping internal trainers to develop and facilitate virtual classroom training, including using tools such as Klaxoon for additional interaction and engagement. A Global Virtual Internal Trainer Conference was organized in September with the purpose to recognize, develop, and connect internal trainers. Activities included testimonials of appreciation, a video expo of trainer best practices; facilitation techniques and capability building sessions on how to engage the modern learner, StoryCrafting, and creating "wow" learning experiences. There are currently over 6,000 identified internal trainers who collectively delivered over 16,000 sessions in 2020.

Learning environment

The Company aspires to create an inclusive environment for the development of its employees, focusing on completion of a specific number of hours of learning for a subset of employees to the inclusion of all employees, including workers in factories and distribution centers. The Group objective regarding that population is:

- 100% of workers to receive at least 15% of training hours per year; and
- in parallel, 30% of worker training hours to be completed digitally.

In order to achieve these objectives, Schneider has engaged a program to connect workers to the Schneider Electric network, either from a computer kiosk installed in our facilities called "Digital Learning Corner", or from their mobile phone via a secured authentication process. This required the deployment of training content tailored for the workers, both in terms of subject matter and language.

SSI#13: 100% of workers received at least 15 hours of learning, and 30% of workers' learning hours are done digitally

122 digital learning corners were set up across the world. They enable factory and logistics centers' workers to have access to individual computers to browse digital learning offers.

% achieved in 2020

90%

4. Committed to and on behalf of employees

4.4.3.2 Digital learning

Because Schneider Electric wants to achieve its business goals and stand out from the competition, it must invest in its people and prepare them for the future with the right set of skills, at the speed of change. The innovations conducted in the past three years in digital learning are solid steps in that direction.

To support the rapid changes in the Company, Schneider Electric implemented an open learning ecosystem comprised of interconnected platforms. The Learning Management System administers instructor-led training, compliance, and reporting. The learning experience platforms provide easy access to consume, share, and create formal and informal learning content on mobile and desktop devices. Together these systems and platforms provide a relevant, intuitive, and effective one-stop-shop experience, powered by digital.

The Group progressed on its journey to transition towards a more digital learning catalog. Over the last six years, the number of available digital training hours rose to 39%, mainly through business-driven action plans. The Group was successful in:

- Deploying a large catalog of e-learning in 13 languages to all Schneider Electric employees;
- Offering TED videos in line with transformation and business priorities;
- Integrating specialized learning providers for digital awareness;
- Procuring software and IT solutions in order to embrace constant changes in the world of learning;
- Creating dedicated digital libraries for procurement and finance functions.

This year, in response to the COVID-19 pandemic and the subsequent cancellation of classroom training, the Group saw a massive increase in the utilization of learning platforms. This shift resulted in a 34-point increase in the digital hours consumed, from 44.4% in 2019 to 78% in 2020.

My LearningLink

At the center of this ecosystem is My LearningLink (MLL), Schneider Electric's global learning platform which integrates e-learning, webinars, social learning, classroom learning, assessments, and full certification paths. All academies and country-level courses are registered in MLL and the Group continues to see a rise in numbers each year. In 2020 there were:

- 200,000 sessions opened per month;
- More than 20,000 modules of learning content available in up to 13 languages;
- More than 130,000 employees with access to the system;

Manager approval is not required for employees to register for online courses. Employees are actively encouraged to take responsibility for developing their skills and competencies.

More than 41,000 employees visit MLL every month. In November 2020, a learner survey answered by 1,200 employees revealed a satisfaction score of 4.4 out of 5 for the overall learning experience at Schneider Electric, up 0.2 points from 2019.

MLL is also used to deliver online training content to Schneider Electric's partners. The mySchneider Partner Portal is deployed in 140 countries and provides a customized learning experience with targeted training content that is most relevant to the partners' business. The training portal is accessible to over 750,000 Schneider Electric partners who have completed 150,000 courses since its inception in 2015.

Innovative content and modalities

Retention of learning is a key focus area for the Group who has adopted a framework for designing and developing training in a manner that ensures learning is reinforced beyond the initial learning experience. This framework is known as the "Sticky Learning Experience" and is based on neuroscience. The Sticky Learning Experience is deployed:

- Internally via a central design and development team called the digital learning factory;
- In the content bought from off-the-shelf libraries;
- In the tools used to train our learning development teams.

In 2020, the Group trained 262 people using the Sticky Learning Experience framework. The Group has also deployed tools to facilitate swift development by subject matter experts via user generated content. These tools enable the Group to be agile and meet the everchanging learning needs of the business. Among those learning tools are Klaxoon (gamified and mobile), BlendedX (mobile and blended programs), CoorpAcademy (gamified, social, and mobile), and Uptale (Virtual Reality).

In addition to these platforms, the Group buys content off-the-shelf on skills and topics that are not Schneider Electric-specific. This content is a combination of micro-learning for all employees and more targeted libraries for specific audiences.

Schneider Electric uses Microsoft Yammer as its social media platform and has more than 49,000 active users. Yammer provides a digital environment for sharing knowledge and experiences on different topics. It is an incubator for communities and the Company currently has 200 communities of practice as part of the communities@work program. These communities promote a new way of working, with a strong culture of sharing where members can learn from each other.

Upskilling for the digital world

The Group recognizes job skills are rapidly becoming outdated. Roles requiring digital and human skills are growing due to the rise of AI, automation, and digitization. It is imperative that "Learn Every Day", as one of the Company's Core Values, is truly embedded across the organization with a sense of urgency to ensure sustainable careers and a resilient, future-ready business through purposeful renewal of skills. To support this ambition, the Group has identified key technical/functional skills, digital skills, and power skills for each business and function and common skill focus areas across the organization.

Agility is one of the priority skills. In 2020, the Group organized a "Customer & Agile Learning Week" to share best practices of agile implementation. The Learning Week showcased how agility is at the heart of creating value for customers and partners. A custom learning page was launched containing agility content and has provided learning opportunities to 3,000 employees since September 2020. There is also an active global agile Yammer community of 1,000+ employees who share knowledge and best practices across the organization.

Digital knowledge is also identified as a priority skill. This focus will continue in support of the 2025 Schneider Sustainability Essentials. The goal is for >90% employees to undergo digital upskilling through the Digital Citizenship program. The Group is committed to growing employee digital citizenship and launched "Boost Your Digital Knowledge," a smart learning solution designed to help employees know how to become more digital. The learning solution covers nine pillars of digital knowledge aligned with the most needed digital future skills in Schneider Electric including data science, digital economy, digital technologies, and cybersecurity.

These initiatives complement learning solutions in businesses, functions, and entities to upskill employees for a digital world.

Mobile enabled learning on the go

The Group continues to find ways to bring learning into the flow of work and life by making content available via mobile devices. The mobile learning journey began three years ago with pilots of a platform called EdCast. EdCast enables learners to easily connect to several sources of content, bundle them in pathways, and curate them for a specific group on an open and mobile application. A leadership program called "License to Lead" was piloted with top executives and a "Digital DNA" program targeted to 3,000 people in the Schneider Digital department. These programs continued in 2020 and resulted in active monthly usage of 30% for "License to Lead" and 20% for "Digital DNA", which were below expectations. These numbers demonstrate that providing a cutting-edge learning platform is not enough to create a sustainable learning habit and improving this is a focus in 2021.

A mobile version of the My LearningLink global learning platform was piloted in 2020, with plans for a Company-wide launch in 2021.

4.4.3.3 Learning paths and building great professionals

Learning paths for key roles

To promote a culture of learning based on the 3E model (10% education, 90% informal exposure and experience), learning paths are available for a large majority of existing roles. 90% of the roles are covered with recommendations of training, including actions for exposure and experience. The learning paths are widely used during the employee development process and enable each employee, during conversations with their manager, to receive profiled recommendations based on their current role and explore development opportunities for future roles.

Leadership development

2020 saw the growing impact of the leadership transformation within Schneider Electric with a resilient and effective leadership community able to support their customers and teams in the unprecedented disruption and challenges of COVID-19. The Company leadership expectation of "free up your energy" began to pay dividends as leaders quickly developed strategies to adapt to the circumstances and empowered and trusted their teams to work remotely. Despite the impact of COVID-19, there was still a critical focus on developing leaders at all levels throughout the Company. 2020 had three core focus areas for leadership development:

First: build a consistent, globally scalable, and business-focused frontline and middle management development system, called "Building Great Leaders", which launched successfully and was adapted to be delivered digitally and virtually. This program has a "red thread" of the business challenges leaders face every day and the learning experience is built around that set of challenges. This makes it both practical and highly engaging. 650 managers completed the program in 2020 with the goal over the next two years to provide development for more than 1,200 leaders per annum;

Second: a new, 100% digital, immersive learning experience was deployed on Schneider Electric's three core business models (transactional, software and services), called "Leadership for Profitable Growth". The goal is to educate and enable the "top 1,000" leadership communities to be able to contribute to the growth ambition of Schneider Electric. By the end of 2020, 450 leaders completed the five-week program which featured a business simulation, testing the ability to make commercial, financial, and strategic decisions and applying that knowledge to the Schneider Electric business environment. By July 2021, all top 1,000 leaders will have completed the program and it will be progressively cascaded to other leadership levels to build financial acumen throughout the Company;

Third: continue to build a robust pipeline of future ready talent by providing leadership learning for our high potential talent. In 2020, 450 early career leaders completed their "Transforming Schneider Leadership" program including actionable projects for innovation and digital transformation. Additionally, 116 early career women in leadership roles completed our inaugural "Schneider Women Leader's Program," and while the program could not be completed with the envisioned face-to-face summit event due to COVID-19 restrictions, the Company was able to create a highly engaging virtual summit which brought these women together digitally, along with mentors, coaches, business school faculty, and some of our most senior women within the Company.

4. Committed to and on behalf of employees

Academies to support business priorities

Functional academies are in place to partner with the business in identifying learning needs and spotting gaps in core and future competencies for relevant employee populations. The academies work closely with a network of learning solutions and internal consultants, territory talent and learning leads, and HR business partners to build learning and development content for each job code. They also promote education, exposure and experience paths to meet the needs of all employees.

The Global Supply Chain (GSC) Academy provides every employee, from senior executives to factory workers within the GSC function, with the opportunity to learn and develop their functional knowledge, capability, and competencies in multiple areas: safety, manufacturing, supply chain planning, logistics and environment, customer satisfaction and quality, purchasing, and industrialization. In 2020, the GSC Academy focused on delivering digital learning to approximately 50,000 employees located in plants and distribution centers, allowing all employees to learn every day in local languages.

The Human Resources Academy equips HR employees with skills of the future with a focus on digital competencies, from basic application skills through advanced expert level topics, including dedicated programs on digital awareness and digital citizenship for all employees.

The Marketing Academy focuses on customer centricity and digitization to innovate, targeting 4,500 marketers and all employees involved in Schneider Electric transformations.

The Offer Creation Academy addresses the needs of the Offer Creation Process (OCP) to ensure the right competency levels of R&D employees globally. The range of learning options covers the entire OCP life cycle, addressing skills such as project management, design and testing, R&D processes, and software tools.

The Sales Excellence Academy is set to prepare the global salesforce for the challenges of digital business and commercial transformation in line with business strategies. It develops learning paths for sales leaders, account managers, channel managers, and sales specialists (about 16,000 employees) to impart knowledge, skills, and behavioral changes to sell directly to customers and through partners. By the end of 2020, 25% of the targeted population will embark upon the consultative selling approach journey, introducing a customer centric approach to engage with and solve customer challenges. The global health crisis sparked innovation in addressing engagement with customers during the crisis. The Sales Excellence Academy launched an internally developed digital certification training in less than two months' time. Ultimately, the offer helps salespeople to change the way they engage with customers from only in-person to a blended approach, leveraging the optimal of digital virtual and in-person. Only five months in from the launch, 1,700 salespeople had reached their certification.

Solutions University offers a comprehensive learning portfolio including certifications for sales and account management and EcoStruxure™ for segment, tailored to the organization's needs and performance environments. The Solutions University's aim is to support the solutions, services, and digital business growth with a special focus on strategic accounts. At the end of 2020, Solutions University delivered 1,400 segment certificates to end-user sales and solutions architects.

Schneider Essentials

In 2019, for the first time, three courses were assigned to all connected employees of the Company. The aim was to create a strong culture of common "must-knows" on compliance and cultural topics.

In 2020, four courses were assigned to all employees as part of the Schneider Essentials second campaign. The courses were assigned via My LearningLink. Automated monthly e-mails were sent to employees and their managers to remind them of the courses left to complete. The 2020 completion rate for all employees was 94%. The decrease compared to 2019 can be explained by the difficult environment linked with the pandemic, especially for factory workers. The Schneider Essentials campaign will be carried out again in 2021.

4.5 Diversity and inclusion

4.5.1 Description of risks and opportunities

In a world where change is the new norm and innovation is critical to ongoing business success, Schneider Electric recognizes that it is crucial to attract and retain a diverse workforce to build a high performing leadership pipeline. The Group's diversity and inclusion ambition is to offer equal opportunities to everyone everywhere. Schneider Electric wants its employees — no matter who they are, or where in the world they live — to feel uniquely valued and safe to contribute their best. The Group believes that diversity and inclusion is a business imperative as greater engagement, performance, and innovation is generated through diversity of people and an environment of inclusion.

4.5.2 Group policy

Schneider Electric's overall aspiration to improve the lives of people everywhere in the world by developing sustainable energy solutions for its customers extends to its diversity and inclusion ambition. The Group's Diversity Policy was first written in 2006 and broadened at the end of 2013. With the new People Vision launched in 2018, Schneider Electric's Global Diversity & Inclusion Policy follows two major commitments which incorporates the Group's ambition:

- Embrace different; and
- Build a culture of inclusion.

At the Group level, diversity and inclusion focuses on five areas of diversity:

- Gender;
- Nationality, ethnicity, race;
- Generation;
- LGBT+; and
- Disability.

While diversity and inclusion is increasingly driven by local and regional regulations, with which the Group complies, other countries where Schneider Electric operates are encouraged to tackle additional diversity and inclusion challenges specifically relevant to their markets and tailored to their local needs.

4.5.3 Governance

The Global Diversity & Inclusion Board is a group of top leaders from all markets and is sponsored by the Executive Committee. The board acts as a sounding board for the global diversity and inclusion strategy as well as internal and external diversity and inclusion champions. Board members are nominated by the Executive Committee to serve a two to three-year term.

The Group's leaders are accountable for diversity and inclusion through the Schneider Sustainability Impact (SSI), the Group's transformation plan and steering tool for sustainability. The SSI is also factored into every manager's short-term incentive plans.

The Group has operations in over 100 countries, with employees representing over 150 nationalities. All Schneider Electric entities develop diversity and inclusion action plans while meeting local regulations and addressing country-specific situations. Diversity and inclusion leaders have been appointed in more than 30 countries/zones and entities of the Group to lead these actions plans. This global Diversity and Inclusion Network convenes bi-monthly to share best practices.

4.5.4 Due diligence and results

4.5.4.1 A strong focus on gender diversity

Schneider Electric's diversity and inclusion strategy places strong emphasis on gender diversity, based on the strong conviction that building a gender balanced Company that is equally inclusive of men and women is both the right thing to do and critical to diversity of thought, to unleash innovation and deliver the best sustainable energy solutions to customers.

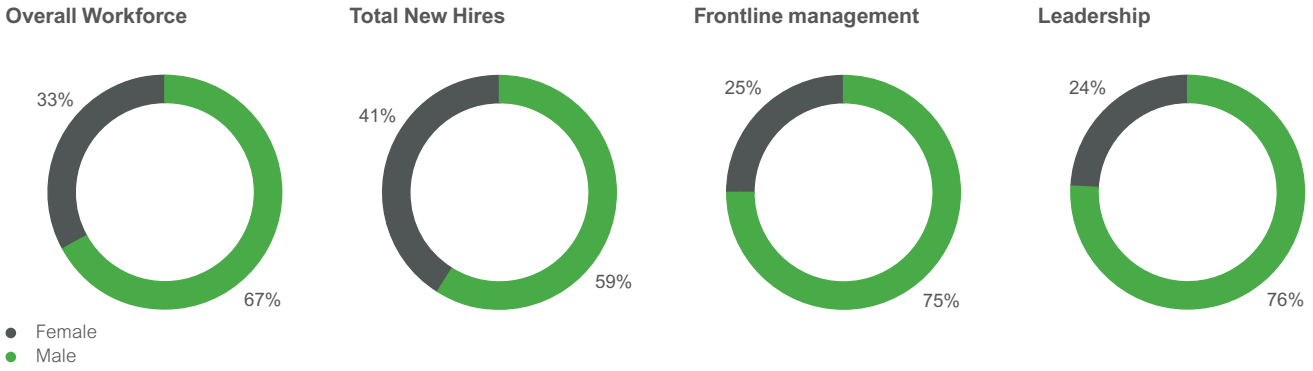
United Nations partnerships

"HeForShe" is a United Nations Women solidarity movement for gender equality. It invites men and boys to build on the work of the women's movement as equal partners, crafting and implementing a shared vision of gender equality that will benefit all.

Since June 2015, Schneider Electric has been engaged as a HeForShe IMPACT 10x10x10 Champion and made three commitments to be achieved by end of 2020:

- Increase the representation of women across the pipeline – 40% at entry, and 30% in top positions by 2020;

Diversity and Inclusion



* Total New Hires for 2020 is All New Hires.
Leadership – Vice Presidents and above
Frontline Management – junior and mid-level management whose direct reports are individual contributors only.

4. Committed to and on behalf of employees

- Implement a worldwide pay equity process reaching 95% of our global workforce by 2020; and
- Involve Group leaders and establish a dedicated executive-level governance body to drive gender equality across Schneider.

Schneider Electric has also renewed its commitment to gender balance with the new 2021-2025 SSI gender balance KPI – 50/40/30 – women representing 50% of all new hires, 40% of frontline managers, and 30% of senior leadership.

In addition to being involved in HeForShe, Schneider Electric has also committed to the Women's Empowerment Principles, which are seven principles guiding businesses on how to empower women in the workplace, marketplace, and community. In 2019, Schneider Electric became the first multinational company to achieve 100% commitment to the UN Women's Empowerment Principles (WEPs) across its global leadership team, and all new country leaders make this commitment as part of their onboarding process.

Building a gender-balanced leadership pipeline

As of end of 2020, women make up 24% of the senior leadership and 25% of managerial positions. To build a robust gender balanced leadership pipeline, the Group has engaged in several actions.

Because they are a key internal leadership talent pool, Schneider Electric has been focusing on hiring and including more women in sales and technical roles. As of end of 2020, women made up 21% of STEM roles with a hiring rate of 34%. Similarly, as of end of 2020, women made up 19% of the sales population with a hiring rate of 24%.

In 2019-2020, the Company revitalized its commitment to gender equity in leadership roles and launched the Schneider Women Leaders' Program (SWLP) – a global program with a common cause – enabling more women at their mid-career point, to build the skills and confidence to step up their leadership capability and impact.

The SWLP program is an award-winning nine-month coaching and virtual workshop experience, culminating in a three- day virtual global summit, bringing the graduating women together with senior Schneider leaders and well-class business school faculty. The initial cohort included 116 women across all regions. 236 women have benefited from this targeted leadership development, accelerating the preparation for even more women as the Company steps up its targets for women in mid-level leadership roles by 2025.

Employee Resource Groups (ERGs) also play a large role in empowering women locally and helping drive efforts to advance women in leadership. As of the end of 2020, local ERGs have contributed to the Group's efforts towards gender equality and inclusion in more than 40 countries.

4.5.4.2 Nationality, ethnicity and race inclusion

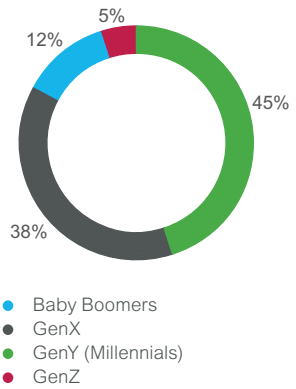
To continue to reinforce the "equity and equal opportunities" strategy and to reinforce its reputation as the most global of local companies, Schneider Electric ensures that its leadership footprint is in line with its business footprint. 41% of Schneider Electric's revenues comes from the new economies and 34% of the leadership team is from the new economies. 85% of country presidents are either local or regional. Schneider also has a global commitment on ethnicity and racial equity, with countries in the lead to drive ambition and actions. The goal set for racial equity and inclusion means:

- Employee population is reflective of the communities operated by Schneider Electric, including at the leadership level;
- Employees have equal opportunity for growth and training;
- Everyone feels safe, valued, and respected for who they are, to be their authentic self.

4.5.4.3 Generational inclusion

Schneider Electric is also committed to the development and inclusion of the Company's multi-generational talent pool. In order to achieve this goal, employees have career development discussions and training opportunities at all stages of their career, as well as mentoring and reverse mentoring programs and networking opportunities. Leveraging the richness of its multi-generational employees' experiences results in greater innovation, equity, and preparedness to build the solutions for tomorrow.

Generation breakdown



4.5.4.4 LGBT+ inclusion

In March 2018, Schneider Electric committed to the UN Free and Equal Standards of Conduct for Business on Tackling Discrimination against Lesbian, Gay, Bi, Trans and Intersex People, standing up for equal rights and fair treatment for LGBT+ people everywhere.

By adopting these standards, the Group pledges to respect and stand up for the human rights of LGBT+ workers, customers, and members of the public; to support our LGBT+ employees and to prevent discrimination, including workplace discrimination, against LGBT+ people.

In October 2020, Schneider Electric held its global LGBT+ Awareness Month. Each week video testimonials, podcasts, and educational materials were provided to all employees interested in learning and hearing from their LGBT+ colleagues.

In addition to signing the UN Free and Equal Standards, across the globe, Schneider Electric has also made public statements of support to advance LGBT+ inclusion: Schneider Brazil, Chile, Argentina, Colombia and France have all signed LGBT+ equality charters. In June 2019, the Company announced the launch of a global LGBT+ Employee Resource Group (ERG): Schneider LGBT+ and Allies. The Group is open to all – LGBT+ people and allies alike – with an interest to further inclusion in the workplace.

4.5.4.5 People with disabilities inclusion

Schneider Electric is committed to the inclusion of people with disabilities. In January 2021, Schneider Electric joined the International Labour Organization (ILO) Global Business and Disability Network and signed their charter, committing to promote and include persons with disabilities throughout their operations worldwide. During 2020, the Company also held a weeklong global awareness campaign for people with disabilities, educating employees about the diversity of disabilities and actions that can be taken to be allies for building an inclusive environment for people with disabilities.

4.5.4.6 Inclusive policies

Schneider Electric recognizes that diversity without inclusion does not work. Policies and practices have been developed and applied with an inclusive mindset so that everyone can feel that they are uniquely valued and belong.

Multi-hub business model

Schneider Electric wants everyone, everywhere in the Company to have the same chance of success irrespective of their race, ethnicity, nationality, or location. To deliver on this ambition, the Group created a multi-hub model and systematically relocated global jobs to four hubs: Paris, Boston, Hong Kong, and Bangalore. Not only has this model helped to attract and develop local talent, it has been instrumental in the expansion of the business with localized decision-making.

Gender pay equity

Equal pay for equal work is a core component of the Group's compensation philosophy. Since 2015, as part of its HeForShe commitments, Schneider Electric has developed and implemented a Pay Equity Framework. This is a common global methodology to identify gender pay gaps within comparable groups of employees and lead a country-driven approach to address gaps with appropriate corrective actions.

The Group exceeded its ambition, which was to extend the Pay Equity Framework to 95% of its global workforce by the end of 2020: as of the end of this year, the framework has been implemented in all countries, covering 99.6% of Schneider Electric's total workforce.

Global Family Leave Policy

With its industry-leading Global Family Leave Policy, Schneider Electric supports employees with personal time at critical life stages and empowers everyone to manage their "unique life and work" so that they can be at their best.

While the Group's countries have flexibility to define eligibility and policy details per statutory/market requirements, the policy sets global minimum standards:

- Fully paid parental leave (primary parent – 12 weeks, secondary parent – 2 weeks);
- Care leave (for sick/elderly relatives – 1 week); and
- Bereavement leave (1 week).

As of the end of 2020, the Company achieved the goal of 100% of all benefit eligible employees having access to this global policy.

SSI#12: 100% of employees are working in countries that have fully deployed our Global Family Leave Policy

With the introduction of the Global Family Leave Policy (GFLP) in 2017, Schneider Electric Turkey employees now feel more comfortable and secure knowing that Schneider Electric is supporting them during their most important family moments. With GFLP, employees have a solution to care for their families' special needs, without having to use their annual leave or take unpaid leave.

As of 2020, all employees of Schneider Electric Turkey have access to GFLP, covering over 1,550 employees. This inclusive policy implementation was a real game changer, especially for blue collar employees. It was well received by unions and has been recognized as very progressive and ahead of many employers in Turkey.

% employees covered in 2020

100%

4.5.4.7 Tackling biases and discrimination

Schneider Electric has developed a comprehensive education approach on hidden bias to build inclusive teams and leaders at every level:

- Inclusion and hidden bias coaching session for senior management teams (N-1 & N-2 of Group Executive Committee);
- Leadership skills series on inclusive leadership (coaching and e-learnings) for all people managers; and
- Overcoming hidden bias e-workout for all employees.

The Company has also built in reminders to check hidden bias and mitigate them through inclusive tips into its major human resource programs, including performance and salary review processes.

In addition to raising awareness on hidden biases, in 2018, through the launch of a Global Anti-Harassment Policy, Schneider Electric reinforced the Group's position on zero-tolerance on harassment, setting clear and consistent expectations of workplace conduct.

4. Committed to and on behalf of employees

The policy defines harassment, including sexual harassment, and outlines the roles of employees, managers, and witnesses in creating a workplace free of harassment, and highlights the different reporting channels available to all, while maintaining confidentiality and protection against retaliation. The policy defines a global minimum standard; where local legislations define additional standards beyond the global policy, Schneider Electric entities comply with them.

In 2019, Schneider Electric's Principles of Responsibility were launched, in alignment with the Company's Global Anti-Harassment Policy. Mandatory annual e-learning on the Principles of Responsibility was rolled out to all employees.

In 2021, the Group will introduce a mandatory e-learning for all employees on "Building a Culture of Respect". This e-learning will focus on how each employee has a role and a responsibility to speak up if they experience or witness an act of harassment to ensure a culture of respect and inclusion for all.

4.5.4.8 External recognition

The Group's longstanding commitment to gender equality and inclusion was globally recognized multiple times in the past couple of years (see pages 94-95):

- In 2021, Schneider Electric was included in the Bloomberg Gender Equality Index, for the fourth year in a row.
- Schneider Electric was recognized by the Financial Times as one of the Top 30 Diversity Leaders 2021 in Europe, ranking 2nd in its industry and 27th globally.
- Schneider Electric was ranked in the Top 50 for the Universum's Diversity & Inclusion Index, which recognizes the most diverse and inclusive employers of the world.
- Schneider Electric was ranked 1st in the industrial sector and 31st globally in the Equileap Gender Equality Global Report and ranking.
- Schneider Electric was selected as winner of the 2019 Catalyst award for Attracting and Retaining Women in Schneider Electric India, an initiative that is an integral part of the global Company's diversity and inclusion transformation.

4.5.4.9 Focus on France

Gender diversity

In 2018, Schneider Electric Industries and Schneider Electric France (SEI-SEF) signed a new collective agreement setting concrete ambitions and action plans to advance gender balance, combat gender stereotypes, and close pay gaps within the organization. During 2020, the company continued its commitment to making gender equality a reality at work. A strong focus has been put on work-life balance, parenting support measures, and women development. In 2020, almost 100% of men who were eligible for the three weeks secondary parental leave took it at the birth of their child. In addition, to compensate for any potential pay gaps generated during the primary parental leave, every employee returning from this leave had a salary review based on the average salary increase during the period for the same job and qualification.

SEF continued to partner with *Elles Bougent* (an association of women engineers), *C Génial* Foundation (a foundation promoting STEM jobs), and MEDEF (union of employers) to promote technical roles in schools, with a focus on gender diversity. As of the end of 2020, through this network, 120 women in the Group in technical roles had exchanged with over 2,200 pupils at schools, on Schneider Electric sites or virtually.

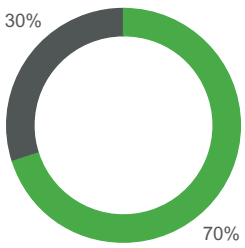
Lastly, in 2019, a one-year mentoring program was launched with an initial group of 17 high potential women paired with senior leaders. The focus of this program is to increase both the promotion of female talents and their access to leadership positions. To further broaden the development of women, a new program called "How Women Rise" was launched at the end of 2020. This program aims to enroll 500 women over two years.

LGBT+ inclusion

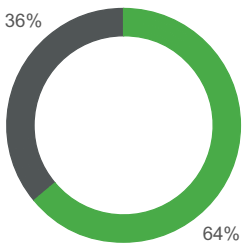
In June 2018, SEF signed the LGBT+ Charter designed by *L'Autre Cercle* ("The Other Circle"), a non-profit advocating for LGBT+ inclusion in the workplace. Schneider Electric France's (SEF) LGBT+ and Allies network was launched in 2018. The company has committed to participate in 2021 World Pride in Copenhagen and contribute in a conference with *L'Autre Cercle* on "LGBT+ in the workplace in 2031".

Gender diversity – France

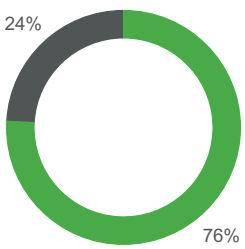
Overall workforce



Total New Hires



Frontline management



- Female
- Male

* Total New Hires for 2020 is All New Hires.

People with disabilities inclusion

Overall, employees with disabilities account for 6.4% of the workforce, with 3.4% in direct employment and 3% in indirect employment (mainly with subcontractors) SEF has also established several partnerships with targeted schools or universities (for example, Sciences Po Paris) in order to develop the visibility of professional opportunities to young talents with disabilities. In 2020, the company remained committed to the recruitment of people with disabilities, with the addition of 17 new apprentices and eight new permanent workers.

In 2020, SEF also put a strong focus on raising awareness of invisible disabilities, including cognitive disabilities, mental illness, and diseases, like diabetes or cancer. The company's campaign included webinars and educational materials, as well as a specific web series on how to reconcile cancer and work. In addition, in order to facilitate better communication and build inclusion in the context of pandemic, all employees with hearing disabilities as well as their co-workers were fitted with "inclusive masks" that allow visibility of the lower face.

Generational and socio-economic inclusion

SEF supports employment of students and young professionals from diverse social backgrounds. Through the company's association "100 chances – 100 jobs", personalized career opportunities are offered to 18-30-year-olds without higher education qualifications or degrees. The ambition is to provide at least 60% of candidates with jobs and/or skills training opportunities. As of end 2020, 7,100 young people have been supported. (For more details see subsection "Social interrogation of disadvantaged young adults in France", page 183).

In addition, partnering with *Tous en Stages* association ("Internships for all"), SEF encourages its suppliers and vendors to empower high school students with internships. Virtual internships were tested in 2020, allowing young college students from lower socio-economic districts to learn about different roles and jobs at the company. In 2021, the company is targeting to increase internships from 540 in 2019 to 800.

Inclusive policies

SEF Family Leave Policy exceeds the Group's minimums by providing up to 21-days secondary parental leave. In addition, the company offers a six-month 80% part-time option (with 90% pay) upon return and 160 childcare spaces. SEF also supports employees' work-life balance through flexibility at work policies:

- More than 5,500 employees subscribed to teleworking;
- Flexibility for employees as caregivers (specific leave, donation of days between employees, support of internal social workers);
- Voluntary time off per year for assignments within associations sponsored by the Schneider Electric Foundation.

SEF has raised awareness about the Global Anti-Harassment Policy and has committed to the government-led #StOpE initiative against sexual harassment, along with more than 100 other companies. Starting in 2019, SEF established a network of 50 referents to address sexism, sexual harassment, and LGBT+ phobia cases. These individuals have been equipped and trained to be one of the first points of contact for employees who are victims of such behaviors. In 2020, more than 60 unions members were also trained on sexism, harassment, and LGBT+ phobia prevention.

Through its internal campaigns on inclusion and mental health, the company increased the awareness of the role of these referents and emphasized the importance of each employee's role to build an inclusive and safe environment.

4. Committed to and on behalf of employees

4.5.4.10 Focus on the United States

Leadership investment and Employee Resource Groups

Schneider Electric US established a US Diversity & Inclusion Council in 2020, in an effort to have more focus on diversity topics at the leadership level and better leverage the executives sponsors of Employee Resource Groups (ERG). The council took the decision to make "Overcoming Hidden Bias" e-learning mandatory for all US employees and going forward, a part of the global Company's Schneider Essentials training package.

Schneider Electric US's ERGs played an important role in 2020 to support, listen, and learn from its employees. With psychological safety at the center of their focus after the onset of the COVID-19 pandemic, the national and local chapters from seven different affinity groups stayed closely connected to the US employees' needs. From Black History month, to International Women's Day, Hispanic Heritage Month, LGBT+ awareness, Veterans Day, and People with Disabilities, the ERG teams created meaningful learning and interpersonal connection despite the remote work environment of 2020.

Gender diversity

Schneider Electric US continues its relationship with the Society of Women Engineers (SWE) as a member of the Corporate Partnership Council. In addition to its participation in the virtual career fairs to engage with early career and experienced female talent, the organization created an internal community of SWE members. This new employee community is focused on advancing engagement and participation with SWE to support our female talent's development and exposure while also investing in university talent. The company is committed to SWE's mentoring program for university students and hosting local and national speaking opportunities.

In 2020, Schneider Electric US explored new channels to connect with women in business and expose them to the opportunities at the organization. These new channels included featured content, thought leadership sharing, and job posting on platforms like Power to Fly, Professional Diversity Network, and The Muse.

In January 2020, the Women in Schneider Electric (WISE) ERG began deployment of a workshop, which was transitioned to a virtual format in March, to support women in reflection, career development planning, best practice sharing, and accountability. This program has expanded to "Women in Energy", a new external LinkedIn network powered by Schneider Electric.

Generational and socio-economic inclusion

Schneider Electric US supports employment of students and young professionals from diverse social backgrounds and invests in organizations and programs that support their education, development, and exposure:

- SWE Corporate partner;
- National Association of Black Engineers (NSBE) Affiliate partner;
- Investment in Historically Black Colleges & Universities;
- Virtual student experience to engage and provide meaningful and valuable learning experience in place of traditional internship program during the COVID-19 pandemic.

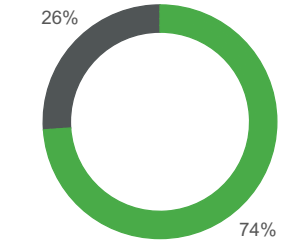
In addition, Schneider Electric US is committed to the development and inclusion of its multi-generational talent pool through career development discussions and training opportunities at all stages of their career, as well as mentoring and reverse mentoring programs and networking opportunities.

To support its employees nearing retirement, Schneider Electric US offered a Voluntary Separation Program (VSP) to 1,200 eligible employees. 40% of eligible employees chose to enroll and receive the following early retirement benefits:

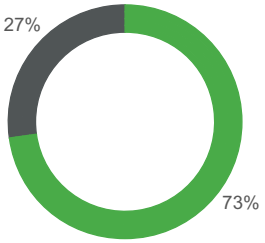
- Separation Award: Six months lump sum payment based on current base pay as of the separation date;
- Benefits: Up to 18 months of medical and dental COBRA premium payments, the first 12 months fully paid by the company and then six months paid at 50%;
- Incentive: Prorated incentive pay out based on separation date;
- Full year PTO entitlement paid to each employee enrolling.

Gender diversity – the United States

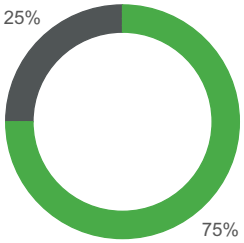
Overall Workforce



Total New Hires



Frontline management



- Female
- Male

* Total New Hires for 2020 is All New Hires.

Ethnicity and race inclusion

In response to recent very visible racial injustices in the US, Schneider Electric US launched a rapid response team to look critically at what the organization was doing to be a part of the solution. Schneider Electric US immediately took symbolic actions including a $75,000 donation to the National Association for the Advancement of Colored People (NAACP) via the Schneider Electric Foundation and added Martin Luther King Jr Day as an additional US Holiday starting in 2021.

Recognizing the critical need for supporting all employees, especially its black and brown colleagues, Schneider Electric US held a townhall on Racism & Allyship with external speaker Michelle Silverthorn, Founder & CEO of Inclusion Nation, where over 5,000 employees attended the live session virtually.

This townhall included vulnerable stories shared by some of Schneider Electric US's employees. Senior leaders and the rapid response team members have also executed countless employee and team discussion sessions, as well as launched educational toolkits, learning playlists, and manager workshops.

Schneider Electric US recognizes more work needs to be done. Their ambition for racial inclusion:

- Employee populations are reflective of the communities they operate, including at the leadership level;
- Everyone has equitable opportunities for growth and training – they are aware of learning and development programs and have the opportunity to be selected;
- Everyone feels safe, valued, and respected for who they are – they can be their authentic self.

LGBT+ inclusion

As part of the global LGBT+ Awareness Month, senior leaders from the US hosted an all-employee event with its LGBT+ & Allies ERG to provide insight to the challenges faced by members of the LGBT+ community in the workplace. A panel of employees shared their stories and insights on how everyone can act as allies every day through small acts.

Schneider Electric US's inclusive policies, such as the Global Family Leave Policy, ensure that LGBT+ employees and their partners are fully covered. Some of the benefits offered to support the US transgender community include fertility/infertility care, surrogacy, gender reassignment surgeries, and accessible counselling and psychological care through our Employee Assistance Program.

Inclusive benefits

The COVID-19 pandemic has impacted everyone, everywhere. Recognizing this, and with the health and safety of all its people in mind, who are managing an evolving work and life balance, Schneider Electric US introduced several new inclusive benefits in 2020.

In April, the company launched a Voluntary Part-Time program. Employees were given the opportunity to voluntarily reduce their hours for a short-term period of their choice in one month increments from June through September 2020. This program maintained an employee's full-time benefits and paid time off benefits. 1,000 employees participated in this voluntary part-time program followed by an additional 4,000 employees through a targeted part-time program from April through to the end of the year.

To continue supporting employee flexibility, Schneider Electric US now offers a full suite of New Ways of Working benefits and perks for 2021 and beyond. These new benefits include: complimentary Care.com membership including five days company-subsidized back-up care for dependents, elderly, or pets; the opportunity to enroll in temporary voluntary part-time hours for three, six, or 12 months at a time; and the chance to purchase additional paid time off to suit each employee's needs.

Diversity for business: supplier diversity program

Schneider Electric US's supplier diversity program strives to identify, include, and engage qualified diverse suppliers to support the company's goals and provide a level of excellence to all stakeholders. The program is in pursuit of qualified Small Business Enterprise (SBE), Veteran (VET), Minority-Owned Enterprise (MBE), Women-Owned Enterprise (WBE), and Historically Underutilized Business Zones (HUBZone) suppliers that provide quality products and services at competitive prices.

As of end of December 2020, 10.9% of Schneider Electric US's suppliers were diverse.

4. Committed to and on behalf of employees

4.5.4.11 Focus on Greater India (India, Bangladesh, Sri Lanka)

Gender inclusion

Since 2015, Schneider Electric Greater India has been implementing a successful holistic approach to build a gender-balanced leadership pipeline. This longstanding focus and multi-dimensional approach to gender diversity has been recognized globally by the 2019 Catalyst Award.

To accelerate gender diverse hiring at entry level, Schneider Electric Greater India focuses on campus engagement by leading actions such as Schneider Electric's leaders being guest lecturers, student on-site visits, and college visits and partnerships. For middle level roles, the Mid-Level Infusion project encourages hiring mid-level women from different industries in business roles. For senior level roles, systematic industry mapping ensures that the company attracts potential women leaders.

In addition, through a program named "Her Second Innings", Schneider Electric Greater India strives to leverage an untapped talent pool, by hiring women who are looking to re-enter the workforce after a career break. To further build a sustainable female leadership talent pool for the future, along with continuing its robust mentoring program, a sponsorship program was started in 2020.

Lastly, the leadership development program "URJA" (which translates to "Energy" in English) is designed to harness the leadership skills of mid-career women employees identified as solid potentials. As of end 2020, more than 500 women have participated in the program.

LGBT+ and disability inclusion

As inclusion starts with awareness, in 2020, Schneider Electric Greater India celebrated Pride month in June and the International Day of Persons with Disabilities in December. Over 600 employees from all parts of the Company took part in these events. Employees increased their awareness through engaging in virtual discussions, with community members and their allies, and in Yammer conversations on LGBT+ and disability inclusion.

Social impact

As part of the Schneider Electric Greater India President's personal commitment to the Women Empowerment Principles (WEPs), the organization introduced the Prerna Awards to promote gender equality beyond the workplace. As of end 2020, seven women entrepreneurs with small or medium-sized enterprises have been recognized for empowering women through creating new jobs or making their mark in a male dominated sector.

Schneider Electric Greater India has also developed the Jagriti initiative, which aims to educate school children on gender stereotyping, with employees facilitating these sessions. From 2016 to 2020, 10,000+ children have participated.

Inclusive policies

As of end 2020, Schneider Electric Greater India was fully aligned with the Group's Global Family Leave Policy, and in some cases exceeding Group minimums. Employees are also provided with discounted day care centers near office locations.

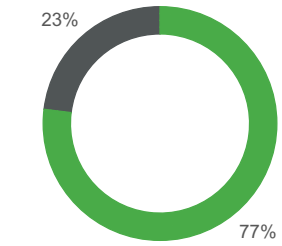
Schneider Electric Greater India also supports employees through additional leave and flexibility at work policies:

- Advanced sick leave, in case of prolonged sickness;
- Sabbaticals, for family care at critical times;
- Voluntary time off, for community volunteering activities;
- Flexible work policy, with flexible timing for arrival and departure from the office, Work From Home (WFH) in times of exigency, and part-time options.

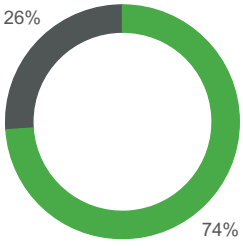
As part of Schneider Electric's New Ways of Working, Schneider Electric Greater India announced its work from home infrastructure support policy for all white collar employees. Starting in October 2020, employees working from home can be reimbursed for home broadband internet and for purchases of home office set-up (UPS for WiFi router, desk, and chair).

Gender diversity – Greater India (India, Bangladesh, Sri Lanka)

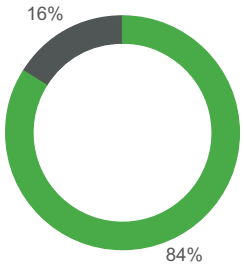
Overall Workforce



Total New Hires



Frontline management



- Female
- Male

* Total New Hires for 2020 is All New Hires

4.6 Compensation and benefits

4.6.1 Description of risks and opportunities

Immense changes are taking place – industry re-configuration, digital everywhere, a global and local world, and a new diverse, multi- generational workforce. To support Schneider Electric's mission to create a great place to work and to cater for the diverse needs of its global existing and future workforce, the Company is committed to providing a competitive, inclusive compensation and benefits offering, which attracts, motivates, and retains talent.

4.6.2 Group policy

Schneider Electric take its responsibility as a leading employer seriously, and ensure its diverse global workforce is treated in a fair and ethical way. Its inclusive reward portfolio is designed to support employees to be at their best, and it goes beyond pay and benefits. It's a meaningful mix of programs to engage employees, including recognition to celebrate great work, incentives to reward high performance, an award-winning employee share ownership plan, and benefits to suit employees and their dependents.

Schneider Electric ensures that all compensation and benefits decisions and policies are based on these above principles and follow local statutory and collective agreements.

Schneider Electric believes in rewarding, recognizing, and differentiating fairly employees who contribute to the success and live the values of the Company. By putting recognition at the center of a high-performance ambition, employees feel engaged and motivated to do more. Delivering high performance is rewarded by competitive market pay, incentive programs, employee shareholding, and opportunities to grow careers within Schneider Electric.

The Group offers a portfolio of benefits to care for employees' needs at each life stage. Its diverse and multi-generational workforce is provided with meaningful choices covering a holistic range of well-being, flexibility, and financial protections to provide peace of mind to employees and their dependents.

4.6.3 Due diligence and results

4.6.3.1 Compensation

Our job architecture and compensation process

The company has implemented a global job architecture to support HR processes and programs and to enable Schneider Electric to engage, develop, and move talents across different businesses and geographies. The job architecture provides alignment to market practice and organizational structure to ensure the reward package offered for a role is fair and competitive. This helps working towards creating greater transparency for career development and progression.

Pay competitively and pay-for-performance

Schneider Electric employees are empowered to receive ongoing feedback, recognition, and coaching from their managers, and their individual performance is assessed in a fair manner based on their goals and behaviors. In line with the Group's pay-for-performance philosophy, the compensation structure typically includes fixed and variable (incentive) elements. Compensation programs and decisions are based on individual performance and behaviors, Company performance, and competitive market positioning.

Equal pay for equal work

At Schneider Electric, the basic foundational principles of fairness, equity, ethics, and transparency are fully embedded in our values. Through reward policies and processes, employees are compensated fairly and equitably for the skill set they possess and value contributions as a business imperative. Over the past five years, proactive actions have been taken to not only close existing gender pay gaps, but to prevent gaps from being created in the first place. At the end of 2020, a Pay Equity Framework has been implemented in all countries, covering 99.6% of Schneider's total workforce and exceeding its SSI ambition.

To ensure accountability and transparency, Schneider Electric conducts quarterly reviews of compensation gaps and actions, both at country and global levels, leveraging analysis from HR data, which covers all key drivers of the employee life cycle from hiring, performance assessment, and salary adjustment to career moves.

SSI#15: 95% of employees are working in a country with commitment and processes in place to achieve gender pay equity

Schneider Electric has made significant progress in systematically identifying and addressing pay gaps. Today 99.6% of the Company's employees across the 110+ countries where Schneider Electric operates are covered by the global pay equity review framework. Furthermore, the pay equity adjustment is fully integrated into the annual global salary review process, thereby helping managers to make fair and equitable compensation decisions. The pay equity principles are also leveraged during the promotion and hiring processes.

% employees covered in 2020

99.6%

4. Committed to and on behalf of employees

Living wage

In line with its Human Rights Policy and Principles of Responsibility, Schneider Electric believes earning a decent wage is a basic human right. Schneider Electric is committed to paying employees in the lower salary ranges at or above the living wage to meet their families' basic needs. By basic needs, the Group considers food, housing, sanitation, education, healthcare, plus discretionary income for a given local standard of living.

In 2018, Schneider Electric started working with an independent advisor – Business for Social Responsibility (BSR) – to implement its living wage commitment. Schneider Electric has initiated a global process to analyze wage levels and employment practices against local living wage standards set by BSR. At the end of 2019, the analysis had covered 63 countries, reaching 99% of the Schneider Electric footprint. Moving forward into 2020, the COVID-19 crisis highlighted even more strongly the need for a safety net to guarantee a minimum income level for employees. Given the complexity to evaluate and mitigate the macroeconomic impact of the crisis, the Group did not run a gap analysis this year. However, Schneider Electric reiterated its commitment to pay 100% of employees at least a living wage as part of its fair and equitable policies.

From 2021 onwards, the commitment will be audited annually with the support of an independent third party. Schneider Electric also continues to be part of leading companies' coalitions such as G7 Business for Inclusive Growth (B4IG), OECD, and the UN Global Compact (Decent Work in Global Supply Chains Action Platform). These global coalitions work together to implement living wage standards within their workforce and their entire ecosystem.

Short-term incentive

For employees, the annual short-term incentive is linked with the overall Company performance and individual objectives. It is designed to encourage and motivate employees to deliver on collective ambitions through accountability and collaboration, driving better performance collectively and individually. To promote a superior sales culture, Schneider Electric offers levels of differentiated reward for sales people, focusing on results.

With a strong sustainability component, annual short-term incentives for the Group's executives and c. 58,000 eligible employees focus on what matters to Schneider Electric. Since 2011, sustainability performance criteria have been embedded in the incentive goals for Group executives. They are directly linked to the Schneider Sustainability Impact (SSI) targets.

From 2019, the weight of the SSI criteria has increased from 6% to 20% in the collective part of the annual incentive highlighting further the importance of sustainability on Schneider Electric's business agenda. In France, since 2012, the SSI has also been included in the profit-sharing incentive plan for the French entities, Schneider Electric Industries and Schneider Electric France. The reduction in the occupational accidents severity rate is also considered in the profit-sharing incentive plans of 27 other French entities.

Long-term incentive

Schneider Electric's long-term incentive plan offers share ownership opportunities to the Group's key talents and critical roles to align their rewards with the interests and experience of Schneider Electric shareholders. Similar to the short-term incentive, a portion of the award under the long-term incentive plan is subject to the achievement of sustainability objectives. From 2020, the long-term sustainability performance is measured through the Schneider Sustainability External & Relative Index (SSERI), a combination of external indices which cover a range of environmental, social, and governance indicators wider than and different from the SSI criteria included in the annual incentive plan. See more details on SSERI in chapter 3.2 (Compensation Report) pages 264 to 299.

Recognition is in our DNA

Every day, Schneider Electric employees are making important contributions to help the organization achieve its mission and key business results. The global recognition portal "Step Up" gives employees a way to formally recognize and celebrate people who consistently demonstrate the Company's Core Values and go above and beyond. Schneider Electric creates a culture where employees receive regular feedback and coaching from their managers and colleagues and encourages the recognition of small and big achievements by simply saying "thank you".

During 2020, Schneider Electric employees continued to deliver and contribute every day. Throughout the year, the recognition culture remained strong, with many employees continuing to utilize the dedicated platform to appreciate and recognize colleagues. In 2020, over 240,000+ recognition moments were recorded, acknowledging Schneider Electric employees living the Core Values around the world.

4.6.3.2 Benefits

Company provided benefits represent a considerable business commitment by Schneider Electric everywhere in the world. Schneider ensures that all employee benefits are locally and globally compliant, as well as market relevant. Because employee benefit plans vary significantly between countries due to different levels of social, tax, and legal regulations, Schneider Electric's benefits portfolio is primarily country-driven and aims at providing similar benefits within a country territory.

Global benefit standards

Schneider Electric regularly reviews compliance with its global benefit policies and principles to ensure that its inclusive global benefit standards are delivered for everyone, everywhere. These standards cover healthcare, family leave, and life cover and are audited in the SSI.

One of Schneider Electric's underlying benefit objectives is to ensure all its employees are equipped to manage their basic health and well-being and to provide adequate security to employees and their dependents. Health and well-being are embedded in the Schneider Electric strategic people priorities and contribute to its sustainability mission. The Company has a commitment to strive, at a minimum, that 90% of Schneider Electric's employees have access to a comprehensive well-being at work program – translated into a dual standard of access to healthcare and well-being training programs (detailed further in subsection "Well-being in our DNA", pages 148-149). Access to an inclusive and comprehensive standard of healthcare coverage (outpatient, hospitalization, key health risks/chronic conditions, maternity, children) is defined by local regulations and employment agreements. Schneider Electric also supports its employees with personal time off at critical life stages and this is fully deployed in 100% of countries (detailed further in subsection "Global Family Leave Policy", page 159). In addition, the Group commits to provide financial security to employee dependents, in the event of an employee's death, in the form of a minimum standard of life assurance coverage of at least a multiple equivalent to one year's salary.

Schneider Electric has reaffirmed and enhanced its existing global benefit standards outlined above for all our employees worldwide, for the duration of the crisis. This included a global extension of care leave from one to two weeks for our employees to care for their dependents diagnosed with COVID-19.

Employee Share Ownership

The World Employee Share Ownership Plan (WESOP) is one of the Group's recurring key annual reward programs, offering employees across the world an opportunity to become owners of the Company, at preferred conditions.

In March 2020, the subscription was cancelled, and focus turned towards short-term priorities, starting with employee health and safety. WESOP will return in 2021 for 40 countries.

As of December 31, 2020, the employee shareholding represented 3.6% of Schneider Electric SE's capital and 6.1% of the voting rights. 70% of the Group employee shareholders were located outside of France, of which 13% are in China, 11% in India and 9% in US. This also includes employee shareholding resulting from the long-term incentives grants.

4.7 Social dialog and relations

4.7.1 Description of risks and opportunities

Social dialog and freedom of association must be seen within the wider context of Ethics & Responsibility. As a global Company, Schneider Electric is convinced that its responsibility goes beyond compliance with local and international regulations and is committed to conducting its business ethically, sustainably and responsibly.

The Company is constantly interacting with all the stakeholders throughout the world: its borders are expanding, its environment is changing ever faster, its activities are becoming globalized and its social responsibilities are growing.

The challenge is to gain and maintain the highest confidence of its stakeholders. To support each employee in this approach, the Group emphasizes the importance of placing responsibility at the heart of its corporate governance.

The Group currently has around 135,000 employees worldwide. Following the Group's various acquisitions, it has been able to integrate this exceptional professional and cultural diversity.

4.7.2 Group policy

Schneider Electric considers freedom of association and collective bargaining as fundamental rights that must be respected everywhere and therefore in its Principles of Responsibility commits to complying with local laws in every country where it operates.

In its Human Rights Policy, Schneider confirms that it considers freedom of association as the basis of a regular dialog between a company and its employees. To that purpose, Schneider respects the individual right of its employees to freely join, participate in or quit labor organizations to assert and defend their interests. Subsequently, Schneider guarantees that any employee wishing to do so shall be protected against any internal measure limiting his or her freedom of association such as discrimination of any kind, pay loss or dismissal. Schneider also recognizes the importance of dialog with freely appointed employee representatives, employee representative bodies (such as Works Councils or employee forums) or organizations (like trade unions) and supports collective bargaining.

In addition, Schneider joined the Global Deal initiative in 2017. The Group is promoting social dialogue as a means to foster decent work, quality jobs, increased productivity and, by extension, greater equality and inclusive growth.

4. Committed to and on behalf of employees

4.7.3 Due diligence and results

Social dialog is managed at country level by the HR leaders with the employee representative bodies and unions, and at transnational level with the European Works Council (EWC) which covers most of geographical Europe. Social dialog is also taken into consideration by the Group's social reporting system, where local HR teams report on the presence of trade unions, works councils and Health and Safety Committee every year.

In 2014, while changing the corporate form of its parent company, Schneider Electric SA, into a European company (*Société européenne*), Schneider Electric negotiated an agreement with employee representatives of European countries about the involvement of these countries' employees in the Company's decision-making processes, thus reaffirming its commitment to promoting social dialog at international level.

4.7.3.1 European Works Council (EWC)

The changes that were made in 2014 to the European Works Council in the framework of Schneider Electric SA's transformation into a European Company significantly enhanced the intensity and the impact of social dialog at European level. This European channel for dialog aims at enabling management to make more efficient decisions by giving employee representatives the opportunity to be informed of such decisions and to understand their reasons, as well as to put forward proposals to supplement or improve them.

It has also fostered the emergence of a strong identity, combining different cultures and having the common aim of working towards social and economic progress within the companies in the Group at European level. The EWC covers all European Economic Area countries (hence all EU member states) and Switzerland, for a total of 43,000 employees.

Moreover, in respect of the spirit of European participation, signed in 2014, and agreed by a large majority of negotiators, a new EWC has been set out with extended powers and resources, and the participation of European employee representatives at board of directors' level has been introduced. It replaced the previous EWC.

In 2017, Schneider Electric and IndustriAll Europe signed an innovative Europe-wide agreement, the European agreement on the anticipation and development of competencies and employment with respect to the Schneider business strategy. This agreement is a great opportunity to create a governance for jobs and skills at the Company by anticipating impact and evolution in business in line with current market trends and the Company's ambition. It sets clear objectives for boosting employees' employability, and for enriching the workforce by diversity and digital generation recruitment and reinforces constructive social dialog at European and local level within the Company.

In 2020, the unprecedented situation disrupted our social dialog at each level of the organisation. This allowed active social dialog at a European level throughout the year, as well as in-depth discussion on key topics. Close-knit social dialogue was maintained with the appropriate employee representative bodies and reinforced our willingness to associate with them more closely in overcoming the crisis. Thus, the company met the European Works Council 23 times, including two digital plenary sessions. The June plenary session was devoted to the appointment of a second employee representative at the Board of Directors of Schneider Electric SE by the EWC.

The digital November plenary session hosted presentations and discussions on the Company's strategy with Executive Committee members including Schneider Electric's CEO.

4.7.3.2 Group Works Council, France

Schneider Electric is organized in France through more than 25 legal entities. However, with 80% employee coverage, Schneider Electric Industries and Schneider Electric France SAS set the tone for social dialog in France mainly through the Central Works Council and the Group Committee. In 2020, the COVID-19 epidemic generated a series of problems that we were able to resolve through our proven practice of social dialog. Many subjects have been discussed in various forums across the country, from the implementation of health measures to the temporary unemployment scheme through a massive extension of home working following the two lockdowns decided by the French government in March and November 2020.

In parallel with the health crisis, social dialog has been deployed on other fronts, particularly the management of psychosocial risks for which a Group collective agreement was signed during the first half of the year. The continuous adaptation of manufacturing capacities and the upgrading of skills (so-called GPEC programs) within the Front Office and the Global Supply Chain (support functions) have enabled the company to constantly adapt its skills to the organizational and market challenges to come. During this unprecedented 2020 financial year, social dialog has been a key factor in the resilience of the company in France.

4.7.3.3 Social dialog in the United States

In the US and more generally in North America, regular communication takes place with both union and non-union employees on key business topics and trends affecting their jobs. Company officials meet with key international union leaders on an ongoing basis, and formally on an annual basis, to advise and discuss competitive issues impacting the Company's business, and to ensure alignment with the Company's business strategies/challenges. In 2020, a common decision with unions was made to extend the contract by one year due to COVID-19 and all of the uncertainty. Local Company officials also meet with location union representatives regarding information targeted to local issues as related to safety and operational strategies.

4.7.3.4 Social dialog in Mexico

In Mexico, Schneider Electric leaders conduct regular communication with employees on topics related to their jobs: this communication takes place in different ways, including large communication meetings and small group conversations. There is also continuous communication with the union leaders and delegates of four national unions which represent unionized employees. Schneider Electric informs them of internal and external issues impacting the Company's results, listens to their concerns and looks for alignment with the Company strategy and challenges. Schneider and the unions review the collective contract every year.

In 2018, Schneider Electric Mexico was certified by CEMEFI as a Socially Responsible Company. The mission of CEMEFI is to foster and enhance the culture of philanthropy and social responsibility in Mexico and strengthen the organized and active participation of society in solving community problems. Different topics are evaluated during the certification process, including active labor relations points. In addition to this, each unit/plant proactively leads its own social actions, for example in 2018 the Plant in Tlaxcala state got the Gilberto Rincon Gallardo Inclusive Company Distinction from Federal Labor Authority, for applying a labor inclusion policy for people in vulnerable situations.

4.7.3.5 Social dialog in China

Schneider Electric China has over 30 legal entities and more than 100 sites. During 2020, the company fostered active social dialog with joint group efforts. During and post pandemic, Schneider Electric has taken the initiative to provide masks, disinfectant and other prevention materials both for all sites to ensure workplace safety and production resumption. With Labor Unions collaboration, it set up a check if COVID-19 Consolation Fund for impacted employees and their families. Well-being initiatives were also deployed in different offices too. The company has leveraged mobile channels to host nationwide activities such as online walking marathons, photography competitions, E-gift cards as well as wellness virtual trainings. The HR department and Unions have revised the 2020 Employee Handbook, Collective Agreement and passed a new Female Employees Right Protection Agreement to further upskill and reskill employees' job competencies, Schneider Electric China has established its Digital Learning platform, providing mobile access to all employees and external business partners. Moreover, Schneider fulfils its social commitment through Corporate Social Responsibility programs. For instance, the funds raised by the "Tomorrow Rising Fund" has supported 10 Schneider Electric China Bibo partner schools in poor counties.

4.7.3.6 Social dialog in India

Schneider Electric India has a strong culture of social dialog with all employees, unionized and non-unionized. In 2020, Schneider Electric India maintained engaging in equitable industrial relations across its plants and associated establishments.

Industrial harmony has been achieved through a time-tested collective bargaining process involving unions or through worker representative committees. In some of the plants where there are no recognized unions, this bargaining process is conducted with elected employees on committees such as Welfare (Works Committee), Health & Safety, Canteen, Sports and Transport, etc., including a special committee for women employees and a prevention of sexual harassment committee (fully compliant with the prevention of sexual harassment governance as per local laws), duly represented by employees and external women with specialist knowledge of the subject and with legal backgrounds. These committees provide a platform for employees to represent their concerns, collective grievances and workplace-related issues to the management. All employee engagement programmes are run through these committees with the active participation of every employee.

The process of social dialog also includes monthly employee communication at plants level, as well as through Quarterly Town Hall communication on Company performance, strategy and challenges. During the pandemic, special provisions were made within factories, including planned employee transportation, medical check-up camps, accommodation facilities near the factory, daily attendance incentives, insurance, adherence to strict sanitization and social distancing protocols and health monitoring on ground. Most of the ideas came through mass communication meetings and employee committee discussions. Special sessions were organized for employees' family members on the world standard safety procedures at the workplace which boosted confidence and encouraged employees to return to work. For driving positive mental well-being, the company leveraged the existing Employee Assistant Program (Saathi) for employees and family members, which became a huge support system. Employees regularly connected with counsellors, read articles on relevant health topics and attended webinars to augment their health preparedness. Campaigns on virtual engagement and collaboration, and leaders connecting in formal and informal settings further ensured that a physical and psychologically safe environment for employees was created.

Digital learning, which has been a priority for many years, was further encouraged during this time. Employees utilized internal virtual global academies with learning interventions on a wide range of topics from leadership to sales to technology, and more.

4.7.3.7 Social dialog in Turkey

In 2020 the company saw great benefits of the policies that were deployed in 2019. The Employee Assistance Program (AVITA) which has the full coverage of the country and all employees, has been a great support to them and their families. 24/7 consultancy has been provided by experts in every field that the employee and/or their family might feel the need to research or seek help. Schneider also organized online sessions on "How to maintain our wellbeing going though the pandemic" and also parental support sessions on "How to support our kids", which were received with great appreciation.

2020 also unfortunately saw a serious earthquake in the Aegean part of Turkey where the company has a large plant and a sales office. No employees were hurt during the earthquake, but some did have to leave their house due to the damage while some needed support for the structural strengthening of their building. All Schneider employees came together and provided financial support to those employees in need, supported by a series of psychology sessions too. Thanks to the Schneider Electric Foundation, a campaign was also launched to support children living in tents as a result of the earthquake.

5. Schneider Electric, an eco-citizen company

In this section:

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5.2 Access to Energy program 172
5.3 The Schneider Electric Foundation 178
5.4 Territorial positioning and local impact on economic and social development 182

Context and goals

Schneider Electric has always played an active role in the economic development of the communities in which it has a presence, in particularly on two topics: access to energy and energy poverty.

Recent data show the majority of EU countries have 'moderately high' to 'extreme' levels of energy poverty among low-income households.

Notable progress has been made on energy access in recent years, with the number of people living without electricity dropping to 789 million in 2018 from one billion in 2016(1). Decentralized renewable energy sector has emerged as a significant employer in emerging markets with, for example, the creation of more than 450,000 jobs(2) by 2023 in three key countries: India, Kenya and Nigeria.

Key targets and results

Schneider Sustainability Impact 2018-2020

Megatrends and SDGs	2018-2020 programs	2020 progress	2020 target
Development	**19.** Turnover of our Access to Energy program	**x1.64 ▲**	**x4**
	20. Underprivileged people trained in energy management	**281,737 ▲**	**400,000**
	21. Volunteering days thanks to our VolunteerIn global platform	**18,469 ▲**	**15,000**

▲ 2020 audited indicators.
The 2017 performance serves as a baseline for the 2018-2020 Schneider Sustainability Impact (SSI).
Please refer to pages 185 to 189 for the methodological presentation of indicators and the following pages for the analysis of the results (pages 172 to 175 for indicator 19, 107 to 108 for indicator 20, and page 182 for indicator 21).

2025

Schneider Electric has defined objectives for 2025:

- Train 1 million underprivileged people in energy management
- Support 10,000 entrepreneurs
- Train 10,000 trainers
- Give access to green electricity to 50 million people

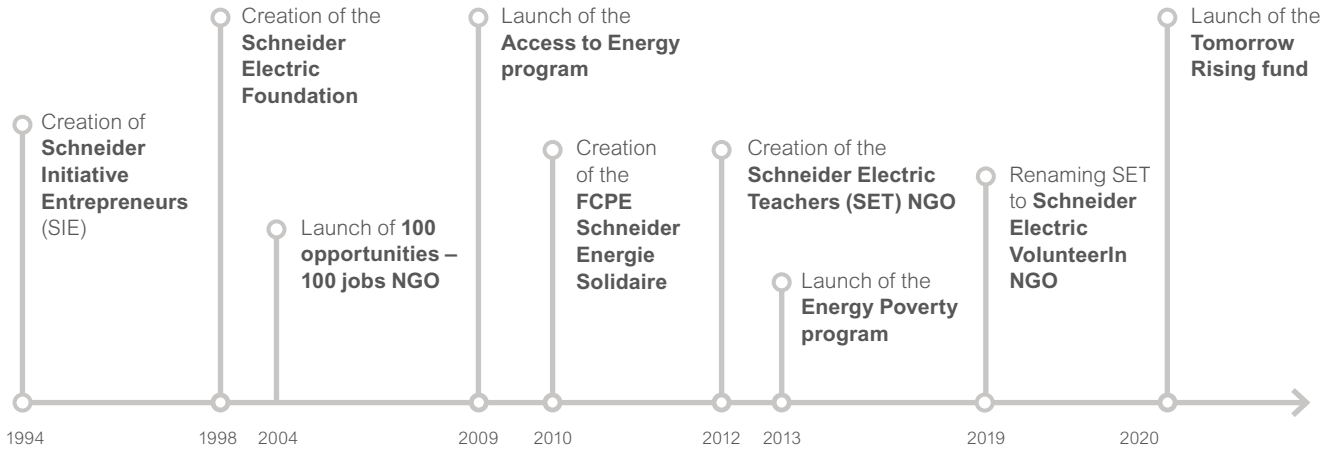
2030

Give access to green electricity to 80 million people

(1) Source: Tracking SDG7: The Energy Progress Report, produced by the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the United Nations Statistics Division (UNSD), the World Bank and the World Health Organization (WHO).
(2) Source: Powering Jobs Census 2019: The Energy Access Workforce – Power for All, in partnership with the Schneider Electric Foundation.

5.1 25 years of commitment to youth, skills development, and reducing the energy gap

For 25 years, Schneider Electric has led many initiatives to reinforce its impact as a responsible and committed company.



Overview of the Access to Energy program
Schneider Electric considers access to energy and digital as a fundamental human right. The Group wants all people on the planet to have access to modern energy – reliable, safe, efficient and sustainable – to access a better life.

Overview of the Access to Energy program

3 complementary instruments

Products & Solutions

For designing and deploying adequate electrical distribution offers (Mobiya, Homaya, Villaya) to 80 million people by 2030.

Impact Investing

For investing locally in innovative energy startups through: SEEA, SEEA Asia, EAV, Livelihoods Carbon Funds.

Training & Entrepreneurship

For training disadvantaged people and sustaining entrepreneurship in the electricity field: 1 million trainees, 10,000 entrepreneurs, 10,000 trainers trained by 2025.

Impacting

Agriculture, health, education, women, emergency, community

In 3 geographies

Delivering access to electricity & productive uses in Africa

3 million people impacted, including 850,000 refugees.

Delivering solutions for reliable power & productive uses in Asia Pacific

3 million people impacted, including 12,000 farmers.

Fighting energy poverty in Europe & US

6,360 families in need supported

5.2 Access to Energy program

Schneider Electric launched its Access to Energy program in 2009, with a unique approach combining three dimensions that enrich each other:

- **A training & entrepreneurship program** aimed at developing skills in the electricity trades and supporting entrepreneurs in this area, in particular women, in order to promote sustainable and inclusive local development.
- **A social and inclusive business,** with products and solutions for rural electrification (collective and individual, such as solar lanterns, solar home systems including Pay As You Go feature, solar water pumping systems, microgrids including plug and play containerized solutions, etc.), creating local jobs in distribution, energy services, agriculture, etc., and promoting in particular women's empowerment.
- **Impact investment funds** to support local economies in gaining access to energy and reducing energy poverty.

To date, Schneider Electric has provided energy access solutions to 30 million people, invested in 25 companies, trained more than 281,000 underprivileged people and supported more than 2,800 entrepreneurs. It targets enabling 80 million people access to electricity by 2030, and 1 million people trained, 10,000 trainers trained, 10,000 entrepreneurs supported by 2025.

5.2.1 Organization

5.2.1.1 Management

The program is managed by the Sustainability Department; the program's management team is divided into equivalent numbers in France and India:

- An Access to Energy program strategy and performance manager;
- Two business development directors in charge of marketing of Access to Energy solutions, one for the Asia Pacific zone and one for the Africa, Middle East and South America zone;
- An offer creation director;
- An impact investment director who manages or supervises Schneider Electric Energy Access (SEEA) and Schneider Electric Energy Access Asia (SEEA-Asia) and who participates in the governance of the Energy Access Ventures (EAV) funds and Livelihoods Carbon Fund;
- A training & entrepreneurship director;
- Access to Energy correspondents in key countries (India, Myanmar, Indonesia, Senegal, Ivory Coast, DRC, Cameroon, Madagascar, Nigeria, Kenya, South Africa, Brazil, China, Pakistan, etc.). Their involvement may be part-time or full-time. They contribute their knowledge of the local context (organization of civil society, local authorities, the private sector, etc.) and guarantee that the project is aligned with local needs. Their presence is of crucial importance for the long-term oversight of projects in which Schneider Electric is involved.

5.2.1.2 Rollout

To achieve its goals, the Access to Energy program operates through its local presence in the countries concerned by energy access issues. With rare exceptions, all projects initiated benefit from monitoring by employees of Schneider Electric entities operating in the countries concerned. These employees constitute a network of key contact people for the design, management and monitoring of electrification projects.

5.2.2 Impact investments

In July 2009, Schneider Electric created an impact investment structure in the form of a variable-capital SAS (simplified joint-stock company), Schneider Electric Energy Access (SEEA), certified as a social and solidarity-based company (ESUS) with a minimum capital of EUR 3 million.

As at December 31, 2020, the following amounts were managed by SEEA:

- EUR 3,000,000 in capital invested by Schneider Electric;
- EUR 3,200,000 invested by Schneider Energie Sicav Solidaire (including EUR 500,000 in capital), a mutual fund managing the employee savings scheme for Schneider Electric employees in France;
- EUR 200,000 of capital invested by Phitrust Impact Investors;
- EUR 500,000 of capital invested by *Mutuelle d'Entreprises Schneider Electric* (MESE).

Created with the support of *Crédit Coopératif,* the fund's mission is to support the development of entrepreneurial initiatives worldwide that will help the poorest populations obtain access to energy. It invests in specific projects:

- Helping jobless individuals create businesses in the electricity sector;
- Developing businesses that fight against energy poverty in Europe by promoting energy efficiency and offering efficient housing;
- Developing businesses that provide access to energy in rural or suburban areas in emerging countries;
- Supporting the deployment of innovative energy access solutions that use renewable energies for underprivileged people.

The SEEA fund brings together different stakeholders by encouraging Schneider Electric's employees and business partners around the world to play an active role in this commitment. At the end of August 2020, 6,280 (past or present) Group employees in France showed their interest in the Access to Energy program by investing EUR 42.3 million.

The aim of the SEEA fund is to promote development while protecting the assets under management. Accordingly, it has adopted strict management rules, such as:

- Always invest in partnerships with recognized players;
- Never take a majority stake; and
- Always provide efficient company support (help develop a business plan, technical advice, etc.) to deliver the optimum social impact while minimizing risk.

5.2.2.1 Investments in France

DORéMI is a social enterprise that aims to tackle energy poverty in France. DORéMI performs single step complete energy renovation of houses – less expensive and more efficient. As part of their solution, DORéMI trains craftsmen in complete renovation and encourages them to work in groups. To date, DORéMI has carried out more than 35 energy efficient renovations.

Envie Rhône-Alpes is a social integration company, which is a member of the ENVIE network. Its main activity is the collection and treatment of Waste Electrical and Electronic Equipment (WEEE).

IncubEthic SAS is an approved social enterprise, which mainly provides energy efficiency advice services.

La Foncière Chênelet is a Chênelet Group employment opportunity company formed to fight against energy poverty by creating energy-efficient social housing. Moreover, construction sites bring together employment opportunity companies and conventional firms to promote rehiring of the unemployed.

La Foncière du Possible is a real estate company initiated by "Les toits de l'Espoir," member of Emmaüs le Relais. It aims at renovating unhealthy houses to create energy-efficient social housing. The renovated houses are rented to people facing energy poverty to favor social inclusion.

LVD Énergie is a company of the "La Varappe" employment opportunity group based in Aubagne, France. This company has developed a range of efficient and environmentally friendly buildings on the basis of recycled shipping containers. An initial project of housing units for people entering the workforce was exhibited in Versailles (France) at the Solar Decathlon event. Following this exhibition, the housing units for people leaving the streets were installed in Lyon by *Habitat et Humanisme*, other projects were implemented for the Salvation Army or ADOMA.

SIDI (*Solidarité Internationale pour le Développement et l'Investissement*) is an investment fund that assigns priority to the impact on development rather than return. The fund is an important partner of SEEA and is particularly active in the microfinance sector.

SOLIHA BLI is a real estate company created in partnership with the SOLIHA associations in Pays de la Loire, aiming at developing efficient housing offers for people in precarious situations, in order to favor social inclusion and the revitalization of smaller cities and rural towns.

Réseau Eco Habitat (REH) is a social enterprise formed to fight against energy poverty. Supported by the network of *Secours Catholique* volunteers, the enterprise aims to offer comprehensive and sustainable support to low-income and very-low income households for their refurbishment projects, and thus to position itself as a key energy renovation players.

5.2.2.2 International investments

Amped Innovation, a company that designs optimized solar home systems and DC energy efficient appliances to meet the needs of distributors and users. Particular attention is paid to the optimization of costs and the flexibility of the equipment.

OKRA, a company developing microgrids by interconnecting individual solar systems. This solution optimizes the use of solar systems and spreads in time required investments for the grid development. This company has deployed its first pilots in Cambodia and Philippines.

SunFunder is an innovative financing company specializing in companies seeking to increase energy access in sub-Saharan Africa and emerging countries. It has a range of unique and diverse funding offers. It has recognized expertise in monitoring and selecting projects based on a rigorous selection process and measurement of the social impact through an online platform.

5.2.2.3 Energy Access Ventures impact fund

Schneider Electric initiated and supported Energy Access Ventures (EAV), a fund which manages EUR 75 million to be invested in companies transforming communities across Africa and stimulating economic development through energy access solutions. The fund is jointly backed by Schneider Electric, CDC group (on behalf of the UK Department for International Development, DFID), the European Investment Bank, FMO (Dutch development Bank), FISEA-PROPARCO, OFID and AFD-FFEM. To date, EAV has invested in 15 companies.

5.2.2.4 Schneider Electric Energy Access Asia

In December 2019, Schneider Electric, in partnership with Norfund, EDFI ElectriFI and Amundi, launched, a third impact investment structure named Schneider Electric Energy Access Asia, a variable-capital SAS (simplified joint-stock company). This investment vehicle is targeting the 350 million people in South and South East Asia with limited access to energy. The dedicated team is based in Singapore close to communities who are in need of access to safe and sustainable electricity. A total of EUR 20.9 million will be dedicated to investing in start-ups that work toward increasing quality of life and boosting economic development in Asia, thanks to access to clean and sustainable energy. The first investment is scheduled for the first quarter of 2021.

5.2.3 Products and solutions

Schneider Electric develops products and solutions to meet a range of both individual and community needs across the energy chain, from portable lamps and solar home systems to decentralized small power plants, water pumping systems and street lighting. These offerings also make it possible to maintain a sustainable economic and social activity as well as include and involve local communities in projects.

5.2.3.1 Electricity for community

In 2013, Schneider Electric launched Mobiya TS120S, a portable solar light-emitting diode (LED) lamp that is both robust and affordable and offers up to 48 hours of lighting without recharging, as well as offering a charging solution for cell phones. In 2019, Schneider Electric extended the Mobiya range with Mobiya Lite and Mobiya Front, to offer new possibilities for individual lighting.

5. Schneider Electric, an eco-citizen company

A full range of products & solutions to provide green electricity

Mobiya

Portable, robust & affordable solution for individual lighting and charging cell phone.

3 products

Mobiya Original: solar powered LED lamp with mobile charge, offering 48hours of lighting without recharging

Mobiya Lite: lighter solar powered portable LED lamp with mobile charger

Mobiya Front: head lamp

Case Study: Schneider Electric and ADEME, the French Agency for Ecological Transition, partner to provide 45,000 solar lanterns to vulnerable women in Africa.

Objective: Distribute solar lanterns to women entrepreneurs in order to extend hours of activities and livelihoods, as well as underprivileged women and families in order to enjoy lighting for nighttime home activities and limit the use of kerosene lamps.

Solution: Mobiya Original. An impact study will be conducted, measuring the benefits of the solution across the 5 African countries of the project: Kenya, Nigeria, Cameroon, Benin and Senegal.

Homaya

Domestic electrification for access to quality, affordable & interrupted power

3 products

Homaya Family: solar home system including a solar panel and lamps

Homaya Family PayG: solar home system including a solar panel and lamps including Pay-As-You-Go function fully compatible with all mobile payment platform

Homaya Hybrid: AC and DC, Solar and Grid Home System

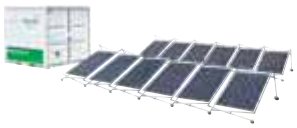
Case Study: Schneider Electric and Nyalore Impact, a last mile distributor based in Kenya, partner to provide solar home systems to rural households from the Homabay County, at about 400km from Nairobi.

Objective: Address the last mile challenge and distribute Pay-As-You-Go solar home systems in a rural western region of Kenya thanks to a pilot program offering training to the sales agents and market activation.

Solution: Homaya Family PayG. The installation of products in several villages has been part of the pilot project. Products have also been distributed during markets in Homabay Town and Ndihwa.

Villaya

Collective electrification solutions in remote sites, either 100% solar or hybrid



6 solutions

Villaya Community: solar or hybrid microgrid to power rural communities
Villaya Agri-Business: solar power plant to provide electricity and/or hot water to agriculture
Villaya Emergency: containerized solar or hybrid microgrid to provide electricity to emergencies
Villaya Water: solar water pumping system
Villaya Lighting: solar street lighting
Villaya Recharge: USB charging station
Including EcoStruxure for Energy Access, an affordable, flexible and open platform using analytics to improve the profitability and efficiency of electricity microgrid

Case Study: Schneider Electric and "Entrepreneur du Monde" (NGO) launched a project to bring reliable power for onion storage in Senegal.

Objective: Develop a low cost, decentralized generation of refreshed storage buildings that can conserve onions for several months as 30 to 60% of Senegalese onions' production rot due to lack of storage.

Solution: Villaya Community 25kW with sodium-nickel batteries and Villaya Edge Control software in order to ensure reliable power supplying cooling system and some income.

Didactic

Educational tools for the vocational & higher education fields

Offer

Didactical benches for training electricians, installers, facility managers, entrepreneurs, trainers, covering the management of high and low voltage, electrical distribution, building management, global energy management and process and machine management

Case Study: Schneider Electric and *La Salle Solidarieta Internazionale ONLUS* (NGO) join forces to empower local communities with competencies in energy management in Chad.

Objective: train 250 students per year in electrical distribution, industrial control and renewable energies focused on practical experience.

Solution: didactic benches to equip electrical labs in training centers in N'djaména and Kélo in Chad.

In 2018, the Solar Home Systems (SHS) range grew with the launch of Homaya Hybrid, designed to enable access to quality, affordable and especially uninterrupted power.

In 2019, Schneider Electric launched a pay-as-you-go solar home system that is fully compatible with all mobile payment platforms and does not require a mobile network connection: Homaya PayG.

Villaya Microgrids are solar-powered microgrids configured to meet collective needs, both villages and businesses, in remote sites. They are either 100 % solar or hybrid, with no power limitation. In 2018, a new offering was launched with containerized solutions to facilitate the deployment and implementation of microgrids in the most remote areas.

In April 2018, Schneider unveiled EcoStruxure™ for Energy Access, an affordable, flexible and open platform that uses analytics to improve the profitability and efficiency of electricity microgrids. Based on Villaya, EcoStruxure™ for Energy Access combines the software tools EcoStruxure™ Energy Access Advisor and EcoStruxure™ Energy Access Expert. This solution is used for real-time monitoring and analytics of site performance and household consumption. It also improves operational efficiency and drives the deployment and upgrade of microgrids.

5.2.3.2 Electricity for emergency
Whether due to the geopolitical context, natural disasters or climate change, emergency situations continue to rise in an increasingly uncertain world. With nearly 80 million forcibly displaced people in 2019, the United Nations High Commissioner for Refugees (UNHCR) has seen an unprecedented number of people uprooted by war, violence or persecution worldwide. According to the NGO Oxfam, an estimated 23.5 million people were forced to leave their homes in 2016 due to extreme natural disasters. Since 2016, Schneider Electric has committed to offering energy access solutions in emergency situations and has been working closely with the UNHCR to find solutions that are suited to the specific needs of refugees or displaced persons. In 2018, Schneider and the UNHCR signed a memorandum of agreement to seal their commitment with the deployment of Mobiya lamps in refugee camps over a three-year period. Schneider has provided camps in Jordan, Uganda, Kenya, Chad, Bangladesh, and Zimbabwe with modern energy systems and services. Such systems and services range from Mobiya lamps to microgrids – including with connection to EcoStruxure™ for Energy Access – energy dispensers, solar street lights, and training in electricity trades.

Schneider Electric consolidated its emergency solutions with the launch of Villaya Emergency, a collective solar electrification solution that is easily deployed thanks to a system that combines the Group's most appropriate solutions with the expertise of innovative start-ups. The system devised produces a minimum electrical power of ten kilowatt-hours – enough to provide electricity to a village, a health center or individual or collective spaces in refugee camps – thanks to a system of solar panels that are easy to deploy and move. The solution is installed in a standard container to facilitate multiple trips to any part of the world within the shortest possible time.

5.2.3.3 Electricity for women
In developing countries, women are the primary beneficiaries of access to electricity in their homes, relieving them of long and painful domestic activities. Access to electricity, including with mini-grids, can significantly increase women's empowerment, particularly in female-dominated, labor-intensive agricultural and food-processing activities.

- In the village of Donvagne in the Ivory Coast, Schneider Electric has equipped the women cooperative with a 25 kW solar mini-grid powering a mill, kneaders and refrigerators. Cooperative members and entrepreneurs from the village have been trained by *Institut Européen de Coopération et de Développement* (IECD).
- In Nigeria, Schneider partners with Solar Sister NGO, whose network of women entrepreneurs distributes Mobiya solar lanterns. These women entrepreneurs sell the lamps to vulnerable and underprivileged women.

5.2.3.4 Electricity for education
For Schneider Electric, professionals must be supported by training in energy management from educational institutions through to vocational and continuing education worldwide. In partnership with the Access to Energy Training & Entrepreneurship teams (see next section), an affordable range of Access to Energy Education teaching models and teaching tools has been developed to meet the needs of training organizations, particularly in emerging countries. The training offering covers the management of high and low voltage electrical distribution, building management, global energy management and process and machine management.

5.2.3.5 Electricity for agriculture
Electricity can make a real difference to the lives of farmers and ensure food security through irrigation, food storage and processing, or linking to the market to ensure better prices, while allowing people to be the agents of their own transformation.

In India, the "Energy for livelihoods" initiative is transforming the lives of farmers, in particular women, through the innovative Villaya Agri-business solution. This project promotes sustainable livelihood activities in the farming, agri-enterprises, food processing, livestock, handicraft and other micro-enterprises.

5.2.3.6 Electricity for health
Sustainable and reliable electricity is a prerequisite for enabling effective health services, especially in the fight against pandemics such as COVID-19. Providing local infrastructures with modern energy also contributes to socio-economic recovery through a better health, a greater capacity to work and enhances rural appeal.

In Nigeria, the COVID-19 isolation facility of the Eleme General Hospital in Rivers State needed a reliable system to provide uninterrupted power supply to its medical equipment. Schneider Electric supplied a solar mini-grid and power storage.

SSI#19: x4 turnover of the Access to Energy program

In West Africa, a tripartite contract signed with the West African Economic and Monetary Union (UEMOA) and the African Biofuel and Renewable Energy Company (SABER-ABREC) provides for the delivery of "multi-energy" power plants for the agricultural sector, supplying electricity and heat for irrigation, fish farming or drying, processing or pasteurization activities. In the long term, these plants will benefit some 100,000 people in eight countries.

Turnover vs 2017

x1.64

5.2.4 Training & Entrepreneurship

The key challenge of training in the energy sector is to provide underprivileged people with the knowledge and skills to be able to carry out a trade in a safe and responsible way, providing them and their families with the means for satisfactory subsistence. It will also give them the ability, should they wish, to sell and maintain energy access offerings and to create their own small business in time. Furthermore, they are a vital and indispensable element for all responsible and sustainable rural electrification policies.

Schneider Electric's strategy, backed by its Foundation, under the aegis of Fondation de France, for training to underprivileged populations in the energy sector, includes three key priorities:

- Basic training over a few months, which is free and accessible to many people and adapted as much as possible to the local situation. These training courses lead to the issuing of a certificate of competence by Schneider Electric;
- Single or multi-year trainings leading to qualifications, in partnership with local Ministries of Education, or even under bilateral agreements; and
- The training of trainers to support the effective and quality rollout of training down the line.

Capitalizing on the results of its trainings, the Access to Energy Training & entrepreneurship program decided to go further by supporting social and informal entrepreneurs in the energy sector. Job markets in emerging and developing economies are strongly influenced by the importance of the informal sector, sub-activity or multi-activity in order to accumulate sources of income. Training in the specific skills needed by the entrepreneur – start-up support, support, and financing – are key to creating sustainable activities. In particular, Schneider Electric tries to support women's entrepreneurship in the energy sector, integrate them at every step of the energy access value chain, and find the right partners to create a supportive ecosystem.

These actions are always implemented in partnership with local players and/or national or international non-profit organizations (NGOs, governments, etc.). They systematically work with Schneider Electric's local subsidiary. The actions may be accompanied by funding for investments in materials and missions of the volunteers of VolunteerIn, which, if the need arises, enables the transfer of expertise.

In 2020, training was severely affected by the coronavirus pandemic, which resulted in the closure or suspension of several training courses. With its commitment to education and young people, Schneider Electric and its Foundation launched the Tomorrow Rising fund in April 2020. Thanks to this fund, we were able to support embattled centers and launch new programs. This included launching three new training centers: one in Nepal with Don Bosco, another in Ecuador with the UESMA training center and ACTEC, and the third in Morocco with IECD. In total, more than 600 young people were trained in energy trades in the three centers.

5.2.4.1 Examples of actions supporting women

In Mali, Senegal and Niger, within the "Women's Entrepreneurship in Renewable Energy" EU project, Schneider Electric provides technical training in solar energy and support for entrepreneurship to 7,000 women entrepreneurs in partnership with *Plan International*.

In the Ivory Coast, Schneider assists in the training of 1,250 young people in solar and electrical trades, including 60% women, and supports entrepreneurs, in partnership with International Rescue Committee and MasterCard Foundation.

5.2.4.2 Examples of actions towards Entrepreneurs

Since 2017, 52 technical laboratories in electricity and energy management have been upgraded in Pakistan's Punjab province. 6,200 youths have been trained and 1,890 have become entrepreneurs. This project was financed by Schneider Electric and implemented in Pakistan by Muslim Hands Pakistan (as the lead agency) in partnership with the Technical Education and Vocational Training Authority (TEVTA) Punjab and Punjab Vocational Training Council (PVTC), to improve and expand vocational training in Pakistan's dynamic energy sector.

Since 2018, Schneider Electric and Initiative France have launched a program to support entrepreneurship in energy businesses in Burkina Faso. They have provided support to nearly 80 informal entrepreneurs in the energy sector. The program includes a training course to acquire the technical skills of the profession, financing solutions with the granting of interest-free honor loans, and the setting up of a business creation financing system. *Initiative France* draws on the four Initiative platforms in Burkina Faso to contribute to the financing and support of entrepreneurial creation or development projects in the country. Schneider and the partner training centers in Ouagadougou and Bobo Dioulasso, under the aegis of Fondation de France, provide technical training to entrepreneurs. The Schneider Foundation finances interest-free honor loans and support to entrepreneurs. As the honor loans are paid back, other entrepreneurs take their place. In addition, a mentorship program can also be set up to support entrepreneurs in their strategic thinking.

SSI#20: 400,000 underprivileged people trained in energy management

In Indonesia, the Center of Excellence for electricity, automation and renewable energies trains technicians and senior technicians in electrical energy, industrial automation, and renewable energies. The aim is to reinforce the links between education and industry, raise the level of the workforce with high-quality practical training, enhance the company's expertise, rapidly modernize vocational training systems, and promote the professional integration of the youth. The purpose of this partnership is also to renovate 184 vocational school laboratories across the country in partnership with the Indonesian Ministry of Education and Culture and the French Ministry of Education and Youth. More than 5,500 students have already benefited from this partnership since 2019.

People trained worldwide since 2009

281,737

5.2.4.3 Creation of the Franco-Argentinian Center of Excellence

In July 2019, the French Ministry of National Education, the Argentinian Ministry of Education, Culture, Science and Technology (MECCyT), the French Ministry of National Education and Youth, France Education International, Schneider Electric and the Schneider Electric Foundation signed an agreement to create the Franco-Argentinian Center of Excellence for training in renewable energy and energy efficiency skills and trades in Buenos Aires. The Center of Excellence will be equipped with the latest technical facilities for the professional training of trainers in the field of renewable energy and energy efficiency. A network of eight peripheral centers across Argentinian using the Center of Excellence for technical training in Buenos Aires as a model will be also created. The MECCyT plans to train 500 trainers in three years and 800 students per academic year at the Buenos Aires Center of Excellence.

Since starting the program in 2009, 281,737 people have been trained in more than 46 countries.

5.2.4.4 Testimonies of people trained

In 2020, Schneider Electric continued to promote Tomorrow Rising, a five-episode docuseries made up of concrete testimonies. It presented the stories of four students who are building tomorrow's energy world each in their own way:

- Yéyé is the narrator and her ambition is to become a respected engineer. The documentary follows her from the beginning of her training in Lagos, Nigeria, to her diploma;
- Pierre, in Senegal, has been trained to be a teacher and is now fighting to improve the future of youth in his country;
- For Vitor, in Brazil, Schneider's training has been a genuine lifeline helping him build a career in electricity;
- Lastly, in India, Gurdeep, an ambitious young entrepreneur installs solar panels and employs young people, like him, benefitting from Schneider Electric training.

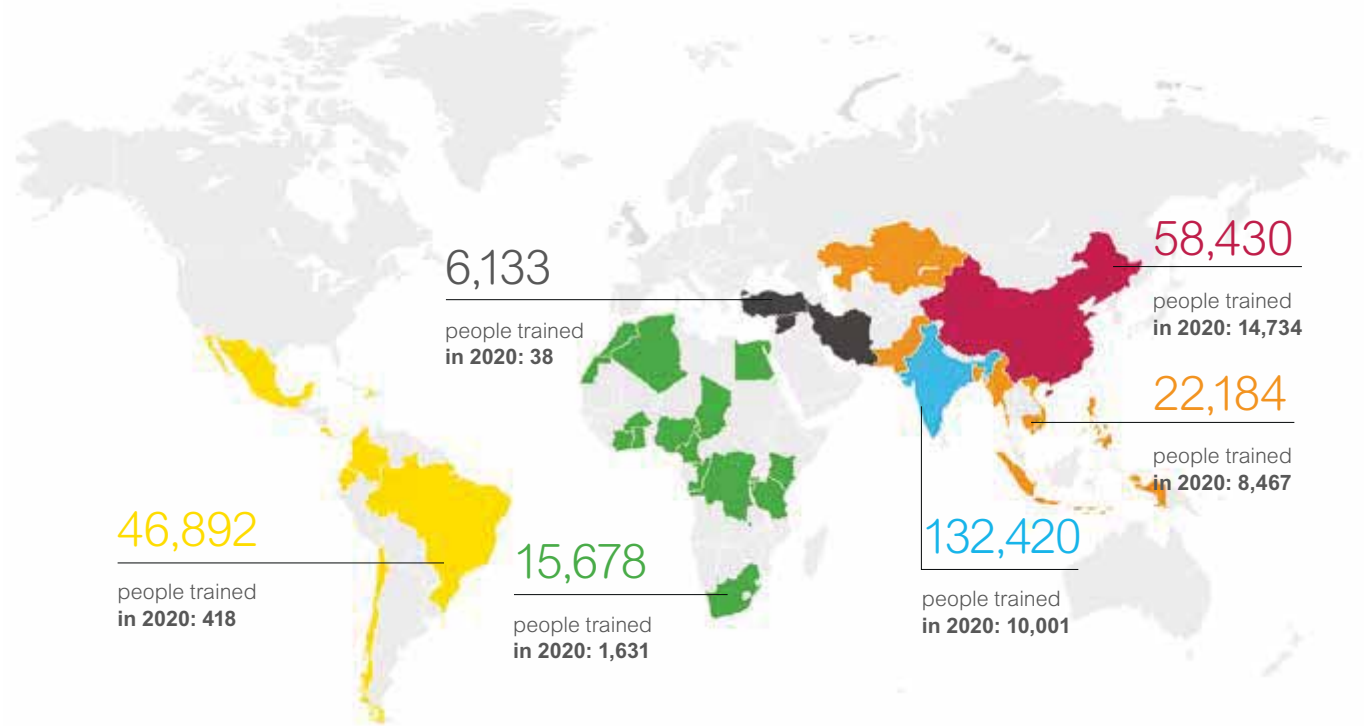
Access to Energy Training & Entrepreneurship key figures and 2025 targets

People trained since 2009
281,737
1m 2025 target

Trainers trained since 2009
5,182
10k 2025 target

Entrepreneurs since 2009
2,894
10k 2025 target

Breakdown of people trained by geography since 2009



5.2.4.5 Impact assessment of training actions

In 2019, the Schneider Electric Foundation launched a global initiative to assess the social impact of training actions in the energy sector. With its partner KiMSO, the Group built a guidebook intended to support its local partners in assessing, in a standardized way, the social impact of their training activities. The pilot phase was carried in several centers. The rollout program was shelved because of the health crisis, leading to the temporary closure of many centers. KiMSO is a social impact assessment consulting firm that helps charities, NGOs and Foundations to understand, measure and value their impact on key stakeholders.

The project covers both social impact assessment and results chain analysis.

Social impact consists of the direct or indirect, intended or unintended, effects of an organization's actions on its stakeholders (i.e., beneficiaries, users, volunteers, partners) and on society in general.

Social impact assessment refers to the process of monitoring, analyzing, and managing those social consequences, which can be both positive and negative. This is an evaluative process aiming at a answering the following key question: what changes thanks to us?

Results chain analysis establishes causual relationships from the resources used to conduct a program to the long-term effects following the end of the program. It sets out a logical and plausible outline of how a sequence of inputs and outputs interacts with individuals' behavior and conditions to generate outcomes.

5.2.4.6 Outlook

The large-scale expansion of the training projects initiated in 2013 will continue with the objective of training one million people, providing support to 10,000 entrepreneurs, and training 10,000 trainers by 2025.

Nabil Zorkot

5.3 The Schneider Electric Foundation

At a time of growing inequality and climate emergency, ensuring fair access to energy is an imperative prerequisite for sustainability. All over the world, the Schneider Electric Foundation, under the aegis of Fondation de France, gives all young people the means to build solutions for a better life by supporting local initiatives that combine education, technology, social innovation and entrepreneurship.

Inequalities everywhere, at all levels

Whether it is income inequality, unequal access to education, quality of life, gender inequality, intergenerational inequality, or the gap between the rich and the poor, there are inequalities at all levels and everywhere worldwide. According to data from the World Inequality Database, collected by 150 researchers worldwide, the world's richest 1% owned 20% of the global wealth in 2020, while 50% of the world's poorest people shared 9% of global wealth. According to the International Energy Agency (IEA), in 2018, an American consumed 24 times more energy on average than a Senegalese. It is estimated that more than 50 million people in Europe are experiencing energy poverty (according to the EU Energy Poverty Observatory). They suffer the consequences of poorly insulated housing – difficulties in paying their energy bills, extreme temperatures, diseases linked to unhealthy living conditions, difficulty providing lighting for children to do their homework, etc.

The climate emergency and COVID-19 are going to exacerbate these inequalities

Increase in agricultural product prices, difficulties in access to water, and forced migration, are all consequences of climate change that will hit the most vulnerable the hardest. Although extreme poverty has declined over the past 40 or so years, the COVID-19 crisis has seriously set back this progress. In December 2020, a report by the United Nations Conference on Trade and Development (UNCTAD) warned that the pandemic was going to plunge 32 million more people into extreme poverty.

5.3.1 The Schneider Electric Foundation gives all young people the means to build solutions for a better life

5.3.1.1 The Foundation fully in line with the Sustainable Development Goals

For more than 20 years, the Schneider Electric Foundation has been deploying the Group's philanthropic activities in coherence with its sustainability commitments. It contributes directly to the achievement of the United Nations' sustainable development goals (SDGs), and more specifically SDGs 1, 4, 7, 8, 10, 11, 13 and 17.

In 2020, there were more than 130 projects, 35,000 young people receiving support, through 7,048 days of volunteering. With an annual budget of EUR 4 million, the Schneider Electric Foundation contributes to the partnerships that are completed by more than EUR 16 million in support from Schneider Electric's entities. Group employees are also involved in these partnerships. In total, more than EUR 20 million has been invested to help local communities worldwide.

5.3.1.2 A foundation under the aegis of Fondation de France
Fondation de France is a non-profit organization that, since its creation in 1969, has been the bridge between donors, founders, and field structures in order to support projects in a range of general-interest areas. It supports other foundations (779 in 2020), whose operations are governed separately, but who are legally part of Fondation de France. It is responsible for ensuring that their actions comply with its by-laws and the legal framework of the sponsorship. The Schneider Electric Foundation's Executive Committee determines the major focuses of its actions and the projects it supports. It then informs Fondation de France of its decisions, and Fondation de France verifies the projects' compliance and implements them.

5.3.1.3 An organization that combines internal (Group) and external expertise
The composition of the Schneider Electric Foundation's Executive Committee was renewed in 2019 as follows:

- Chairman: Jean-Pascal Tricoire;
- Members: Monique Barbut (external expert), Agnès Bouffard (employee representative, Schneider Electric), Bénédicte Faivre-Tavignot (external expert), Christel Heydemann (Schneider Electric), Yoann Kassi-Vivier (external expert), David Lechat (employee representative, Schneider Electric), Pierre-François Mourier (external expert), Philippe Pelletier (external expert) and Luc Rémont (Schneider Electric).

Its missions are the following:

- Define the strategic directions of the Foundation;
- Validate the activity report and financial report;
- Decide on the allocation of budgets by program;
- Validate commitments exceeding EUR 200,000.

One to two executive committee meetings are organized each year.

The Schneider Electric Foundation organization has been reinforced with the creation of the zone/cluster foundation committee in 2019. This committee is made up of zone/cluster Presidents and aims to:

- Share a quarterly activity report;
- Validate the commitments/Partners to join;
- Specify the respective contribution levels (financial or in-kind donations, skills); and
- Follow up on projects.

This committee meets three times a year.

The members of the operational team are:

- Gilles Vermot Desroches, General Delegate;
- Patricia Benchenna, Corporate Philanthropy Director;
- Brigitte Antoine, Employee Engagement Leader;
- Morgane Lasserre, Administrative Assistant.

Lastly, the Foundation's Selection Committee is composed of:

- Gilles Vermot Desroches, General Delegate;
- Patricia Benchenna, Corporate Philanthropy Director;
- François Milioni, Program Director, Training & Entrepreneurship.

5.3.2 Give all young people the means to build solutions for a better life

The Schneider Electric Foundation supports innovative initiatives all over the world that enable the most vulnerable, especially young people, to access the energy needed to succeed and build the world of tomorrow. To be relevant and effective, i.e., to have the greatest possible impact and respond specifically to the needs of the people concerned, it is essential that these initiatives combine education, technological innovation, social innovation and entrepreneurship. These initiatives cover three main areas.

5.3.2.1 Vocational training for the youth, underprivileged persons and entrepreneurship support
Training is the historical mission of the Schneider Electric Foundation. The energy sector, and more particularly electricity and renewable energies, offers a lot of potential, especially in areas where access to energy is difficult and growing. Passing on skills to young people, and giving them the means to support their families could, in the long term, boost the local electricity and electrotechnical sectors. This will improve their quality of life and create sustainable jobs. That is what the Training & Entrepreneurship program set up in 2009 is all about.

The Schneider Electric Foundation encourages and provides long-term support for vocational and entrepreneurial training organizations. These include associations and electrical profession educational institutions. The vocational training and entrepreneurship program captures 63% of the funding allocated by the Foundation. All of these actions are monitored and measured on a quarterly basis within the scope of the Schneider Sustainability Impact and of indicator 20, "400,000 underprivileged people trained in energy management by 2020."

Since 2009, 281,737 underprivileged people have been trained in more than 45 countries. The goal is to train 1 million people by 2025.

5.3.2.2 Tackling energy poverty
In Europe, the Schneider Electric Foundation supports the implementation of information and awareness-raising campaigns, and supporting actions that target households faced with energy poverty with:

- Multiparty programs that make it possible to better understand the phenomenon of energy poverty, to bring about solutions, and to connect players;
- Projects to support families affected by energy poverty; and
- Projects that seek to develop social innovations and social entrepreneurship.

Regarding the last point, the main idea is to give priority to long-term and therefore future economically viable solutions. This will demonstrate that tackling energy poverty can not only lift people out from difficult situations resulting from substandard housing, but that it can also create jobs and generate economic value while protecting the environment. For example, since 2015, the Schneider Electric Foundation has been supporting *Réseau Eco Habita*t, a network that helps those most in need. In the Hauts de France region, *Réseau Eco Habitat* has succeeded in implementing an economically viable model, enabling the renovation of housing units using bio-sourced materials. About a dozen jobs have been created as a result, not to mention jobs for the artisans and renovation companies involved. This model is going to be replicated in other regions in France, thus extending its impact. Like *Réseau Eco Habita*t, the Schneider Electric Foundation supported and/or financed more than 20 projects in 2020.

5. Schneider Electric, an eco-citizen company

One of the objectives of the program to tackle energy poverty also includes supporting initiatives in their change of scale, in particular by enabling them to obtain longer-term financing from Schneider Electric's solidarity investment fund, SEEA, like *Réseau Eco Habitat* in 2020.

5.3.2.3 Raising awareness of sustainability and the use of reliable, affordable and clean energy

Contributing to meeting the United Nations SDGs also involves, amongst other things, raising awareness among as many people as possible, especially young people, about the challenges of the fight against climate change and of sustainability.

The Schneider Electric Foundation therefore invests in emblematic and international programs by making available its knowledge of energy systems management, through donations in resources and/or knowledge. It has made a four-year commitment to the Solar Impulse Foundation, which selects 1,000 solutions that contribute to the achievement of at least five SDGs:

- Clean, accessible water for all (SDG 6);
- Affordable and clean energy (SDG 7);
- Industry, innovation and infrastructure (SDG 9);
- Sustainable cities and communities (SDG 11); and
- Responsible consumption and production (SDG 12).

The selected solutions must meet the following criteria: technical feasibility, environmental benefits and economic viability. Schneider Electric employees are mobilizing their skills to analyze the various solutions within their field of expertise.

The Solar Sound System project by Atelier 21, a Foundation partner, obtained the Solar Impulse Efficient label. It offers sound systems for events powered by renewable energies (solar or bike-powered). With seven systems in place in France and Switzerland, Solar Sound System has set up solidarity projects in Haiti, Brazil, India, Taiwan and Cameroon and has projects in Reunion, the United States and South Africa.

Bertrand Piccard, Chairman of the Solar Impulse Foundation, will then promote this portfolio of solutions to corporate and political leaders worldwide. At the end of 2020, more than 850 solutions had already received the Solar Impulse Efficient Solution label. These included insulating blocks made from hempcrete, wind turbine floats or a web-based pallet exchange platform.

5.3.3 Responding to the COVID and post-COVID emergency

In April 2020, the Schneider Electric Foundation set up the Tomorrow Rising fund in response to the COVID-19 health crisis. The purpose of this global initiative is to provide local responses to meet the challenges of the emergency, to promote the recovery of education and training of the most vulnerable young people and to boost resilience.

1. **Response:** an initial response to the emergency. Food bank, first aid, COVID health kits, maintenance of access to education, etc. For example, a project in China to help low-income students in technical schools to cope better with the crisis (SDG 1 and SDG 4);
2. **Recovery:** support to the Foundation's partners in resuming their activity and helping them to roll out new activities, in particular, the establishment of new partnerships to provide training in energy trades to young people. For example, a project in Brazil to provide young people with tablets and Internet access (SDG 4 and SDG 10);
3. **Resilience:** the ability to continue to train and awareness-raising actions using digital technologies.

In October 2020, more than 74 initiatives, contributing to 1,500,000 beneficiaries in 67 countries, were identified by the Schneider Electric Foundation delegates and validated by the Schneider Electric chairman of each country concerned.

The first recovery projects have already been launched in Morocco, Ecuador, Lebanon, and Brazil and more than 5,000 days of volunteering have been deployed.

Tomorrow Rising fund key figures

Respond:

Meeting the first needs of low-income people

74 projects in **67** countries

1,500,000 beneficiaries

10,000 donors

4,100,015 euros

Recovery:

Contributing to the urgent restart of the education system to prepare the future

Opening of training centres from last quarter 2020 to 2nd quarter 2021:
Morocco,
Nepal,
Malawi,
Kenya,
Lebanon,
Brazil,
Sri Lanka

Resilience:

Volunteering on a regular basis, with time and skills

4,773 volunteering days since April 2020

+1,000 digital missions available on VolunteerIn in Argentina, Brazil, Cameroon, Chile, Colombia, France, India, Kazakhstan Kenya, Mexico, Peru, Russia, Senegal, South Africa, Vietnam, US, etc.

5.3.4 Foundation actions worldwide

The Schneider Electric Foundation has actions in 160 countries on all continents, in particular Asia, the Americas, Africa and Europe.

5.3.4.1 Initiatives in North America

The Schneider Electric North America Foundation develops programs that support employees' strong commitment to their community:

- Matching Gift provides a dollar match on employee donations to the non-profit of their choice;
- Dollars for Doers provides financial grants to organizations where employees volunteer their time;
- Sponsorship Grants offer financial and product donations to sponsor events, capital projects and employee missions;
- New Hire Program welcomes new employees with a gift to donate to a non-profit of their choice;
- Service Days and Volunteer events enables employees to work for their community during their working hours.

And to reinforce the commitment of Group employees, the North America Foundation has entered into strategic partnerships:

- Disaster Relief – partnership with the American Red Cross and the Rubicon team to provide support to people affected by disasters;
- Habitat For Humanity – supply of electrical equipment, grants and more than 7,000 hours of work done by volunteer employees;
- FIRST Robotics – employee provide mentoring to First teams;
- National Merit Society – scholarships for children of employees;
- NAACP – an initiative to combat racial injustice.

In 2019, the North America Foundation contributed over 6 million dollars in financing and donations to 1,600 charitable organizations.

5.3.4.2 Initiatives in India

Schneider Electric India Foundation (SEIF) was created in 2008 to carry out all corporate social responsibility activities in India.

In 2020, SEIF supported the vocational training in the field of electricity to 7,804 unemployed youth from underprivileged backgrounds. Women represented 665 of the candidates trained as electricians in 2019. 28 new electricity and renewable energy training centers were opened. 144 trainers were recruited in the program to improve the training given. "Start-up tool kits" were distributed to 500 students.

6,000 families living in remote rural villages or slums received aid from SEIF. For example, as part of the "Slum Lighting" program, 368 households in the slums of Bangalore and 632 isolated families in the state of Andhra Pradesh received solar lighting and mobile phone charging equipment.

Schneider Electric employees carried out 207 training assignments as part of the Schneider Electric VolunteerIn initiative. They shared their knowledge and skills with young people training as electricians. Most of these assignments were carried out remotely via a digital platform.

Lastly, during the COVID-19 crisis:

- SEIF gave financial support to 10,000 electricians during the lockdown;
- SEIF provided reliable power supply for the medical equipment of ten "COVID" hospitals;
- SEIF has contributed 50 million rupees (EUR 555,000) to the Indian Government's Care Fund.

5.3.5 Support grassroots initiatives: a network structure that acts locally

The Schneider Electric Foundation's network structure is an original and very powerful means for engaging local, human and lasting sponsorship. This network includes Schneider Electric employees, non-profit associations, public institutions such as the Education ministries of the countries concerned and government agencies such as ADEME in France.

The Schneider Electric Foundation:

- Has established partnerships with 160 NGOs and associations in 72 countries, such as Muslim Hands in Pakistan, Ashoka in Europe, etc;
- Works with ministries of education in 13 countries including France, Cambodia and South Africa.

The Schneider Electric Foundation works almost exclusively with local structures. It is a guarantee of reliability and efficiency because only organizations that work most closely with the communities to be supported know their specific needs and constraints and can provide the appropriate solutions. The creation of the zone/cluster committee, in 2019, made up of Schneider Electric zone directors is a step in that direction.

Over and above financial, material or logistics support for projects, the actions of the Schneider Electric Foundation aim to create bonds among partners, encourage structures to work together, and build relevant and innovative solutions with all stakeholders to raise the challenges of sustainability.

5.3.6 Group employees, spearheading the Schneider Electric Foundation's actions

The Schneider Electric Foundation strongly focuses on the involvement of Company employees in all the actions it implements. Whether they are Foundation delegates or employee volunteers, they are the link between the Company, the Foundation and the supported organizations. In 2012, the Schneider Electric VolunteerIn NGO was created to organize volunteer missions benefiting the Foundation's partners. Wherever the Company is based, Schneider Electric VolunteerIn empowers people to be actors and ambassadors of societal commitments in the fields of education, access to energy, and the fight against energy poverty. In particular:

- Employees volunteer their time and make their skills available;
- Partners look for skills to support their activities, specify their needs and support volunteers in carrying out their mission;
- The Schneider VolunteerIn association as well as the Foundation delegates coordinate, connect and organize the process and cover costs related to carrying out missions, in particular abroad;
- The Schneider Electric entities host the volunteers when the mission takes place outside their country of habitual residence.

5. Schneider Electric, an eco-citizen company

SSI#21: 15,000 Volunteering days thanks to our VolunteerIn global platform

In 2020, Schneider Electric employees increased their engagement with the Schneider Electric Foundation. The pandemic raised a lot of fragilities in our society. In this difficult period, volunteers at Schneider Electric have accelerated their contribution to initiatives aiming at access to food, to education and to health. Mainly through digital/ remote missions, they proved their capacity to adapt and to help the most vulnerable; above all the youth in need of support, coaching, advices…With a total 7,048 volunteering days in 2020, the final objective of 15,000 volunteering days has been overcome with a total of 18,469 during the period.

Volunteering days since 2018

18,469

The Schneider Electric VolunteerIn Executive Board is composed of Schneider Electric leaders and members of the Sustainability department involved in the Access to Energy program:

- Olivier Blum (Chairman, Chief Strategy & Sustainability Officer);
- Michel Crochon (Vice-president), François Milioni (secretary, in charge of the Training & Entrepreneurship program);
- Christophe Poline (treasurer, in charge of the SEEA solidarity investment fund);
- Emir Boumediene (member, volunteer representative);
- Gilles Vermot Desroches (member, Senior Vice-President Sustainability).

The executive board met 3 times in 2020.

5.3.6.1 100 delegates in 80 countries to catalyze the Schneider Electric Foundation's actions

The Schneider Electric Foundation draws on a network of around 100 volunteer employees, also known as delegates, covering 80 countries. Their role is to select local partners in the fields of vocational training in the energy sector, entrepreneurship, the fight against energy poverty, and raising sustainability awareness. They inform the employees of their entity, as well as the Foundation. They follow the progress of the projects after they have been launched. Each proposed project is subject to a review process based on administrative and financial data by the Schneider Electric Foundation and by Fondation de France before funds are released.

The delegates manage a digital platform, VolunteerIn, that groups together all the missions proposed by the Foundation locally and internationally. Available in eight languages, the platform can be accessed from anywhere in the world and enables employees to apply for volunteer assignments for the benefit of the Foundation's partners and their beneficiaries.

Finally, the delegates coordinate the organization of the Schneider Electric Foundation's campaigns for international mobilization such as the Tomorrow Rising fund. This showcases local initiatives to a global audience. They also engage in campaigns organized following natural disasters.

Each year, around 35,000 employees in 50 countries take part in these campaigns.

5.3.6.2 Standardize measurement to improve the impact and coherence of actions in favor of sustainability

The Schneider Electric Foundation is a ground-breaker in the measurement of the social impact of the actions that it supports. The idea is to enable its partners to better fulfill their missions by identifying areas for improvement.

The Schneider Electric Foundation is assisted in particular by KiMSO, a social impact assessment consulting firm. A first study was conducted in 2018, as part of the fight against energy poverty, to draw up an innovative methodology to assess the social impact of missions. This methodology is placed at the disposal of project sponsors. Cler, the Energy Transition Network, has used this methodology.

More recently, KiMSO conducted an impact study of the Tomorrow Rising project. From now on, all training projects with a budget in excess of EUR 20,000 will be systematically assessed.

5.4 Territorial positioning and impact on economic and social development in France

Wherever it operates, Schneider Electric makes a strong commitment to community partners and civil society through positioning itself in a way that is indispensable for a global enterprise that wants to keep in touch with the labor markets of its industrial locations. Numerous projects under way and on the drawing board demonstrate Schneider Electric's desire to be engaged, notably in the area of employment, and to contribute fully to local economic development.

5.4.1 Business creation and takeover support in France

For more than 26 years, Schneider Electric in France has supported employee projects to create businesses or business takeovers through *Schneider Initiatives Entrepreneurs* (SIE), through a dedicated structure (*Pass Créations*) demonstrating the Group's commitment to its local labor markets: promoting actions to support local economic development, and proposing and supporting volunteer employees in reliable career paths that are external to the Group. It comes resolutely within the development of a spirit of entrepreneurship.

SIE provides support for Schneider Electric employees at all stages of business creation, as well as afterward, with a follow-up period of three years. Sustainability rates at three years remain above 85%.

SIE's dedicated team of seasoned managers and young work/ study participants are responsible for reviewing the financial, legal, technical and commercial aspects of business creation or company purchase projects to ensure they are viable and sustainable.

Since 1994, 1,830 projects have been supported, and 1,597 of them have resulted in the creation or takeover of a business: these include electricians, bakers, organic trades, consultants, asset managers, florists, etc., creating more than 3,885 jobs (employees recruited by the founders to support company growth).

The SIE structure is represented directly or indirectly in local business networks and enhances the quality of services offered through partnerships with associations such as *Réseaux Entreprendre, France Initiative* and other local structures.

Thanks to SIE's expertise in entrepreneurship, it is regularly called upon to develop training courses in this field. SIE is highly active in the promotion of spin-offs (business creation and takeover support for employees), in particular through the *DIESE* association made up of other major groups.

Since 2008, SEI teams have showcased and rewarded the six most creative projects for company creation or takeover by employees of the Group through the *Vivez l'Aventure* competition. This competition and the prize-giving bring together many managers from the Group as well as political and economic figures. This event is an opportunity to reaffirm the important role this scheme plays in the Group's values and strategy.

5.4.2 Economic development of territories

The SIE teams manage many actions to contribute to local economic development, for example:

- Specific missions within the fabric of the local SMEs (small and medium enterprises) carried out by Schneider Electric senior experts or missions in the framework of skills-based sponsorship (*Alizé system*);
- Pass Compétences, which allows experienced managers to take long-term assignments with SMEs. These experts invest in structuring and strategic development projects for SMEs;
- Support for organizations dedicated to the creation of activities and companies (*Réseau Entreprendre, France Initiative*, etc.); and
- A club of companies that brings together the main French industrials (CIADEL) to support actions in favor of the local economy by their combined means and shared experiences.

Other organizations such as ADIE (Association for the Right to Economic Initiative) are also financially supported by the provision of seconded employees under a skills sponsorship scheme.

5.4.3 Giving support to associations and NGOs

SIE supports employees who want a career path external to the Group within the framework of a skills-based sponsorship system called *Pass Associations*. This system enables employees to work on defining projects with partner associations or NGOs for one or two years. It encompasses all types of professions, and there are some thirty effective assignments each year.

These specific systems are valued and taken into account in human resources processes and management in France.

5.4.4 Revitalization of local employment pools

The pilot SIE structure was used to implement the revitalization actions put in place during the industrial development of certain local labor markets. The involvement of teams in local economic networks optimizes the allocation of resources where they are most needed under these agreements.

5.4.5 Social integration of disadvantaged young adults in France

Diversity of backgrounds, cultures, profiles and experience is always a source of wealth, sharing new ideas and innovation. In priority urban areas, there is a huge amount of talent that is eager to grow. Recognizing this, Schneider Electric believes that companies have a role to play. It is their duty to act, particularly in the heart of the markets in which they operate.

Convinced of the need to better support young people entering the workforce, Schneider Electric is involved in different ways: training, work/study programs for young adults from underprivileged backgrounds entering the workforce, partnerships with schools and associations, financial support for young students, and participation in technical or general training courses. Such is the scope of the initiatives implemented by Schneider Electric. These actions complement the partnerships established within the framework of the Schneider Electric Foundation.

The unemployment of young people, especially those living in priority employment neighborhoods is unacceptable and efficient actions have been put in place to reduce this scourge, regardless of the economic, social, or industrial situation.

Schneider Electric is involved in three major programs. Two of them are sponsored by the French Government: paQte (priority neighborhoods under the City Policy, QPV)) and the "*La France, une chance. Les Entreprises s'engagent*" program. The third program, "*Le Collectif pour une Économie plus Inclusive*," is sponsored by companies.

This group was initiated by the CEO of Danone at the end of 2018. Schneider Electric joined the group and has developed the "Inclusion focus" in France in ten cities (Aubervilliers, Strasbourg, Rouen, Marseille, Lyon, Bordeaux, Nantes, Lille, Toulouse and Grenoble). Within this framework and in conjunction with state employment stakeholders (the French Public Employment Service, Youth Employment Centers and *Maison de l'Emploi)*, it organized Neighborhood-oriented Forums, e-forums during the pandemic and coaching sessions for the youth.

Lastly, there is the "100 opportunities – 100 jobs" system, which takes in more than 1,000 young people primarily from priority neighborhoods (QPV) and helps them to find long-term employment or training in some 40 cities in France. It is a real public/private partnership that brings two worlds together for work.

The "100 opportunities – 100 jobs" system was implemented for the first time in Chalon-sur-Saône in 2005, and by the end of 2020 more than 8,000 young people had been involved with 68% achieving positive exits, fixed-term contracts or interim contracts longer than six months, permanent contracts, or a qualification or diploma training.

In 2020, the program was deployed in Mantes La Jolie, Argenteuil, Les Mureaux and Provins.

5. Schneider Electric, an eco-citizen company

Schneider Electric works to help inhabitants of the disadvantaged neighborhoods identified in the City Policy (QPV) and is naturally in line with the PaQte (Pact with Neighborhoods for all Companies) with respect to the four pillars of Raise Awareness, Train, Recruit, and Buy.

In 2020, with the coronavirus pandemic, specific actions were put in place to take in junior secondary school students "remotely" for their one-week observation internships, in partnership with the association, *Tous en Stages*. In certain cases, some students were able to do their placements on site.

Schneider Electric in France includes integration clauses in contracts to encourage suppliers to become committed to an approach of vocational integration of persons who are outside the job circuit. Schneider Electric in France challenges employment agencies to put in place temporary occupational integration contracts (CIPI) and interim open-ended employment contracts (CDI-I), which accompany the unemployed toward long-term employment and encourage temporary work that integrates people.

Finally, Schneider Electric has partnered with many other structures or associations: *École de la Deuxième Chance*, *les Entreprises pour la Cité*, FACE, *Télémaque, Fondation de la 2ème Chance*, EPA, *La Cravate Solidaire*, *la Varappe*, etc.

5.4.6 Schneider Electric School

In 1929, Schneider Electric founded its own school – Paul-Louis Merlin – in Grenoble, to address the difficulty of recruiting skilled labor in the energy industry and help young people in precarious situations to access promising jobs. Today, it still focuses on vocational training in Schneider Electric areas of expertise, with innovative training approaches and close alignement with actual industry practices.

Students leave with qualifications enabling them to continue in higher education or take employment in innovation-rich energy-sector fields such as renewable energies, home automation and smart buildings as well as energy management.

In 2019, to reinforce the link with the Group, the school changed its name to École Schneider Electric and a new vocational training has been added in the frame of the creation of its CFA (*Centre de Formation d'Apprentis*).

The CFA begun its first academic year in September 2020, with an intake of 70 apprentices studying for a vocational diploma in domotics and communicating buildings as well as a professional bachelor's degree in connected buildings and smart energy management.

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6. Methodology and audit of indicators

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6.1 Methodology elements on the published indicators

Schneider Electric has drawn up a frame of reference with reporting methods for Schneider Sustainability Impact's (SSI) indicators and for Human Resources, safety and environmental data.

This frame of reference includes the scope, collection and consolidation procedures and definitions of this information. As it is engaged in a process of constant improvement, Schneider Electric is gradually supplementing this work to adapt its frame of reference for sustainable development indicators to changes in the Group. This document is updated every year.

In keeping with its commitment to continuous improvement, Schneider Electric asked Ernst & Young to conduct a review in order to obtain a "limited" level of assurance for certain Human Resources, safety and environmental data indicators, and all of the key performance indicators from the SSI (see Independent verifier's report on pages 198 to 199). The audit work builds on that conducted since 2006.

As a general rule and subject to any particular exception to be set out in the universal registered document:

(i) Schneider Electric reports extra-financial data at Group level for all entities over which it has operational control, within 2 years of acquisition;
(ii) Data is consolidated over all fully integrated companies within the scope of financial consolidation, including joint ventures over which the Group exercises exclusive control;
(iii) Units that belong to Group companies which are fully consolidated are included in reporting on a 100% basis;
(iv) companies accounted for by the equity method are not included in the reporting.

6.1.1 Human Resources, safety and environment indicators

The Human Resources (HR), safety and environmental data come from our HR Analytics for the HR data, Resource Advisor for Environmental data and GlobES (Global Environment and Safety) for the safety data. Its consolidation is placed respectively under the Global Human Resources and the Global Supply Chain functions. Data reliability checks are conducted at the time of consolidation (review of variations, inter-site comparison, etc.). Details for data coverage are specified in tables pages 200 to 213 for each topic and are generally well above 80%.

The safety data of the sites are included in the Group metrics after one complete calendar year following their creation or acquisition. A site joining the Group in year n will be included in the metrics on January 1, n+2, except in exceptional circumstances when an agreement stipulates that the safety data will not be included for two years.

The scope of environmental reporting is that of ISO 14001-certified sites, and certain non-certified sites on a voluntary basis and without interruption in time. All production and logistics sites with 50 or more FTE employees must obtain ISO 14001 certification before the end of the third full calendar year of operation or membership of the Group. Administrative, R&D and sales sites with 500 FTE employees or more also have to obtain ISO 14001 certification. Other sites may seek certification and/or report on a voluntary basis. A difference can be thus recorded with respect to the scope of financial consolidation.

6.1.2 Indicators from the Schneider Sustainability Impact

SSI#1 80% renewable electricity

This indicator measures the share of renewable electricity in Schneider Electric electricity supply, on the scope of environmental reporting (industrial sites >50 employees and tertiary sites >500 employees certified ISO 14001). Five different types of renewable sourcing are taken into account: renewable electricity produced onsite and consumed onsite, renewable electricity produced onsite and sold to a third party, renewable power purchase agreements (PPAs), green tariffs and renewable certificates (depending on the country, REC, iREC, GO, etc.).

Electricity purchased with no specific renewable electricity claim is not taken into account, even if the electricity mix of the supplier includes a share of renewable power.

This indicator was audited by Ernst & Young.

SSI#2 10% CO_2 savings in transportation

This indicator includes emissions from the transport of goods purchased by Schneider Electric, covering 75% of the Group's total transport costs.

The measurement of CO_2 equivalents combines the impact of the following greenhouse gases: CO_2, CH4, N_2O, HFCs, SF_6, PFCs, NOx and water vapor.

Two methods, developed in partnership with a specialized firm, are used by carriers to measure CO_2 equivalent emissions: energy-based method (calculation based on fuel combustion – preferred method) and activity-based method (calculation based on the mileage and the weight of transported goods – accepted method).

6. Methodology and audit of indicators

Current year data are corrected based on carbon intensity of previous year, so that gains in carbon efficiency take into account changes in business activity. 2018 is the first year of the 2018-2020 triennial strategic plan.

The target by the end of the program is to reduce our CO_2 emissions by 10% in 2020 compared to 2017 baseline.

Calculation methodology and reporting in the SSI of the transport CO_2 KPI:

- In 2018: 2018 reduction vs 2017
- In 2019: 2019 reduction vs 2017
- In 2020: 2020 reduction vs 2017

This indicator was audited by Ernst & Young.

SSI#3 120 million metric tons CO_2 saved on our customers' end thanks to our EcoStruxure offers
This indicator measures CO_2 savings delivered by Schneider Electric offers to customers. CO_2 savings are calculated for sales of the reporting year and cumulated over the offers' lifetime. Emissions are calculated as the difference between emissions with Schneider Electric's offer and emissions in the reference situation.

The ambition for this indicator has been increased in 2019, former target was 100 million metric tons CO_2 saved due to the extension of the methodology to new offers.

The methodology distinguishes "saved" and "avoided" emissions: saved CO_2 emissions correspond to brownfield sales that enable reduction of global CO_2 emissions compared to previous years, and avoided CO_2 emissions correspond to greenfield sales that enable a limitation of the increase of global emissions. Brownfield sales correspond to the situation where the offer sold replaces or upgrades an existing system, leading to a change of GHG emissions of installed infrastructure versus the previous year. For "saved" emissions, the "brownfield reference situation" is defined as the situation before the new solution is sold and installed at the customer's site. Only "saved" CO_2 emissions are published in this indicator but both "saved" and "avoided" emissions can be calculated with the methodology.

The calculation of CO_2 impact of offers over their lifetime is based on sales data per product range. Market data and expert assumptions are used to determine the use-case scenario of offers and the associated CO_2 impact. This methodology is associated to typical uncertainties of CO_2 corporate accounting methodologies, and conservative assumptions are preferred.

More methodological details can be found in our website that has been made public in 2019.

This indicator was audited by Ernst & Young.

SSI#4 25% increase in turnover for our Energy & Sustainability Services
Energy and Sustainability Services (ESS) is a global Division of Schneider Electric and has its own node in the Group reporting system (see Active Energy Management section pages 97 to 98).

Every year all Group entities perform a restatement of their outside Group Sales in order to neutralize all the changes of perimeters (internal and external). Thanks to this exercise, the year on year growth of the sales is at constant perimeter and is also at constant rate.

The measurement is taken directly from the Group reporting system.

This indicator was audited by Ernst & Young.

SSI#5 75% of sales under our new Green Premium program
Beginning in 2018, the scope of Green Premium has been expanded to cover all Schneider offers including services and solutions in addition to products.

A product is declared Green Premium™ when it meets all the following conditions:
- It complies with the European RoHS Directive;
- It has information available concerning the presence of Substances of Very High Concern (SVHC) under the European REACH regulation and refers to the two most recent lists;
- It does not contain any REACH SVHCs past the sunset date;
- It has a Life Cycle Analysis (ISO 14044) with an Environmental Disclosure available for customers (ISO 14025 Type III or ISO 14021 Type II) providing a material assessment, a recyclability rate and the calculation of environmental impacts including the consumption of raw materials and energy, the carbon footprint and damage to the ozone layer;
- It has a guide that identifies and locates the sub-assemblies or components that require a particular recycling process, referred to as the circularity profile; and
- It complies with a minimum of two performance claims or one external label, as listed in the Green Premium Playbook.

The indicator measures the share of sales made with a Green Premium™ offer from sales figures. For the 2020 final KPI, 2019 sales figures where used.

The Green Premium™ eligible scope for 2018-2020 covers all Schneider Electric businesses: Energy Management, Industrial Automation and Services, except Video Products, Residential and Thermal Control and ETO (engineered to order) Low Voltage Equipment.

The Green Premium™ program was expanded in early 2018 to include additional environmental performance claims, the deployment is phased for 2018-2020, starting with product offers only.

The total eligible turnover, obtained from our product sales consolidated at Product Reference, has been extended in 2019 to include Solutions, Services & Software. It amounts to 18.91 billion euros in 2020.

This indicator was audited by Ernst & Young.

SSI#6 200 sites labeled Towards Zero Waste to Landfill
A site achieves Towards Zero Waste to Landfill, if it recovers, by weight of its annual waste production, more than 99% of its metal waste and more than 97% of its non-metallic waste, as well as 100% proper handling and treatment of hazardous waste. Proper handling and treatment of hazardous waste means that hazardous waste shall be handled as per Schneider Electric's requirements and local regulations, whichever is the most restrictive.

Waste is considered as recovered if it is sent to a waste provider for recycling or disposal in any manner except landfill and incineration without energy recovery. Waste composting and energy recovery systems qualify as recovered.

This indicator relates to all sites included in the environment reporting perimeter. In 2019, the calculation of this indicator changed since 2018. The amounts of reduced/avoided waste declared by sites are now considered in the calculation of the waste recovery ratios. Reduced waste was optionally reported by sites in Resource Advisor in 2020.

This indicator was audited by Ernst & Young.

SSI#7 100% cardboard and pallets for transport packing from recycled or certified sources
The objective is that, from 2018 to 2020, cardboard and pallets purchased by Schneider Electric for transportation, progressively increase to being 100% from recycled materials or certified sources.

The scope includes tier-one strategic suppliers until 2020 with a direct purchase of cardboard and pallets in the Schneider Electric procurement system. Geographically, all regions under the global supply chain will be covered.

Every reporting period, the spend on cardboard and pallets is extracted from the system and each element is classified as recycled, certified or none. Verification is done for recycled and certified declarations on the definitions already provided as well as certificates and other documentary evidence from suppliers. The list of eligible certificates/documents is continually updated to make it exhaustive and to cover countries' specificities.

A global campaign is being run in all global supply chain regions to progressively move the spend to recycled or certified sources with sponsorship from top management.

This indicator was audited by Ernst & Young.

SSI#8 120,000 metric tons of avoided primary resource consumption through ECOFIT™, recycling and take-back programs
This indicator quantifies all industrial activities that contribute to the Circular Economy model, such as repair, reuse, refurbish and recycling, thus avoiding waste, material and energy consumption, CO_2 emissions and/or water depletion.

The scope includes worldwide activities across all businesses (Energy Management, Industry, Services) and relevant product families (LV/MV Equipment, Transformers, UPS-es, Inverters, protection relays, PLCs etc), with offers like ECOFIT™, take-back programs and recycling.

The indicator is calculated as the sum of primary resources consumption avoided by each activity, with calculation method varying per activity. When available, exact weights are reported. Otherwise, average weight for each category of device is used for calculations.

Each activity reports quarterly, half-yearly or annually, depending upon the activity. The verification is done based on ERP/logistics systems extracts, sales datasheets or third-party certificates.

The ambition for this indicator was increased in 2019, former target was 100,000 metric tons of avoided primary resources consumption.

This indicator was audited by Ernst & Young.

SSI#9 70% scored in our Employee Engagement Index
During the OneVoice employee engagement surveys, Schneider Electric employees are asked a series of questions; six of them are used to generate the Employee Engagement Index (EEI). The EEI is a standard international index.

Our bi-annual surveys moved from twice a year to once a year since 2018, to free up HRBPs and Managers' energy and allow time to deep dive into the results and build impactful action plans.
All employees are surveyed; Open-Ended Contracts and Fixed-Term Contracts with an active status in our HR system (excluding trainees and interim employees). Employees are surveyed via email, for those who have a professional mailbox, or via kiosks installed in the plants (or via an IT room), for other employees.
the survey's feedback is held in an external platform to protect employees' confidentiality.

This indicator was audited by Ernst & Young.

SSI#10 0.88 medical incident per million hours worked
The Medical Incident Rate (MIR) is the number of work incidents requiring medical treatment per million hours worked (i.e. average hours of 500 employees working for one calendar year), including injuries and occupational illnesses. Incidents may or may not have resulted in a day off.

All incidents reported on Schneider Electric sites are counted (including therefore incidents affecting Schneider Electric employees and other employees working under the supervision of Schneider Electric, i.e. temporary workers). All Schneider Electric sites are taken into account. Medical incidents do not include: visits to a physician or other licensed healthcare professional solely for observation or counseling; the conduct of diagnostic procedures, such as x-rays and blood tests, including the administration of prescription medications used solely for diagnostic purposes (e.g. eye drops to dilate pupils); or first aid.

The focus of the Medical Incident Rate (MIR) is on the identification and evaluation of workplace hazards. The resulting corrective actions assist in the elimination of recurring incidents and the prevention of injury. The Group has used the MIR as a key performance indicator on a global basis since 2010.

The ambition for this indicator was increased in 2019 (former target was 1 medical incident per million hours worked).

This indicator was audited by Ernst & Young.

SSI#11 90% of employees have access to a comprehensive well-being at work program
This indicator measures the number of employees having access to our combined commitment for a well-being at work program.

The first pillar of the program is the access to medical coverage. Schneider Electric ensures that it provides its employees with access to a standard level of healthcare coverage, irrespective of level, and provides access to healthcare coverage for their eligible dependents. Access to cover is defined by local regulations and employment agreements, i.e. collective and/or labor agreements. Cost of the standard level of healthcare cover may be borne by the Company and/or the employee.

6. Methodology and audit of indicators

The second pillar is the awareness and training piece. Empowering Schneider Electric's employees to manage their unique life and work by making the most of their energy through learning and practice. At Schneider Electric there is a holistic approach to Well-Being which comprises of: Physical, Emotional, Mental, and Social well-being. Employees have access to trainings provided by the Global Well- Being team, and/or local training that has been reviewed and approved by the global team.

The indicator covers all countries where Schneider has active Open End Contract employees under Schneider compensation and benefit frameworks, including DVC and NDVC. Also including China Fixed Term Contract active Schneider employees.

Third party contractors, joint venture and recent acquisition are excluded.

This indicator was audited by Ernst & Young.

SSI#12 100% of employees are working in countries that have fully deployed our Global Family Leave Policy
This indicator measures the percentage of employees who work in countries that have fully deployed our Global Family Leave Policy (GFLP).

Under the GFLP, countries must meet the global minimum standards of the policy, which includes fully paid leave for primary parental leave (12 weeks) for both natural birth and adoption, secondary parental leave (2 weeks) for natural birth and adoption, care leave for immediate family members that require elder care or care for a serious health condition (1 week) and bereavement leave (1 week).

All permanent employees globally and fixed-term contracts in China are included. Interim workers, other fixed-term contracts, trainees, and apprentices are excluded.

This indicator was audited by Ernst & Young.

SSI#13 100% of workers received at least 15 hours of learning, and 30% of workers' learning hours are done digitally
Schneider Electric workers – shop floor employees in plants and distribution centers – need to get connected to digital tools and digital training resources in order to develop themselves, grow in the Company and develop their career. Eligible worker scope represents 97% of Schneider total workers population (interim staff and interns as well as people joining after January 31 of the year are excluded).

For this, the ambition is that each worker will do a minimum of 15 hours learning each year, and also, 30% of all workers' learning hours will be done digitally, using resources provided to all in the digital learning corners that Schneider Electric is setting in all its plants and distribution center.

The ambition for this indicator was increased in 2019 (former target was 12 hours learning).

Indicator 13 score has been adjusted for 2020 to take into account the impact of the pandemic on face to face training not being able to take place. As agreed with external auditors, a 'rule of three' removing one quarter from the calculation has been applied for the annual results. This means that, in 2020 only, performance for indicator 13 is calculated against a target of 11.25 hours of training (instead of 15 hours). With the 15-hours threshold, indicator score would have been 86.6%, instead of 90%. These modifications are important to reflect well the work of our teams in an exceptional context, but they do not significantly alter the overall SSI performance (0.3% change).

The indicator is the average of the completion of the two ambitions.

This indicator was audited by Ernst & Young.

SSI#14 90% of white collars have individual development plans
All white-collar employees are required to participate in an annual development discussion with their manager that is linked to the annual performance review. This should result in the updating or creating of an individual development plan. During 2020, 92% of white collar employees created or updated an individual development plan with at least one specific development goal.

This indicator was audited by Ernst & Young.

SSI#15 95% of employees are working in a country with commitment and processes in place to achieve gender pay equity
This indicator measures the percentage of employees who work in countries where there is an operating gender pay equity plan, i.e. measurement of pay equity and, if pay gaps, corrective actions in place.

Schneider Electric uses a common global standard methodology to identify gender pay gaps within comparable groups of employees and uses a country driven approach to address gaps with appropriate corrective actions.

All permanent employees globally and fixed-term contracts in China are included. Supplementary workers, other fixed-term contracts, trainees and apprentices are excluded.

This indicator was audited by Ernst & Young.

SSI#16 5.5 pts/100 increase in average score of ISO 26000 assessment for our strategic suppliers
The objective is to motivate strategic Group suppliers to roll out and monitor improvement plans conforming to ISO 26000 guidelines. An assessment of stategic suppliers is carried out by a third party. The assessments are monitored during business reviews with Schneider Electric buyers, with a view to continuous improvement according to the guidelines of ISO 26000.

The Group has set to engage all its strategic suppliers in a process of continuous improvement on this pillar. At the end of 2020, about 700 strategic suppliers representing c. 70% of total strategic purchase volume have submitted their data. Sustainable development has become one of the seven pillars used to measure supplier performance since 2011. ISO 26000 assessments that result in a score lower than 25/100 are not taken into account, as these fall under the category "beginner" and are excluded automatically.

The ambition for this indicator was increased in 2019 (former target was a 5 pts/100 increase).

This indicator was audited by Ernst & Young.

SSI#17 350 suppliers under Human Rights and Environment vigilance received specific on-site assessment
This indicator measures the number of on-site audits performed, regarding Environment, Health & Safety, Labor (human rights) and Management System pillars. The targeted suppliers are defined leveraging a third party methodology and the audit referential is from recognized best industry practices RBA alliance (Responsible Business Alliance, previously EICC). Audits performed by third party companies are also included in the calculation.

The ambition for this indicator was increased in 2019 (former target was 300 on-site assessments).

This indicator was audited by Ernst & Young.

SSI#18 100% of sales, procurement, and finance employees trained every year on anti-corruption
Launched in 2018, the anti-corruption e-learning, initially mandatory for Finance, Sales and Procurement teams, was extended to 201 job codes identified at risk, representing approximatively 38,000 employees in 2020, compared to 23,000 employees in 2018. The indicator scope excludes c. 3,200 FTC employees in China with eligible job codes. At the end of 2020, 94% of exposed employees had completed this e-learning.

This indicator was audited by Ernst & Young.

SSI#19 x4 turnover of our Access to Energy program
This indicator tracks the growth rate of the Access to Energy program's annual turnover, based on the actual 2017 turnover.

It covers the sales in Africa and The Middle East, Asia and South America of all products and solutions which contribute to providing access to modern energy for populations living in rural and peri-urban areas: individual lighting, individual and collective electrification, energy services and training equipment and training contracts. Sales are aggregated every quarter based on invoicing data from operational entities.

This indicator was audited by Ernst & Young.

SSI#20 400,000 underprivileged people trained in energy management
The deployment of professional training programs in energy management dedicated to underprivileged people enable these people to acquire skills to pursue a career that offers them, as well as their families, the means for a decent standard of living. These courses are defined according to a local reference and justifiable by the partner.

In partnership with local and international NGOs and local authorities, the Schneider Electric Foundation and the Company's local entities provide direct and indirect contributions to professional training centers. The objective is to help them improve the level of vocational training courses with diploma or certification in energy management. The minimum duration of these courses is three months (or totaling 100 hours).

Contributions may be (cumulative possible):

- funding of electrical and didactic equipments, donation of request equipment, first generation, for practical work;
- knowledge transfer through trainer training, and support for future entrepreneur training.

As a technical partner, Schneider Electric does not pay operating expenses.

The ambition for this indicator was increased in 2019 (former target was 350,000 people trained).

Indicator 20 score has been adjusted for 2020 to take into account the impact of the pandemic on specific actions such as face to face training not being able to take place. As agreed with external auditors, a 'rule of three' removing one quarter from the calculation has been applied for the annual results for these two indicators only. This means that, in 2020 only, performance for indicator 20 is calculated against a target of 380,000 (instead of 400,000). These modifications are important to reflect well the work of our teams in an exceptional context, but they do not significantly alter the overall SSI performance (0.3% change).

This indicator is audited annually by Ernst & Young.

SSI#21 15,000 volunteering days thanks to our VolunteerIn global platform
Schneider Electric employees' volunteering activities mainly take place in vocational or educational NGOs (vocational and technical training, schools, universities, etc.), and companies supported by the Schneider Electric Access to Energy Fund and more globally in all organizations referenced by the Schneider Electric Foundation delegates in their countries. They principally benefit disadvantaged young people or underprivileged families and are organized depending on the personal or professional skills of the volunteers and the needs identified by the supported organizations (specialized or non-specialized needs).

Missions are posted on a dedicated digital and multilingual platform called VolunteerIn enabling Group employees to apply for volunteer missions among the Foundation's partners.

In 2020, Schneider Electric employees worldwide increased their engagement with the "Tomorrow Rising Fund" launched by the Schneider Electric Foundation to support emergency and longer-term reconstruction activities related to COVID-19, creating new partnerships. In this difficult period, volunteers have accelerated their contribution to initiatives aiming at access to food, to education and to health mainly through digital missions which were promoted to help the most vulnerable and above all the youth in need of support, coaching, advices etc.

One day of volunteering is counted when a staff member dedicates five hours of his or her time to one of these partner organizations. The indicator also includes the training missions organized abroad for a period of five days minimum.

The ambition for this indicator was increased in 2019 (former target was 12,000 volunteering days).

This indicator was audited by Ernst & Young.

6.2 Concordance of indicators with the French Non-Financial Performance Declaration themes

The table below indicates the page numbers of the report in which the various indicators are mentioned.

General disclosure	Pages
Business model	14-15
Description of the key non-financial risks	76-81
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1 Social information	Pages
a) Employment	
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Organization of working time	204-209
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Health and safety conditions in the workplace	146-149 ; 209
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e) Training	
Training policies implemented	153-156
Total number of training hours	210
f) Equality of in the workforce	
Measures taken towards gender equality	157-164
Measures taken towards employment and involvement of persons with disabilities	157-164
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g) Promotion and respect of the provisions of the International Labor Organization's fundamental agreements relating to:	
• respect of the freedom of association and the right to collective bargaining;	101-102 ; 167-169
• eradication of discrimination in employment and profession;	101-102 ; 157-164
• eradication of forced or obligatory labor;	101-102
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2 Environmental information	Pages
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Organization of the Company to take into account environmental questions and, when necessary, environmental evaluation or certification approaches	130-135
Employee training and information actions regarding environmental protection	121
Environmental risk and pollution prevention means	135
Amount of provisions and cover for environmental risks except if this is likely to cause serious harm to the Company in a pending litigation	317
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Consideration of any form of pollution specific to an activity, particularly noise and light pollution	135
c) Circular economy	
Waste prevention and management	136-139
Measures for prevention, recycling, reuse, other forms of recovery and removal of waste	136-139
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Raw material consumption and measures taken to improve the efficiency of their use	136-142 ; 193
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Land use	Not material
d) Climate change	
Significant sources of greenhouse gas emissions generated as a result of the Company's activities, particularly through the use of the goods and services it produces	202-203
Measures taken to adapt to the consequences of climate change	122-127 ; 194-197
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e) Biodiversity protection	
Measures taken to preserve or develop biodiversity	128-129
3 Information relating to societal commitments in sustainable development	
a) Territorial, economic and social impact of the Company's activities	
Regarding employment and regional development	170-184
On neighboring or local populations	170-184
b) Relations with the persons or organizations involved in the Company's activities, particularly involvement organizations, teaching establishments, environmental defense organizations, consumer associations and neighboring populations	
Conditions of dialog with these persons or organizations	170-184
Partnership or sponsorship actions	170-184
c) Subcontracting and suppliers	
Consideration within the Company's purchasing policy of social and environmental issues	110-117
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Measures taken towards consumer health and safety	140-143
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e) Other actions taken related to human rights, within the scope of this third indicator	101-102

6. Methodology and audit of indicators

6.3 Sustainability Accounting Standard (SASB) Correspondance table

Topic	Accounting metric	Category	Unit of measure	Code
Energy Management	(1) Total energy consumed	Quantitative	Gigajoules (GJ)	RT-EE-130a.1
	(2) percentage grid electricity		Percentage (%)	
	(3) percentage renewable			
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	RT-EE-150a.1
	Number and aggregate quantity of reportable spills, quantity recovered		Number, Kilograms (kg)	RT-EE-150a.2
Product Safety	Number of recalls issued, total units recalled	Quantitative	Number	RT-EE-250a.1
	Total amount of monetary losses as a result of legal proceedings associated with product safety		Reporting currency	RT-EE-250a.2
Product Life cycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%) by revenue	RT-EE-410a.1
	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria			RT-EE-410a.2
	Revenue from renewable energy-related and energy efficiency-related products		Reporting currency	RT-EE-410a.3
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	RT-EE-440a.1
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	n/a	RT-EE-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Reporting currency	RT-EE-510a.2
	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative		RT-EE-510a.3
Activity metrics	Number of units produced by product category	Quantitative	Number	RT-EE-000.A
	Number of employees			RT-EE-000.B

Response/ Data/ Reference	Topic
The following KPIs covers our measured energy consumption (about 85% of Group energy consumption) (1) 3,677,540 GJ (1,021,539 MWh) (2) 57.8% (590,687 MWh) (3) 57.7% (589,384 MWh)	Energy Management
Hazardous waste generated: 7,685 tons. Hazardous waste channeled according to Schneider Electric expectations: 7,667 tons.	Hazardous Waste Management
Zero reportable spills in 2020, therefore no recovered quantity to report.	
12 product recalls have been issued in 2020. Schneider Electric has an Offer Safety Alert (OSA) process to alert the relevant Line of Business and other interested parties as soon as it is suspected that customers' health or property safety may be put at risk by Schneider products, solutions, or projects. The Offer Safety Alert Committee (OSAC) is a permanent corporate committee that oversees and regulates the management of OSA. Its mission is to ensure all OSA are managed with the due diligence and urgency to minimize safety risks to customers. Its independent, multi-discipline nature allows the OSAC to make decisions in our customers' best interest.	Product Safety
No material loss at the Group level.	
Around 60 to 70% of our products (by turnover) contain IEC 62474 substances (which covers 37 worldwide regulations and about 160 substance families). With the current information collected from our supply chain, we manage to cover nearly all substances and regulations. Information disclosed for our Green Premium products covers these substances. More details on Green Premium in section 3.6 "Environmental Product Stewardship".	Product Life cycle Management
This metric is not relevant at global level as it is only applicable in US and Canada. Revenues derived from ENERGY STAR UPS are included in our Green Revenues measure (see below).	
Schneider Electric measures "Green Revenues", ie revenues coming from offers that bring energy, climate, or resource efficiency to our customers, while not generating any significant harmful impact to the environment. In 2020, 72% of Group revenues qualify as green. The Group aims to grow its Green revenues to 80% by 2025 as part of SSI 2021-2025.	
Details regarding our sustainable procurement practices are provided in section 2.9 "Relations with subcontractors and suppliers", in particular our Conflict Minerals and cobalt programs. When the country of origin is known to be in the conflict zone, 100% of the smelters and refiners were verified conformant. Therefore, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries. The Group is exposed to fluctuations in energy and raw material prices, in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics. The Group has implemented certain procedures to limit exposure to rising non-ferrous and precious raw material prices. The Purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.	Materials Sourcing
As stated in our Principles of Responsibility and Anti-Corruption Code of Conduct, Schneider Electric is committed to comply with all applicable laws and regulations, such as the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and the French Sapin II law. Schneider Electric applies a zero-tolerance policy towards corruption and other unethical business practices and considers that "doing things right" is a key value-creation driver for all its stakeholders. We count on our employees and third parties to promote business integrity. A thorough description of our policies and practices is provided in section 2.2 "Schneider Electric's Principles of Responsibility", 2.4 "Ethics & Compliance program", as well as 2.5 "Focus on anti-corruption".	
In 2020 Schneider Electric signed a settlement agreement with the U.S. Department of Justice (DOJ) and the U.S. Attorney's Office (USAO) as a consequence of a former employee engaged in illegal activity. Schneider Electric was not convicted of any wrongdoing and no criminal charges were brought. Schneider Electric terminated the employment of this individual when we were made aware of this issue, and cooperated with the Department of Justice investigation. In addition to our long-standing mandatory Principles of Responsibility training for all employees, which includes clear ethical expectations for work with clients, suppliers and other employees, we also provided additional training to our teams involved in performance contracting.	Business Ethics
No material losses.	
A breakdown of revenues by activity is provided in Chapter 1 (1.4 and 1.5).	Activity metrics
128,770 (spot 2020 year-end headcount). More workforce statistics in section 7.2 "Social Indicators".	

6.4 Task-force for Climate Related Financial Disclosure (TCFD) correspondance table

Climate Change has been clearly identified as crucial to both Schneider Electric's internal and external stakeholders during the various materiality assessments that took place in 2014, 2017 and 2020. It is also one of the pillars of the Group's Ethics Charter (Principles of Responsibility). Overall, transformations linked to climate change are a source of opportunities for Schneider Electric, the main risk being to fail leading by example and thereby lose traction with customers, investors, new talents and collaborators in the company. Concrete climate-related programs to either grab opportunities, or mitigate risks are deployed every 3 to 5 years in our Schneider Sustainability Impact (SSI) and complement the Group's Climate Pledge – our short-term (2025), mid-term (2030) and long-term (2040, 2050) objectives, aligned with a 1.5°C trajectory. We present below our main climate-related disclosures in line with TCFD recommendations.

Recommended Disclosure	CDP Climate Change & URD 2020 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
1. Governance: Disclose the organization's governance around climate-related risks and opportunities.		
1. a) Describe the board's oversight of climate-related risks and opportunities.	CDP – C1.1b URD – chapter 2 (2.1.5; 2.3); chapter 3 (3.1.4)	The process for designing a new SSI includes a sustainability risks and opportunities assessment (including climate), which leads to the design of concrete transformation programs to align the company on the challenges identified. Several governance bodies are involved in this process: • The Board of directors and its Human Resources and CSR Committee; • The Executive Committee and its Group Sustainability Committee; • The SSI Steering Committee and the Sustainability Department; • A Carbon Committee is in charge of continuously assessing climate-related risks and opportunities, to steer the Climate Pledge and to propose a strategy and management plan to the Group Sustainability Committee. Additionally, environmental transformations are driven by a network of leading experts in various environmental fields (eco-design, Energy Efficiency, Circular Economy, CO_2, etc.), identified globally and annually a process recognizes those individuals who own a specific expertise the company is keen to maintain and grow. Various governance bodies enable these communities of experts and leaders within the Environmental function to meet every month or every quarter, depending on the topics and entities, to ensure consistent adoption of Environment policies and standards throughout the Group. To implement these policies, Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design and marketing.
1. b) Describe management's role in assessing and managing climate-related risks and opportunities.	CDP – C1.2, C1.2a URD – chapter 2 (2.1.2, 2.3)	
2. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities in the organization's businesses, strategy and financial planning where such information is material.		
2. a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	CDP – C2.1a, C2.3, C2.3a, C2.4, C2.4a URD – chapter 2 (2.1.2, 2.3)	No material climate-related risk has been identified for Schneider Electric. Rather, the growing demand for greener, low-carbon products and services creates a strong business opportunity for Schneider Electric. The Group is uniquely positioned to grab these opportunities because it acts on both sides of the equation: • The solutions Schneider Electric brings to the market are directly linked to activities to mitigate, adapt, and improve humanity's resilience to climate change; • At the same time, Schneider Electric acts to reduce its end-to-end CO_2 footprint, aiming for a net-zero CO_2 supply chain by 2050, with precise steps for 2025, 2030 and 2040. Schneider Electric publishes "Green Revenues", ie revenues come from offers that bring energy, climate, or resource efficiency to our customers, while not generating any significant harmful impact to the environment. In 2020, 72% of Group revenues qualify as green, in line with prevailing Corporate Responsibility reporting practices and trying to anticipate forthcoming EU regulations (EU Taxonomy). For doing so, the Group adopted a Technology-centric approach, and removed revenues from activities with fossil sectors such as Oil & Gas, coal mining and fossil power generation. The Taxonomy process is not fully finalized for full application by companies. Consequently, we're waiting for these technical screening criteria to be able to properly assess how SE activities align with the Taxonomy. The Group aims to grow these revenues to 80% by 2025. In addition more than 90% of our innovation projects contribute to solutions contributing to climate change mitigation.
2. b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	CDP – C2.3a, C2.4a, C3.1, C3.1b, C3.1d, C3.1e, C3.1f URD – Chapter 2 (2.3)	

Recommended Disclosure	CDP Climate Change & URD 2020 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
2. a) and 2. b) (continued)		Our experts have identified the following main climate-related risks: • Volatility of energy and commodity prices and regulation strengthening, which can eventually translate into an increase of the cost of goods sold and reduced margins; • Expanding carbon pricing mechanisms could result in increased costs from the supply chain, especially in the purchasing of raw materials and manufactured components containing metals and plastics. Given the relatively low level of the Group's scope 1 and 2 carbon emissions, carbon pricing has indirect rather than direct impacts. A global carbon tax at EUR 30 /ton of CO_2 is estimated to have an impact on the Group industrial supply chain up to EUR 280 million globally (including direct and indirect impacts). • Climate change mitigation will lead to regulation strengthening, which can disrupt markets. For instance, SF_6-insulated switchgear can have a significant impact on climate change if SF_6 is mishandled at the end of life of the equipment and leaks into the atmosphere. • Extreme weather events, floods, droughts, and other climate impacts will increasingly put pressure onto supply chains. Shortage can translate directly into revenue loss (missed orders), increased costs (urgent shipping), and increased working capital requirements (stock management). Extreme events can also cause damage to property and assets. To further tie climate-related issues to financial planning, Schneider Electric successfully launched the first-ever sustainability-linked convertible bonds, linked to 3 SSI targets including the objective to save and avoid 800 million tons CO_2 on customers' end by 2025, since 2018.
2. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CDP – C3.1a, C3.1b URD – chapter 2 (2.3)	Schneider Electric has a dedicated Strategy Prospective & External Affairs SVP attached to the Chief Strategy & Sustainability Officer, in charge of climate and environment scenario analysis. Several scenarios to 2040 were developed in 2019, which included critical reviews of the geopolitical landscape, commodity and resources availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways and technology developments, among others, with consequences quantified, looking at ten regions and a number of sectors individually, framing the business landscape in which Schneider Electric operates. In 2020, these scenarios have been further updated. Beyond impact for long-term analysis, the COVID-19 short-term impact assessment has also been reviewed in details, including the importance and feasibility of climate-compatible recovery plans. Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, BNEF, the IRENA, among others. Governance is well in place, under the leadership of the Chief Strategy & Sustainability Officer, and both short and long term analysis are shared internally and used to inform strategic priorities across business and operations. We see and acceleration of the dominant role of: • Efficiency: a critical enabler for decarbonization, resiliency and security; • Electrification: the world is becoming more electric, with 2x growth against other sources of energy; • Digitization: with the increase in connectivity, complemented by real-time information and competitive computing capabilities, digital technologies play a major role in reaching decarbonization targets while augmenting economic productivity. All these findings, and their potential financial impact on our business have helped us fine-tune key development areas that will allow us to actively contribute to the low-carbon transition, enabling us notably to develop our sustainability portfolio of offers.

6. Methodology and audit of indicators

Recommended Disclosure	CDP Climate Change & URD 2020 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
3. Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.		
3. a) Describe the organization's processes for identifying and assessing climate-related risks.	CDP – C2.1, C2.2, C2.2a URD – chapter 2 (2.1, 2.3)	Risks are assessed through interviews with experts and leaders, run by the Internal Audit Department, to update the list of general risks at Group level each year. In 2020, around 100 of the Group's top managers were interviewed in addition to external financial analysts, board members, and a sample of strategic Customers. Since 2016, individualized risk matrices by Operation or by Business have been created. (more details in Chapter 1 section 7.4 "Risk identification and management"). Every 3 years, a materiality analysis is conducted by the Sustainability department, leveraging an external consultant, and complements the risk analysis with a focus on ESG topics and longer-term risks and opportunities (more details in Chapter 2 section 1.2 "Evaluation of the main extra-financial risks and opportunities created"). Overall, the different governance bodies involved in the definition and monitoring of our Sustainability roadmap and programs (SSI), and in particular the Carbon committee, are in charge of defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at group level are then cascaded into business divisions down to the sites for implementation and are monitored through our digital platform Resource Advisor. Performance against those programs is published quarterly in our SSI, and annually in our SSE and URD. Each program of the SSI has a dedicated pilot in charge of driving the transformation, and is sponsored at the SVP, and Executive level to ensure management control and oversight. Where appropriate, opportunities for growth are identified and translated into new products (for instance our unique SM AirSeT™ switchgear to avoid using SF6, or the creation of our new Sustainability Business Division). Climate adaptation risks are also studied and mitigated at site level for our industrial sites. Our Property Damage and Business Interruption program, inspired from ISO 22301 standard, maps substantive risks of financial impact on the business, including asset destruction (buildings, equipment, inventories) and profit loss due to business interruption. An example of a risk analysed at site level is flooding risks. Risk analysis of industrial sites includes an analysis of interdependencies, study of alternative supply, and estimation of time to recover in case of damage, etc. Typically, all industrial sites are audited onsite every 3 years, depending on the level of risk. In addition, environmental risks (including climate) are assessed and mitigated at site level through our Integrated Management System (IMS). The IMS covers the Group's supply chain sites (plants, distribution centers, large offices) and hosts ISO 14001, ISO 50001, ISO 9001, and OSHAS 18000/ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally. Such a program is a key pillar towards robust environmental governance;
3. b) Describe the organization's processes for managing climate-related risks.	CDP – C2.1, C2.2 URD – chapter 1 (1.7), chapter 2 (2.1, 2.3)	
3. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	CDP – C2.1, C2.2 URD – chapter 1 (1.7), chapter 2 (2.1, 2.3)	

Recommended Disclosure	CDP Climate Change & URD 2020 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
4. Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
4. a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	CDP – C4.2, C4.2a, C4.2b, C9.1 URD – chapter 2 (2.1, 2.3, 2.6, 2.7)	Each year, Schneider Electric measures and discloses transparently its end-to-end carbon footprint (scopes 1, 2 and 3 presented in Chapter 2, section 3.2 "Climate strategy towards net-zero CO_2 emissions" pages 122 to 127). The carbon footprint of the group gives a good indication of the localisation and magnitude of climate-related risks and opportunities, and is also used to monitor progress. Its industrial carbon footprint (i.e. scopes 1, 2 and 3 upstream, as per the WRI Greenhouse Gas Protocol, excluding use and end-of-life of products sold) enables the Group to quantify and reduce CO_2 emissions from its supply chain, adopting a cradle to gate view. Scope 3 emissions represent around 90% of the Group's industrial carbon footprint, mainly from the purchase of raw materials, equipment, and services to its suppliers. Emissions produced, saved, and avoided by Schneider Electric's products and services during their use phase and end-of-life are also quantified. Emissions calculations are done with GHG Protocol methodology. The carbon footprint methodology is compliant with ISO 14069 principles. The results are calculated in tons of CO_2 equivalent, taking into account all greenhouse gases included in the Kyoto Protocol. The Group has launched several concrete programs aiming at either directly or indirectly reducing GHG emissions, under the Climate, Circular Economy and Resources pillars of the SSI. These programs are presented under SSI 2018-2020, SSI 2021-2025 and Schneider Sustainability Essentials (SSE) 2021-2025 pages 74 to 75 of this document). They cover actions concerning the Group's operations (e.g. energy efficiency, renewable electricity procurement, fleet electrification, circular offers), suppliers (e.g. CO_2 reduction program, green materials program) and customers (SF_6 free offers, measuring CO_2 savings on customer's end thanks to Ecostruxure™). The overall performance of the SSI represents 20% in the short-term incentives for 60,000+ employees worldwide (collective share) and 25% for the long-term incentives (LTI) for 2,300+ top leaders. A new criterion has also been designed in 2019 to replace the SSI in the LTI to integrate CDP Climate Change score (Schneider Sustainability External and Relative Index, SSERI). In addition, Schneider Electric is committed to embed a carbon pricing of EUR 30-130 /ton (depending on time horizons) in strategic supply chain and R&D decisions, to assess the performance and resiliency of operations as well as to assess whether the investment and reduction efforts are in line with the cost of CO_2 externality. Schneider Electric is a signatory of the Business Ambition for 1.5°C initiative aimed at setting Greenhouse Gas (GHG) emissions reduction targets in line with the global effort to limit warming to 1.5°C. Climate ambitions are defined for 2025, 2030 and 2050: • Before 2025, demonstrate that Schneider Electric is carbon positive together with its customers and partners, thanks to CO_2 savings delivered by EcoStruxure™; • On the Group's operations (scope 1 and 2): be carbon neutral by 2025 (allowing CO_2 offsets) and net-zero CO_2 emissions by 2030 (with no CO_2 offsets); • On indirect emissions (scope 3) in its supply chain and with customers: reduce emissions by -35% by 2030 (versus 2017) as part of the Group's validated 1.5 °C SBT targets, by actively engaging suppliers to accelerate their climate strategy and sourcing greener materials, as well as reducing offers' emissions on customers' ends; • Become carbon neutral on the Group's full end-to-end footprint by 2040 (scope 1, 2, and 3), 10 years ahead of 1.5 °C trajectory. This means that all Schneider Electric's products will be carbon neutral in 2040; • Engage with suppliers to move towards a net-zero CO_2 supply chain by 2050 (with no CO_2 offsets).
4. b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	CDP – C6.1, C6.2, C6.3, C6.5 URD – chapter 2 (2.3, 2.7)	
4. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	CDP – C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b URD – chapter 2 (2.1, 2.3, 2.6, 2.7)	

6.5 Independent third party's report on consolidated non-financial statement presented in the management report

To the General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your company (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31st of December 2020 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility
The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available on request from the entity's head office.

Independence and quality control
Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party
On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work
The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000(1).

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III, as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation set out in article L. 22-10-36 paragraph 2;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (example: anti-corruption), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: the production site SE Alpes (France) for environmental information, and the Schneider Electric regional headquarters in China and the United States of America for environmental, HR and safety information;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - concerning the 21 indicators of the Schneider Sustainability Impact (SSI), tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. Depending on the indicators, the selected sample ranges between 10 % and 100 % of the consolidated data;
  - concerning the other environmental and social indicators, tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 24% and 32% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (24% of the headcount and worked hours, 31% of generated waste, 32% of the energy consumption);

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

6. Methodology and audit of indicators

- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources
Our verification work mobilized the skills of five people and took place between November 2020 and February 2021 on a total duration of intervention of about sixteen weeks.

We conducted several interviews with the persons responsible for the preparation of the Statement.

Conclusion
Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, 10 March 2021

French original signed by:

Independent third party
EY & Associés

Jean-François Bélorgey
Partner

Eric Mugnier
Partner, Sustainable Development

Appendix 1: The most important information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Social Information	
The seven indicators of the Schneider Sustainability Impact (SSI) related to health and equity. Other indicators: • Headcounts (incl. gender distribution), hires and turnover, % women as new hires, as frontline managers and as senior leadership, number of training hours. • Lost-time incident rate, lost-time days rate, occupational illness frequency rate.	The company program Step Up related to People strategy of Schneider Electric, including among others: • the Individual Development Plan; • the outcomes of the policies related to equity; • the outcomes of the Global Well-being Policy. The 2020 Health & Safety Strategy and the measures to prevent occupational health and safety risks.
Environmental Information	
The eight SSI indicators related to climate and circular economy. Other indicators: • Produced and recovered amounts of waste. • Total energy and water consumption. • SF_6 consumption and leakage. • Total scopes 1 and 2 CO_2 emissions related to energy consumption (incl. fuel consumption of the vehicle fleet) and SF_6 leakage. • Scope 3 CO_2 emissions. • VOC emissions.	The outcomes of the policies to fight against climate change including among others: • the commitments of Schneider Electric targeting carbon neutrality in its ecosystem by 2030; • the outcomes of the Global Energy Policy and the Schneider Energy Action Program. The group's circular economy strategy (i.e. Circular resources, Circular offers, Circular Supply Chain, Waste as Worth). The outcomes of the policies related to chemical substance control and pollution prevention, including the Green Premium program, the group's environmental policy and the Zero Waste to Landfill program.
Societal Information	
The six SSI indicators related to ethics and development.	The outcomes of the policies promoting the respect of human rights in the supply chain. The outcomes of the policies undertaken to prevent corruption, including, among others, anti-corruption policies, the Code of Conduct and the existence of alert systems.

7. Indicators

In this section:

7.1	Environmental & Climate indicators	200
7.2	Social indicators	204
7.3	Societal indicators presented in the management report	212

7.1 Environmental & Climate indicators

The indicators below have a Group scope.

They illustrate our industrial and logistics sites' environmental consumption, emissions and waste in addition to certain major tertiary sites. The scope of environmental reporting is that of ISO 14001 certified sites, and certain non-certified sites on a voluntary basis and without interruption in time.

All of the industrial and logistics sites with more than 50 people and the major tertiary sites with more than 500 people must be ISO 14001 certified within 2 years after their acquisition or creation. A difference can, therefore, be noted with respect to the scope of financial consolidation. The perimeter for environmental data publications is 100% of the Group's energy consumption, 100% of CO_2e emissions (Scope 1 and 2), and more than 85% regarding water consumption, waste generation and VOC emissions.

Comments on the indicators are included in the corresponding chapters.

7.1.1 Key performance indicators from the Schneider Sustainability Impact

Schneider Sustainability Impact 2018-2020				
Megatrends and SDGs		2018-2020 programs	2020 progress	2020 target
Climate	1.	Renewable electricity	**80% ▲**	**80%**
	2.	CO_2 efficiency in transportation	**8.4% ▲**	**10%**
	3.	Million metric tons CO_2 saved on our customers' end thanks to EcoStruxure™ offers	**134 ▲**	**120**
	4.	Increase in turnover for our EcoStruxure™ Energy and Sustainability Services	**17.6% ▲**	**25%**
Circular economy	5.	Sales under our new Green Premium™ program	**76.7% ▲**	**75%**
	6.	Sites labeled Towards Zero Waste to Landfill	**206 ▲**	**200**
	7.	Cardboard and pallets for transport packing from recycled or certified sources	**99% ▲**	**100%**
	8.	Metric tons of avoided primary resource consumption through ECOFIT™, recycling, and take-back programs	**157,588 ▲**	**120,000**

▲ 2020 audited indicators.

The 2017 performance serves as a baseline for the 2018-2020 Schneider Sustainability Impact (SSI). Please refer to pages 185 to 189, for the methodological presentation of indicators. The performance of each indicator is presented in detail in corresponding chapters.

7.1.2 Perimeter and Environmental Management Systems (ISO 14001)

Indicators	2020	2019	2018
ISO 14001 Certified Sites	**232**	241	253
Industrial and logistics sites	**212**	220	230
Tertiary sites	**20**	21	23
New sites certified this year	**0**	2	0
Certified sites that have closed or consolidated this year	**9**	14	10
Number of participating sites to environmental reporting	**253**	268	269

7.1.3 Group site consumption, emissions and waste

Waste

GRI	Indicators	Units	2020	2019	2018
	Estimated coverage (% waste generation)	%	**90%**	89%	86%
306-2	Total waste produced	metric tons	**125,292**	152,171	154,940
306-2	Total waste produced/Turnover	metric tons/ million €	**4.98**	5.60	6.02
306-2	Non-hazardous waste produced	metric tons	**117,607** ▲	143,149	145,391
306-2	Non-hazardous waste recovered	metric tons	**113,211** ▲	136,316	137,500
306-2	Share of non-hazardous waste recovered	%	**96.3%** ▲	95.2%	94.6%
	of which metal waste recovered	%	**99.99%** ▲	99.97%	99.90%
306-2	Hazardous waste produced	metric tons	**7,685** ▲	9,022	9,549
306-2	Hazardous waste channeled according to Schneider Electric expectations	metric tons	**7,667** ▲	8,727	9,239
306-3	# and aggregate quantity of reportable spills	kg	**0**	UP	UP
306-3	Quantity of spills recovered	kg	**NA**	UP	UP

▲ 2020 audited indicators. UP = Unpublished. NA = Not Applicable.

Water

GRI	Indicators	Units	2020	2019	2018
	Estimated coverage (% water consumption)	%	**88%**	88%	86%
303-1	Water consumption/Turnover	m^3/ million €	**76.6**	94.1	105.0
303-1	Water withdrawn for consumption	m^3	**1,928,032** ▲	2,554,428	2,700,619
	of which public water	m^3	**1,446,391** ▲	2,021,168	2,163,276
	of which ground water	m^3	**452,602** ▲	501,163	490,563
	of which surface water	m^3	**17,461** ▲	17,074	17,993
	of which other sources	m^3	**11,578** ▲	15,023	28,842
303-1	Water withdrawn for cooling restituted w/o impact	m^3	**780,201** ▲	880,276	1,376,335

▲ 2020 audited indicators.

Atmospheric pollutions

GRI	Indicators	Units	2020	2019	2018
	Estimated coverage (% VOC emissions)	%	**90%**	90%	90%
305-7	VOC emissions (kg) (estimates)	kg	**440,442** ▲	653,502	664,352
305-7	VOC/Turnover (kg/EUR) (estimates)	kg/ million €	**17.5**	24.1	25.8

▲ 2020 audited indicators.

Energy

GRI	Indicators	Units	2020	2019	2018
	Estimated coverage (% energy consumption)	%	**100%**	100%	100%
	ISO 50001 Certified Sites	#	**150**	153	168
302-1, 302-4	Estimated total energy consumption	MWh	**1,204,381**	1,442,841	1,540,831
	of which measured energy consumption	MWh	**1,021,539** ▲	1,192,508	1,258,081
	of which estimated energy consumption for sites out of reporting perimeter	MWh	**182,842**	250,333	282,750

7. Indicators

GRI	Indicators	Units	2020	2019	2018
302-1, 302-4	Estimated total energy consumption/turnover	MWh/ million €	**47.9**	53.1	59.9
	Indicators below concern measured energy consumption only				
	% renewable energy	%	**58%**	34%	21%
	% renewable electricity*	%	**80%** ▲	50%	30%
	Renewable electricity generated onsite and sold back to the grid	MWh	**2,734** ▲	2,149	1,370
	Measured energy consumption by source:				
	grid electricity	MWh	**148,969** ▲	406,200	584,721
	renewable electricity*	MWh	**585,495** ▲	402,363	257,356
	district heating	MWh	**27,602** ▲	75,253	84,263
	fuel oil	MWh	**6,941** ▲	8,595	9,672
	gas	MWh	**251,377** ▲	298,319	320,153
	coal	MWh	**0** ▲	0	0
	renewable fuel and heat	MWh	**1,155** ▲	1,778	1,916

▲ 2020 audited indicators.

* Renewable electricity reported here includes renewable electricity purchased through Power Purchasing Agreements or green tariffs, renewable electricity produced onsite and electricity covered by Energy Attributes Certificates (EAC). The 2020 EAC account for 75% of total renewable electricity reported. Electricity generated onsite and sold back to grid is not counted in our energy footprint, but is counted in the %renewable electricity supply.

Greehouse gas (GHG)

GRI	Indicators	Units	2020	2019	2018	2017
	Estimated coverage (% GHG emissions)	%	**100%**	100%	100%	100%
305-1; 305-2	Estimated total scopes 1 and 2 GHG emissions (market-based)[1]	TCO_2e	**287,356** ▲	436,376	569,553	698,162
305-5	Absolute reduction vs base year (2017)	%	**-58.8%**	-37.5%	-18.4%	NA
305-4	Total scopes 1 and 2 per euro turnover	TCO_2e/ million €	**11.4**	16.1	22.1	28.2
305-1	Direct (Scope 1) GHG emissions[1]	TCO_2e	**142,149** ▲	179,834	188,992	186,560
	of which fuel oil	TCO_2e	**4,451** ▲	5,748	6,626	5,605
	of which gas	TCO_2e	**52,197** ▲	61,733	65,631	66,798
	of which coal	TCO_2e	**0** ▲	0	0	0
	of which vehicle fleet	TCO_2e	**73,229** ▲	91,169	94,287	91,035
	of which SF_6 emissions[2]	TCO_2e	**7,048** ▲	12,684	12,132	12,688
	SF_6 leakage rate	%	**0.14%**	0.24%	0.26%	0.29%
	Target SF_6 leakage rate	%	**0.25%**	0.25%	0.25%	0.25%
	of which estimated scope 1 GHG emissions of sites out of reporting perimeter[3]	TCO_2e	**5,224** ▲	8,499	10,316	10,434
305-2	Energy indirect (Scope 2) GHG emissions[1]	TCO_2e	**145,207** ▲	256,542	380,561	511,602
	of which grid electricity (market-based)	TCO_2e	**70,145** ▲	134,122	258,975	392,713
	of which renewable electricity (market-based)[4]	TCO_2e	**694** ▲	795	219	0
	of which district heating	TCO_2e	**11,550** ▲	35,020	39,541	36,125
	of which estimated scope 2 GHG emissions of sites out of reporting perimeter (market-based)[3]	TCO_2e	**62,818** ▲	86,605	81,825	82,764

GRI	Indicators	Units	2020	2019	2018	2017
305-3	Other relevant indirect (scope 3) GHG emissions	TCO_2e	**65,701,766 ▲**	74,031,281	70,562,356	67,413,029
305-5	Absolute variation vs base year (2017)	%	**-2.5%**	9.8%	4.7%	NA
305-4	Total scope 3 per euro turnover	TCO_2e/ million €	**2,611**	2,726	2,743	2,725
305-3	Other relevant indirect (scope 3 upstream) GHG emissions	TCO_2e	**6,966,062 ▲**	8,610,739	8,903,363	8,292,778
	1. Purchased goods and services	TCO_2e	**6,137,388 ▲**	7,388,926	7,605,700	7,052,903
	2. Capital Goods	TCO_2e	**63,863 ▲**	64,398	64,000	64,000
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	TCO_2e	**55,151 ▲**	67,993	72,775	71,990
	4. Transportation of good paid by the Group	TCO_2e	**497,761 ▲**	753,253	816,888	788,885
	5. Waste generated in operations	TCO_2e	**31,872 ▲**	39,710	44,000	45,000
	6. Business travel	TCO_2e	**33,304 ▲**	139,054	140,000	110,000
	7. Employee commuting	TCO_2e	**146,723 ▲**	157,405	160,000	160,000
305-3	Other relevant indirect (scope 3 downstream) GHG emissions	TCO_2e	**58,735,704 ▲**	65,420,542	61,658,993	59,120,251
	9. Transportation of goods not paid by the Group	TCO_2e	**371,159 ▲**	449,507	462,695	429,065
	11. Use of sold products(5)	TCO_2e	**53,998,500 ▲**	60,447,799	57,158,727	55,009,719
	12. End-of-life treatment of sold products	TCO_2e	**4,366,045 ▲**	4,523,236	4,037,571	3,681,467
	Saved GHG emissions thanks to sold products and services(6)	TCO_2e	**46,964,497 ▲**	50,994,695	57,501,195	UP
	Avoided GHG emissions thanks to sold products and services(6)	TCO_2e	**28,609,522 ▲**	39,406,306	39,849,166	UP
	Cumulative CO_2 saved and avoided thanks to sold products and services since 2018(6)	TCO_2e	**263,325,381▲**	187,751,362	97,350,361	UP

▲ 2020 audited indicators. UP = Unpublished. NA = Not Applicable.

(1) The CO_2 emissions linked to energy consumption are considered estimates, because the indirect emissions are calculated on the conversion factors per country. Scope 1 and 2 CO_2 emissions from energy consumption are quantified using energy reporting data, in MWh of energy per energy source.
Scope 2 emissions are quantified with the market-based methodology and the location-based methodology, following GHG Protocol scope 2 guidance. Location-based scope 2 electricity emissions on energy reporting perimeter are equal to 321,153 tCO_2e (audited value). Total scope 1 and 2 (location-based) CO_2 emissions (energy, vehicles, and SF_6 emissions in tCO_2e) on full perimeter are equal to 527,186 tCO_2e (audited value).
Electricity emissions calculated with market-based and location-based methodologies should not be added. Market-based electricity emissions are calculated using residual electricity emissions factors (source AIB, 2017) for European countries, and average country emission factors for other countries (IEA, 2017);

(2) 14 sites in 2019 and 2020; 16 sites in 2017, 2018;

(3) CO_2 emissions for sites not included in the energy reporting perimeter are estimated based on site surface in real estate databases and average CO_2 intensity of sites per region from our energy reporting. Overall coverage of emissions due to energy consumption is 100%, based on site surface occupied by Schneider Electric worldwide. Using location-based methodology, total scope 2 emissions are equal to 385,037 tCO_2e;

(4) Greenhouse gas emissions from renewable electricity are due to CH4 and N2O emissions of renewable electricity from biomass;

(5) Emissions of products sold by Schneider Electric during the year of reporting, and cumulated over their lifetime. These emissions are due to electricity consumption of products, either due to internal consumption or due to heat dissipation (Joule effect);

(6) CO_2 savings are calculated for sales of the reporting year and cumulated over the offers' lifetime. Emissions are calculated as the difference between emissions with Schneider Electric's offer and emissions in the reference situation. The methodology distinguishes "saved" and "avoided" emissions: saved CO_2 emissions correspond to brownfield sales that enable reduction of global CO_2 emissions compared to previous years, and avoided CO_2 emissions correspond to greenfield sales that enable a limitation of the increase of global emission. CO_2 savings figures here include calculations for new offers compared to SSI2018-2020 KPI (microgrids, ADMS, cooling, power quality and 3 phase UPS), which explains the difference (155 million tons CO_2 saved vs 134 million tons).

In addition, biogenic CO_2 emissions are due to the consumption of renewable electricity from biomass, and are not reported in scope 2 emissions following GHG protocol guidance. These emissions are of 17,048 tCO_2b in 2020.

7. Indicators

7.2 Social indicators

Indicators below have a Group scope.

HR data cover about 97% of the workforce from integrated companies (excluding 5,037 AVEVA and IGE+XAO employees). According to our extra-financial reporting principles, 8,042 employees from new acquisitions (RIB Software, ProLeit, DMS and L&T) are also excluded from 2020 figures. Total Group average workforce (including supplementary employees) for all entities is 155,466 employees. The precisions on the variations of scope are contributed at the end of the tables below and indicated by footnotes.

The calculation methodology of the absenteeism rate varying from one country to another, in this domain Schneider Electric communicates at Group level the number of lost days and the number of hours worked (Safety data).

The comments on the indicators are given in the corresponding chapters and indicated in the tables below.

7.2.1 Key performance indicators from the Schneider Sustainability Impact

Schneider Sustainability Impact 2018-2020			
Megatrends and SDGs	2018-2020 programs	2020 progress	2020 target
Health & equity	**9.** Scored in our Employee Engagement Index	**69% ▲**	**70%**
	10. Medical incidents per million hours worked	**0.58 ▲**	**0.88**
	11. Employees have access to a comprehensive well-being at work program	**90% ▲**	**90%**
	12. Employees are working in countries that have fully deployed our Family Leave Policy	**100% ▲**	**100%**
	13. Workers received at least 15 hours of learning, and 30% of workers' learning hours are done digitally	**90% ▲**	**100%**
	14. White-collar workers have individual development plans	**92% ▲**	**90%**
	15. Employees are working in a country with commitment and process in place to achieve gender pay equity	**99.6% ▲**	**95%**

▲ 2020 audited indicators.

The 2017 performance serves as a baseline for the 2018-2020 Schneider Sustainability Impact (SSI). Please refer to pages 185 to 189, for the methodological presentation of indicators. The performance of each indicator is presented in detail in corresponding chapters.

7.2.2 General disclosure

Average workforce

GRI	Indicators	Units	2020	2019	2018
102-8	Average workforce including supplementary employees*, Joint Ventures and trainees	average HC	**146,794 ▲**	146,406	152,058
	Blue collar (Direct Variable Cost**, DVC)	average HC	**80,275 ▲**	77,392	80,703
	White collar (non-DVC**)	average HC	**66,519 ▲**	69,014	71,355
	Share of DVC**	%	**54.7%**	52.9%	53.1%
	Share of non-DVC**	%	**45.3%**	47.1%	46.9%
	Average workforce excluding supplementary employees*	average HC	**129,156**	133,160	138,649
	Average supplementary employees*	average HC	**17,638 ▲**	13,246	13,409

▲ 2020 audited indicators.

Spot workforce at year-end

GRI	Indicators	Units	2020	2019	2018
102-8	Spot workforce at year-end including supplementary employees*	year-end HC	**147,349**	150,828	151,019
	Spot workforce at year-end excluding supplementary employees*	year-end HC	**128,770 ▲**	135,307	137,534
	Open-ended contract	%	**87.3%**	87.3%	87.2%
	Fixed-term contract	%	**12.7%**	12.7%	12.8%
	Spot supplementary employees* at year-end	year-end HC	**18,548**	15,456	13,480
	Share of temporary personnel (fixed-term contracts and supplementary employees*)	%	**23.7%**	21.6%	20.6%

▲ 2020 audited indicators.

Full-time Equivalent (FTE)

GRI	Indicators	Units	2020	2019	2018
102-8	Worforce in FTE, including JV, excluding supplementary employees*	FTE	**126,328 ▲**	134,291	136,624

▲ 2020 audited indicators.

Workforce composition

GRI	Indicators	Units	2020	2019	2018
	Organization of working time[1]				
	Full-time	%	**97%**	98%	98%
	Part-time	%	**3%**	2%	2%
401-1	Hires[2]	HC	**19,536 ▲**	25,131	23,228
401-1	Departures[2]	HC	**20,840 ▲**	23,381	24,036
	Layoffs	HC	**5,626 ▲**	8,190	7,680
	Resignations	HC	**8,729 ▲**	10,600	11,595
	Other (retirement, end of contract, etc.)	HC	**6,485 ▲**	4,591	4,761
401-1	Voluntary turnover	%	**6.9% ▲**	8.0%	8.4%
102-8	Breakdown of workforce by region[1]				
	Asia-Pacific	%	**32%**	35%	32%
	Western Europe	%	**27%**	26%	27%
	North America	%	**24%**	20%	22%
	Rest of the world	%	**17%**	19%	20%
102-8	Breakdown of workforce by country (the most significant countries)[1]				
	France	%	**12%**	11%	11%
	United States	%	**13%**	13%	13%
	China	%	**11%**	10%	10%
	India	%	**10%**	10%	10%
	Mexico	%	**10%**	7%	7%
	Russia	%	**3%**	6%	6%
	Spain	%	**3%**	3%	3%
	Brazil	%	**2%**	2%	2%
	Germany	%	**3%**	3%	3%
	Australia	%	**2%**	2%	2%
	Indonesia	%	**3%**	3%	3%
	United Kingdom	%	**3%**	3%	3%
102-8	Annual change in workforce by country (the most significant countries)[1]				
	France	%	**-2%**	-2%	-7%
	United States	%	**-5%**	-4%	-3%
	China	%	**-2%**	-2%	0%
	India	%	**-3%**	0%	-3%
	Mexico	%	**36%**	1%	-4%
	Russia	%	**-51%**	-5%	-10%
	Spain	%	**-5%**	2%	1%
	Germany	%	**-9%**	-1%	-3%
	Brazil	%	**-12%**	-6%	-7%
	Australia	%	**-7%**	-5%	-10%
	Indonesia	%	**-9%**	-7%	0%
	United Kingdom	%	**-6%**	-2%	-1%

7. Indicators

GRI	Indicators	Units	2020	2019	2018
102-8	Breakdown of workforce by gender[1]				
102-8	Overall workforce[1]				
	Men	%	**67% ▲**	67%	68%
	Women	%	**33% ▲**	33%	32%
102-8	Frontline managers				
	Men	%	**75% ▲**	76%	UP
	Women	%	**25% ▲**	24%	UP
102-8	Leadership teams				
	Men	%	**76% ▲**	77%	78%
	Women	%	**24% ▲**	23%	22%
102-8	White collar	%	**50%**	51%	51%
	Men	%	**67%**	67%	68%
	Women	%	**33%**	33%	32%
102-8	Blue collar	%	**50%**	49%	49%
	Men	%	**67%**	68%	68%
	Women	%	**33%**	32%	32%
102-8	Breakdown of workforce by age[1]				
	14/24 years	%	**7%**	7%	7%
	25/34 years	%	**27%**	27%	28%
	35/44 years	%	**31%**	31%	31%
	45/54 years	%	**21%**	21%	21%
	55/64 years	%	**13%**	13%	12%
	> 64 years	%	**1%**	1%	1%
102-8	Breakdown of workforce by seniority[1]				
	< 5 years	%	**46%**	46%	44%
	5/14 years	%	**33%**	33%	36%
	15/24 years	%	**13%**	13%	12%
	25/34 years	%	**6%**	6%	6%
	> 34 years	%	**2%**	2%	2%
102-8	Breakdown of workforce by function[1]				
	Marketing	%	**4%**	4%	3%
	Sales	%	**13%**	13%	12%
	Services and projects	%	**19%**	19%	19%
	Support	%	**29%**	30%	28%
	Technical	%	**7%**	6%	6%
	Industrial	%	**28%**	28%	32%

▲ 2020 audited indicators. UP = Unpublished.

Hires[2]

GRI	Indicators	Units	2020	2019	2018
401-1	Breakdown by type of contract				
	Permanent contract	%	**62%**	70%	63%
	Fixed-term contract	%	**38%**	30%	37%
401-1	Breakdown by category				
	White collar	%	**19%**	37%	39%
	Blue collar	%	**81%**	63%	61%
401-1	Breakdown by gender				
	Men	%	**59%** ▲	60%	62%
	Women	%	**41%** ▲	40%	38%
401-1	Breakdown by age				
	14/24 years	%	**39%**	39%	35%
	25/34 years	%	**37%**	37%	39%
	35/44 years	%	**17%**	16%	17%
	45/54 years	%	**6%**	6%	7%
	55/64 years	%	**1%**	2%	2%
	> 64 years	%	**0%**	0%	0%
401-1	Breakdown by region				
	Asia-Pacific	%	**26%**	44%	35%
	Western Europe	%	**9%**	12%	16%
	North America	%	**55%**	29%	33%
	Rest of the world	%	**10%**	15%	16%

▲ 2020 audited indicators. UP = Unpublished.

Layoffs[2]

GRI	Indicators	Units	2020	2019	2018
401-1	Breakdown by type of contract				
	Open-ended contract	%	**72%**	79%	80%
	Fixed-term contract	%	**28%**	21%	20%
401-1	Breakdown by category				
	White collar	%	**20%**	33%	35%
	Blue collar	%	**80%**	67%	65%
401-1	Breakdown by Region				
	Asia-Pacific	%	**28%**	30%	23%
	Western Europe	%	**8%**	8%	10%
	North America	%	**50%**	44%	42%
	Rest of the world	%	**14%**	18%	24%

Resignations[2]

GRI	Indicators	Units	2020	2019	2018
401-1	Breakdown by seniority				
	< 1 year	%	**41%**	40%	39%
	1/4 years	%	**39%**	34%	37%
	5/14 years	%	**16%**	17%	20%
	15/24 years	%	**3%**	5%	3%
	25/34 years	%	**1%**	2%	1%
	> 34 years	%	**0%**	2%	0%

7. Indicators

Departures[2]

GRI	Indicators	Units	2020	2019	2018
401-1	Breakdown by gender				
	Men	%	**63%**	62%	61%
	Women	%	**37%**	38%	39%
401-2	Breakdown by age				
	14/24 years	%	**23%**	26%	26%
	25/34 years	%	**31%**	32%	33%
	35/44 years	%	**21%**	21%	20%
	45/54 years	%	**11%**	11%	10%
	55/64 years	%	**11%**	8%	9%
	> 64 years	%	**3%**	2%	2%
401-2	Breakdown by region				
	Asia-Pacific	%	**30%**	34%	33%
	Western Europe	%	**17%**	15%	16%
	North America	%	**39%**	35%	34%
	Rest of the world	%	**14%**	16%	18%

Average supplementary employees*

GRI	Indicators	Units	2020	2019	2018
102-8	Breakdown by category				
	White collar	%	**10%**	11%	7%
	Blue collar	%	**90%**	89%	93%
102-8	Breakdown by region				
	Asia-Pacific	%	**64%**	64%	62%
	Western Europe	%	**15%**	16%	18%
	North America	%	**7%**	7%	8%
	Rest of the world	%	**14%**	13%	11%

7.2.3 Dialog and social relations

GRI	Indicators	Units	2020	2019	2018
	Coverage	%	**85%**	92%	90%
102-41	Employees represented by				
	Unions	%	**66%**	64%	67%
	Works Council	%	**70%**	68%	68%
403-1	Health and Safety Committee	%	**89%**	86%	86%
102-41	Number of collective agreements	#	**78**	81	138
	Employees covered by collective bargaining agreements	%	**69%**	70%	75%

* Supplementary employees are employees under short term contracts to supplement short term activities and work peaks.
** Direct Variable Cost (DVC) refers to employees whose cost is directly charged to a project, customer, or activity.

(1) Based on data tracked under our global tool Talent Link, excluding supplementary employees, Joint Ventures and trainees (covers about 96% of employees, or 84% if including supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;

Note: variations resulting from scope exclusion:
On October 24, 2019, the Group agreed to establish a Joint Venture with the Russian Direct Investment Fund ("RDIF"), to further strengthen the long-term outlook for the Group's Electroshield Samara business which was consolidated under Energy Management reporting segment and generated revenues of EUR 168 million in 2019. The transaction with the Russian Direct Investment Fund ("RDIF") was closed on January 20, 2020. The new Joint Venture is accounted for as an equity method investment in 2020, and therefore excluded from extra-financial consolidation. This caused a global reduction in workforce figures of 3,439 employees (about 3%) compared to 2019, and explains the 51% workforce decrease in Russia, where the business is located.

7.2.4 Health and safety of employees and subcontractors

GRI	Indicators	Units	2020	2019	2018
	Number of ISO 45001 sites	#	**194**	UP	UP
	Coverage	%	**100%**	100%	100%
403-2	Number of medical incidents*	#	**154** ▲	233	277
	of which Schneider Electric employees	#	**133** ▲	193	225
	of which temporary workers	#	**21** ▲	40	52
403-2	Number of lost-time accident*	#	**85** ▲	116	136
	of which Schneider Electric employees	#	**74** ▲	94	105
	of which temporary workers	#	**11** ▲	22	31
403-2	Number of fatal accidents	#	**1**	1	1
	of which Schneider Electric employees	#	**1**	1	1
	of which temporary workers	#	**0**	0	0
403-2	Medical Incident Rate**	per million hours worked	**0.58** ▲	0.79	0.94
	of which Schneider Electric employees	per million hours worked	**0.58** ▲	0.77	0.90
	of which temporary workers	per million hours worked	**0.55** ▲	0.91	1.10
403-2	Lost-Time Injury Rate (LTIR)**	per million hours worked	**0.32** ▲	0.39	0.46
	of which Schneider Electric employees	per million hours worked	**0.32** ▲	0.38	0.42
	of which temporary workers	per million hours worked	**0.29** ▲	0.50	0.66
403-2	Lost-Time Day Rate (LTDR)**	per million hours worked	**13.74** ▲	16.69	13.69
	of which Schneider Electric employees	per million hours worked	**14.92** ▲	17.69	14.39
	of which temporary workers	per million hours worked	**6.61** ▲	10.96	9.54
	Number of lost days	#	**3,662** ▲	4,909	4,025
	of which Schneider Electric employees	#	**3,412** ▲	4,427	3,579
	of which temporary workers	#	**250** ▲	482	446
	Number of hours worked	#	**266,582,055** ▲	294,202,028	294,001,927
	of which Schneider Electric employees	#	**228,742,624** ▲	250,235,482	248,633,265
	of which temporary workers	#	**37,839,431** ▲	43,966,546	45,368,662
	Occupational Illness Frequency Rate (OIFR)	per million hours worked	**0.019** ▲	0.014	0.020
	of which Schneider Electric employees	per million hours worked	**0.022** ▲	0.016	0.024
	of which temporary workers	per million hours worked	**0.000** ▲	0.000	0.000

▲ 2020 audited indicators.

* Includes business travel, excludes home/workplace travel.

** LTIR = Number of incidents with lost days x 1,000,000/number of hours worked. International standard indicator comparable to the accident frequency rate. LTDR = Number of lost days x 1,000,000/number of hours worked. International standard indicator comparable to the accident severity rate (the latter, however, is calculated per thousand hours worked). MIR = Number of accidents requiring medical treatment x 1,000,000/number of hours worked. Occupational Illness Frequency Rate (OIFR) is based on 1million hours worked (The number of Occupational illness X 1,000,000 Hours / Total Hours Worked). Note that the Medical Incident Rate (MIR) consists of both medical incidents + Occupational Illnesses and is based on 1million hours worked.

7. Indicators

7.2.5 Talent development and training

GRI	Indicators	Units	2020	2019	2018
	Coverage	%	**90%**	92%	87%
404-1	Number of training hours	#	**2,869,111** ▲	3,117,348	3,283,492
404-1	Average hours of training per person by category and gender	#	**24.5**	25.0	27.5
	White collar	#	**24.9**	27.1	30.5
	Blue collar	#	**24.0**	22.9	24.1
	Men	#	**25.1**	25.6	28.3
	Women	#	**23.2**	23.7	25.6
404-1	Breakdown of hours by category[1]				
	White collar	%	**52%**	54%	58%
	Blue collar	%	**48%**	46%	42%
404-1	Employees taking one day training (7 hours or more)	%	**81%**	81%	86%
404-1	Breakdown by country				
	France	%	**69%**	71%	76%
	United States	%	**76%**	78%	82%
	China	%	**84%**	86%	89%
	India	%	**90%**	84%	97%
	Mexico	%	**74%**	87%	93%
	Spain	%	**84%**	83%	88%
	Brazil	%	**95%**	92%	90%
	Germany	%	**79%**	80%	86%
	Australia	%	**80%**	78%	81%
	Indonesia	%	**93%**	76%	80%
	United Kingdom	%	**65%**	69%	80%
	Russia	%	**98%**	93%	95%
404-1	Breakdown of hours by training type[1]	%			
	Health, safety and environment	%	**20%**	22%	20%
	Technical	%	**6%**	5%	5%
	Languages	%	**0%**	5%	1%
	IT	%	**8%**	8%	10%
	Products, Solutions and Services	%	**12%**	13%	24%
	Management and Leadership	%	**4%**	6%	5%
	Personal Development	%	**11%**	8%	16%
	Functional	%	**24%**	27%	14%
	Mandatory/Compliance	%	**4%**	6%	3%
	Supply Chain	%	**9%**	UP	UP
	Well-being	%	**2%**	UP	UP
404-1	Total Learning & Development spend[2]	million €	**44.2**	52.3	UP
404-1	Learning & Development cost per employee	€/ employee	**356.1**	386.6	UP
404-1	Breakdown of costs by category[1]				
	White collar	%	**52%**	68%	72%
	Blue collar	%	**48%**	32%	28%

GRI	Indicators	Units	2020	2019	2018
404-1	Breakdown of costs by category[1]				
	Products, Solutions and Services	%	**10%**	28%	21%
	Personal Development	%	**10%**	5%	19%
	Health, safety and environment	%	**39%**	9%	15%
	Management and Leadership	%	**12%**	18%	14%
	Functional	%	**9%**	12%	11%
	Technical	%	**10%**	4%	6%
	IT	%	**3%**	11%	3%
	Languages	%	**1%**	13%	3%
	Mandatory/ Compliance	%	**1%**	0%	0%
	Supply Chain	%	**5%**	UP	UP
	Well-being	%	**0%**	UP	UP
404-3	Employees having had a performance review[3]	%	**98%**	98%	96%
404-3	Breakdown by category				
	White collar	%	**75%**	76%	76%
	Blue collar	%	**25%**	24%	24%
404-3	Breakdown by gender				
	Men	%	**72%**	72%	73%
	Women	%	**28%**	28%	27%

▲ 2020 audited indicators. UP = Unpublished.

(1) Based on spot workforce at year-end.
(2) Includes Learning and development teams, travel and expenses as well as vendors costs - Sources: Schneider Electric TalentLink Employee data and Procurement tracking system - Excludes training sold to customers
(3) The data relates to the eligible workforce for Performance interview at 12/31/2020 (TalentLink).

7. Indicators

7.3 Societal indicators

Indicators are published on the basis of declarative information submitted by Foundation delegates. It covers 90% of Schneider Electric employees and highlights the importance of company and employee participation in the Foundation's approach to involvement towards local communities. With more than EUR20 million in 2020, the amount of budget for the Foundation's actions includes the Foundation's intervention budget, the amount of the donations from entities, employees and partners, and the amount of donations in kind.

7.3.1 Key performance indicators from the Schneider Sustainability Impact

Schneider Sustainability Impact 2018-2020			
Megatrends and SDGs	2018-2020 programs	2020 progress	2020 target
Development	**19.** Turnover of our Access to Energy program	**x1.64 ▲**	**x4**
	20. Underprivileged people trained in energy management	**281,737 ▲**	**400,000**
	21. Volunteering days thanks to our VolunteerIn global platform	**18,469 ▲**	**15,000**

▲ 2020 audited indicators.

The 2017 performance serves as a baseline for the 2018-2020 Schneider Sustainability Impact (SSI).
Please refer to pages 185 to 189 for the methodological presentation of indicators. The performance of each indicator is presented in detail in corresponding chapters.

7.3.2 Breakdown of the Foundation's financial commitments

	Units	2020	2019
FOUNDATION'S INTERVENTION BUDGET	€	**4,000,000**	4,000,000
Breakdown by program			
Training and entrepreneurship	%	**63%**	51%
Energy poverty	%	**7%**	28%
Raising awareness about sustainable development	%	**10%**	17%
Employees' volunteering/skills-based sponsorship	%	**1%**	4%
Emergency	%	**19%**	UP
Breakdown by region			
Africa & Middle East	%	**25%**	31%
America	%	**4%**	6%
Asia & Pacific	%	**45%**	11%
Europe	%	**20%**	44%
Cross countries	%	**6%**	8%

7.3.3 Breakdown of contributions from employees and Schneider Electric entities to the Foundation's actions

	Units	2020	2019
TOTAL FINANCIAL CONTRIBUTION	€	**9,287,805**	7,715,663
From employees	€	**1,454,801**	827,682
From the Schneider Electric entity	€	**7,413,102**	6,659,701
From partners	€	**419,902**	228,280

7.3.4 Breakdown of total contributions (Employees, Schneider Electric entities and Schneider Electric Foundation) to the Foundation's actions

	Units	2020	2019
Breakdown by region			
Africa & Middle East	%	**8%**	11%
America	%	**31%**	38%
Asia & Pacific	%	**27%**	21%
Europe	%	**30%**	30%
Cross countries	%	**4%**	UP
DONATIONS IN PRODUCTS OR SERVICES FOR A PARTNER/PROJECT OF THE FOUNDATION	€	**6,927,700**	8,062,248
Number of employees involved in the Foundation's actions	#	**35,000**	35,000

UP = Unpublished.

7.3.5 Total budget for the Foundation's actions

	Units	2020	2019
FOUNDATION BUDGET, FINANCIAL CONTRIBUTIONS AND DONATIONS IN KIND	€	**20,215,505**	19,777,911