



Enabling a
sustainable future

2021 Resources Report

Being efficient with Resources



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“Sustainability is the first pillar of our supply chain transformation, building carbon-neutral and circular supply chains whilst preserving local biodiversity. Together with our supply chain partners we continue to improve energy efficiency and sustainability throughout the entire product creation, delivery, and support life cycle.”

Mourad Tamoud, Chief Supply Chain Officer

Context and goals

2021 came with yet additional evidence of the speed of climate change, resource scarcity, and biodiversity losses. In 2021, “Earth Overshoot Day” fell on July 29, meaning that humanity consumes its natural capital budget of the year.

The decline recorded last year has been caught up due to an economic rebound with respect to 2020. Humanity’s common goal is clear: push back the date of overshoot to December 31 and beyond to live within the limits of our one planet. Only by working hand-in-hand will businesses, finance, and governments be able to drive global systemic and transformative change, thus unlocking new opportunities and allowing everyone to live sustainably on a healthy planet.

Schneider Electric’s long-term commitment is to be efficient with resources, by protecting and restoring biodiversity and innovating towards circular business models.

On biodiversity, Schneider Electric is committed to fast-track the adoption of ambitious biodiversity strategies, leveraging best practices from climate Science-Based Targets: measuring impacts and aligning targets with science.

With Schneider Sustainability Impact and its concrete programs, the Group innovates towards a more circular economy, in industrial processes, product design, and business model innovation.

2021 Highlights



Schneider Electric recognized as the Best Global Sustainable Supply Chain Organization by GSSC



Schneider joining forces for circularity innovation with Accenture through the Circularity Accelerator program



1st company in the world to publish its biodiversity footprint, followed by bold commitments to fight biodiversity loss

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Resources 	4. Increase green material content in our products	7%	<div style="width: 11%;"><div style="width: 11%;"></div></div> 11%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	<div style="width: 21%;"><div style="width: 21%;"></div></div> 21%	100%

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Resources 	5. Improve energy efficiency in our sites	0%	<div style="width: 6.6%;"><div style="width: 6.6%;"></div></div> 6.6%	15%
	6. Grow our product revenues covered with Green Premium™	77%	<div style="width: 78%;"><div style="width: 78%;"></div></div> 78%	80%
	7. Switch our corporate vehicle fleet to electric vehicles	1%	<div style="width: 7.7%;"><div style="width: 7.7%;"></div></div> 7.7%	33%
	8. Deploy local biodiversity conservation and restoration programs in our sites	0%	<div style="width: 0%;"><div style="width: 0%;"></div></div> 0%	100%
	9. Give a second life to waste in 'Waste-to-Resource' sites	120	<div style="width: 126%;"><div style="width: 126%;"></div></div> 126	200
	10. Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	157,588	<div style="width: 203,881%;"><div style="width: 203,881%;"></div></div> 203,881	420,000
	11. Deploy a water conservation strategy and action plan for sites in water-stressed areas	0%	<div style="width: 9%;"><div style="width: 9%;"></div></div> 9%	100%

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance from an independent third party verifier for all of the SSI and SSE indicators, in accordance with ISAE 3000 assurance standard (for more information, please refer to the Universal Registration Document). The 2021 performance is also discussed in more details in this report.

Long-term roadmap

2030

- No net biodiversity loss in our direct operations by 2030
- 100% waste recovery by 2030

A changemaker for sustainability

For over 15 years, sustainability has been at the core of Schneider Electric’s transformation journey. The Group is now a world corporate leader in sustainability and a key enabler for all stakeholders in its ecosystem to accelerate their own energy efficiency and sustainability transition. With this experience, comes a strong belief that what makes Schneider Electric stand out today and tomorrow is that it is an impact company.



“Companies need to have a net positive mindset where they can benefit from solving the world’s problems instead of creating them. This restorative mindset is aligned with Schneider Electric’s impact company model that can be a true driver for change.”

Bertrand Piccard
Chairman of the Solar Impulse Foundation

Schneider Electric is an impact company, a company which lives by a unique sustainability strategy and operating model, built to deliver positive impacts in the long-run. It entails a responsibility to share learnings and keep raising the bar.

An impact company seeks to address the needs of all stakeholders in its ecosystem, from employees to supply chain partners, customers, as well as local communities and institutions.

To deliver sustainability in its entire value chain, it must combine a solid profitability with leading practice on all Environmental, Social and Governance dimensions.

It means that an impact company has inherently aligned and integrated its purpose and its business mission to ensure its corporate value delivers on sustainability needs and ambitions.

The company’s operating model is set up to impact on all of the above at global and local levels. Its culture builds on strong and practiced values with the right talent and processes to be a leading purpose-led company.

Our Guiding Principles

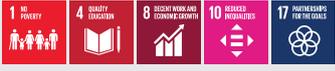
- 1. Performance**
the foundation for doing good
- 2. All Stakeholders**
in our ecosystem
- 3. All ESG**
dimensions
- 4. Business**
digital partner for Sustainability and Efficiency
- 5. Model & Culture**
set up for global and local impact

An Impact model recognized in external ratings



Our 2025 sustainability commitments

With less than ten years left to reach the 17 United Nations SDGs, Schneider Electric has accelerated its impact and is making new, bold commitments to drive meaningful impact within the framework of its business activity. Such sustainability commitments and progress are fully integrated in the governance processes and bodies that design and execute the Group's strategy internally and externally at every level from the Board of Directions to the operations.

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

Schneider Sustainability Impact

Progress against our six commitments for 2021 – 2025 are tracked through quantitative performance indicators, under two complementary tools: the Schneider Sustainability Impact (SSI) and the new Schneider Sustainability Essentials (SSE).

The SSI is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative programs. The programs are tracked and published quarterly, as well as audited annually. To instill a culture of sustainability, the SSI performance is embedded in the short-term incentive plans for the managers and leaders of the Group. A notable addition to the SSI in 2021 is the local commitment, aiming to deploy meaningful local actions in the 100+ markets where the Group operates.

The SSE is a new tool created to maintain a high level of engagement and transparency for 25 other long-lasting programs, such as our promise to pay all our employees above the living wage.

Our unique transformation tool

- 1. Focused**
on material issues
- 2. Disrupting**
the *status quo*
- 3. Transparent**
quarterly disclosure
- 4. Robust**
assured by an independent third party
- 5. Rewarding**
employees for performance



2030 PLEDGE

For our Ecosystem

Climate

Carbon pledge towards net-zero CO₂ emissions
In our operations by 2030
In our value chain by 2050

Biodiversity

Pledge to be efficient with resources with no net biodiversity loss in our operations by 2030

Access to Energy

Provide access to green electricity to 100 million people by 2030

1 Preserving the planet and its biodiversity

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. 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. To engage in a transformative change, clear and measurable international targets, meaning counterparts to both the 1.5°C – 2°C increase climate limit and its associated carbon budget, must be defined. Schneider Electric supports the creation of ambitious biodiversity targets during the COP15 for Biodiversity.

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 invites all companies to “raise corporate biodiversity ambition and aim at no net loss”.

In addition to improving resource efficiency, it is also necessary in order to live within the limits of our planet to transform industrial processes and business models to move towards a circular economy. Circular economy is an obsession to avoid wastage and to reuse, repair, retrofit or recycle materials, maximizing environmental and financial value.



Raise corporate biodiversity ambition & aim at no net loss

It is time for businesses to quantify biodiversity footprints and set ambitious targets to reverse loss of nature
September 2020



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, especially regarding life-critical products and electrical safety.

Schneider Electric embraces circular principles all along the lifecycle of products and offers. The keystone of circularity is EcoDesignWay™, a process that is applied to the development of all new products. EcoDesignWay™ enables the right trade-offs between the environmental impact along the lifecycle of products, allowing to coordinate the efforts over the whole value chain.

Product innovation



On product design, Schneider has committed to:

- Phase-out potentially harmful substances and provide transparent information on environmental performance of products
- Design with a circular mindset with Green Premium™, for increased durability, repairability and recyclability
- Provide public and transparent information for the proper dismantling and end-of-life management of products
- Increase green material content in products to 50%
- 100% of its primary and secondary packaging is free from single-use plastic and uses recycled cardboard

Process innovation



In the manufacturing phase, the Group applies circularity principles in its operations and with customers:

- Have 200 ‘Waste-to-Resource’ sites by 2025 to optimise waste generation and recycling on the Group’s sites
- EcoStruxure™ solutions help customers improve resource efficiency in industrial processes

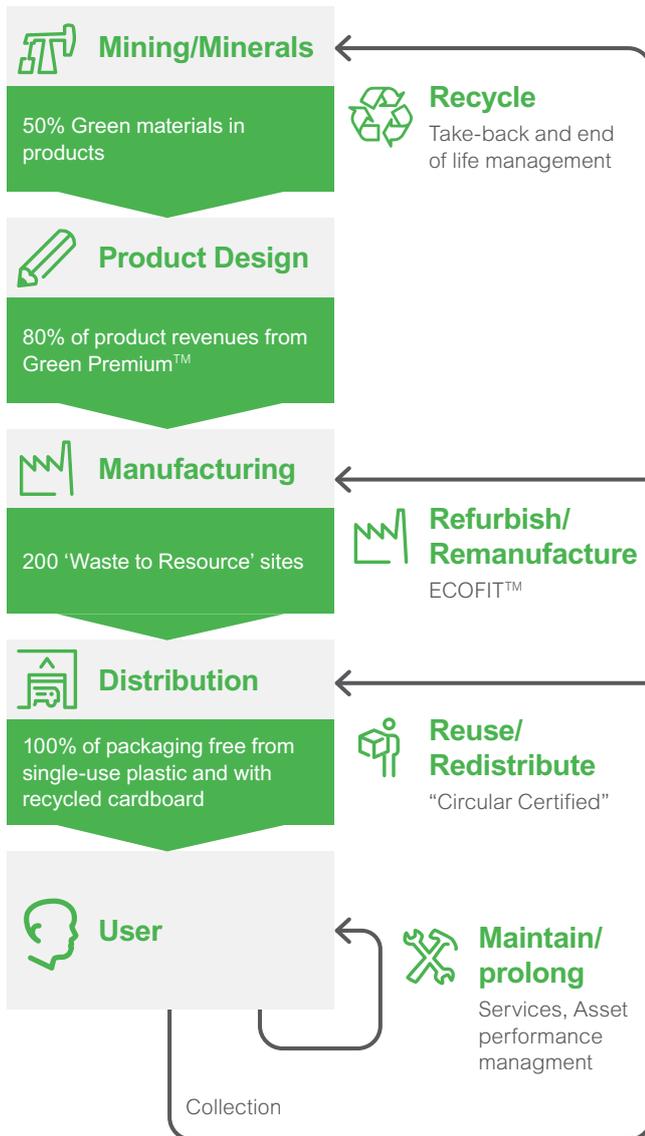
Business model innovation



Over the lifecycle of offers, Schneider commits to innovate with circular business models and services:

- Support customers to optimise asset lifecycle management for increased durability and efficiency, with Asset Performance Management (APM) services
- Give a second life to products (unsold or obsolete stock, commercial returns), with the ‘circular certified’ label launched in France in 2020
- For specific product ranges such as products containing SF₆, offer take-back and end-of-life management services. The Group is committed to avoid 420,000 metric tons of primary resource consumption through ‘take-back at end-of-use’ from 2017 to 2025

In the image below, an overview of circular initiatives at Schneider Electric, over the whole value chain.



These environmental and safety leaders are in charge of reporting on performance as well as executing environmental progress plans in the field.

- **For logistics:** the Logistics Senior Vice-President and his/her teams within the Global Supply Chain department are in charge of reducing and measuring CO₂ emissions from freight at Group level.
- **For countries and commercial entities:** environment 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 national substance regulation such as RoHS China); the proactive management of local environmental initiatives; and relations with local stakeholders.
- **Edison experts:** a process recognizes individuals who have a specific expertise that the Group is eager to maintain and grow. There are 10 specific domains in which Edisons are 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 the development of an e-learning course, a new standard, or an innovation.

Various governance bodies enable those communities to meet every month or quarter to ensure consistent adoption of environmental policies and standards throughout the Group. This network has access to a wide range of resources including standards, policies, best practices, benchmarks, and guidelines, all of which are shared on the dedicated intranet site and databases.

Environmental performance is reported and discussed during leadership meetings of concerned entities, including Global Supply Chain leadership meetings, Sustainable Innovation Taskforce with business units, the Board Audit & Risks Committee, Board of Directors, Executive Committee, Human Resources & CSR Committee, and Group Sustainability Committee.

To educate all employees on sustainability, an Essential Sustainability e-learning training was rolled-out in 2021, including a presentation of the Group's carbon pledge and the roadmap for execution. In addition, various e-learning modules have been developed on topics such as climate and biodiversity. 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 named Act for Green whereby each of its employees can share their suggestions on how the Group can "Green" its operations. In 2020, thanks to the suggestions of many employees, the #stoppingplastic initiative to ban the single use of plastics was launched and integrated in 2021 as part of a biodiversity for sites program (SSE #8). Communities of passionate ambassadors facilitate e-learning and workshops (such as Climate Fresk) to increase awareness on climate change.

On June 5, 2021, on United Nations World Environment Day, as it has been the case for each year over the last eight years, Schneider 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 climate and the circular economy, both internally to the Group and externally, in association with local communities. That year, a special focus was made on the importance of the ecosystem restoration.

1.1 Governance

At Schneider Electric, environmental considerations are integrated in the Group's strategy, R&D, manufacturing, procurement, finance, human resources, transportation, sales, marketing, services, and the way value propositions to customers are spelt out. To deliver ambitions, environmental transformations are driven by a global network of over 600 managers and experts responsible for the environmental management of sites, countries, product design, and marketing. The network of leaders driving environmental transformations consists of the following:

- **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.

1.2 Biodiversity footprint

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 the business strategy.

In 2020, Schneider Electric was the first company to publish the end-to-end biodiversity footprint of its activities, using the “Global Biodiversity Score” (GBS) tool developed by CDC Biodiversité. By sharing its experience with other companies and choosing to publish results transparently, the Group aims to demonstrate that measuring biodiversity footprints is a key first step to help companies define relevant and impactful biodiversity strategies, across their entire value chain.

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, or encroachment); or it can be presented by scopes in Mean Species Abundance per square kilometer (MSA.km²) like a carbon footprint. The end-to-end assessment allowed Schneider to identify hotspots around which it is most effective to develop a biodiversity strategy and actions.



Assessing biodiversity footprint, the occasion to accelerate corporate biodiversity strategy

Schneider Electric performs the first ever end-to-end biodiversity footprint assessment with the Global Biodiversity Score (GBS), a tool developed by CDC Biodiversité

September 2020

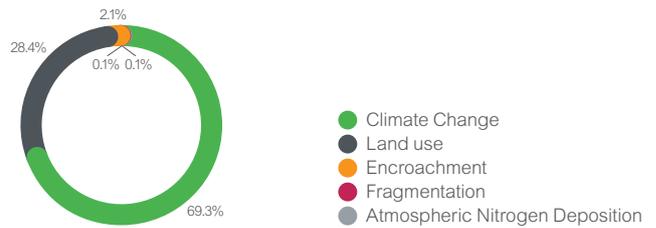


The bar chart below illustrates Schneider Electric's dynamic terrestrial impact, with detail by pressure. The pie chart highlights the weight of greenhouse gas (GHG) emissions which represent almost 70% of Schneider Electric's pressure on biodiversity. Land use accounts for almost 30% of “cradle-to-gate” impacts.

Schneider Electric's biodiversity industrial footprint (in MSA.km²)



Cradle to gate terrestrial dynamic pressures on biodiversity



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. In 2018, the world average terrestrial MSA 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. That is far 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.

1.3 Taking action towards no net biodiversity loss

Climate change is one of the major pressures on biodiversity globally and is the main Group's biodiversity impact. Therefore, Schneider's carbon pledge will have a significant impact on reducing the Group's pressure on biodiversity. Five main levers of actions have been identified and will be addressed through specific actions.

Quantify and regularly publish the assessment of impacts on biodiversity (MSA. km²)

As per the first step of the Group's main commitments, the ambition will be validated thanks to the results of the Biodiversity Footprint Assessment performed with the Global Biodiversity Score (GBS). Consequently, the Group is committed to updating it regularly.

Commit to reduce our impacts and align biodiversity objectives with science

Schneider Electric recognizes the importance of nature and biodiversity for humankind to thrive; we are all dependent on natural resources and ecosystem services. The Group's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. That is why, in 2021, Schneider stepped up its ambition and publicly committed, through act4nature international, to achieving no net biodiversity loss in its direct operations by 2030 (Scope 1) and to aligning with the recommendations of international bodies (Convention on Biological Diversity by the Science Based Targets Network).



Develop solutions and technologies that contribute to the preservation of biodiversity

Schneider Electric’s solutions and technologies directly support biodiversity preservation. Its EcoStruxure™ technologies leverage digital solutions to conserve energy, water, and resources, reduce climate change pressure, optimize land usage, and build transparency, traceability, and circularity in value chains. The Group also contributes to the access to green electricity for millions of people each year thereby mitigating further climate change while providing economic opportunities to those people.

Engage and transform the value chain

The second largest share of the Group’s biodiversity footprint lies in its upstream supply chain, mainly due to GHG emissions and land usage (due to wood and metal sourcing). The Group aspires to engage and transform its value chain and to source greener materials, which will require innovations both in terms of supply chain traceability and product design. Schneider Electric calls for the creation of raw material traceability and certification schemes to provide information all along the value chain as it is one of the most pressing issue to solve in order to engage in a more virtuous procurement practice.

Act locally, engaging employees and partners

Schneider is engaged to act locally to preserve and restore biodiversity by joining forces with other stakeholders through coalitions and partnerships. Its Foundation also supports NGOs that raise the awareness of the public on nature protection (Global Footprint Network, WWF, etc.) and act for nature restoration with partnerships such as Livelihoods Funds. By 2025, Schneider is engaged towards 100% of sites with a local biodiversity conservation and restoration program (SSE #8), on top of water conservation plans for sites in water-stressed areas (SSE #11). To support the efforts at site level, a multi-site analysis has been performed with IBAT (Integrated Biodiversity Assessment Tool). IBAT integrates different biodiversity databases (such as Protected Areas, Key Biodiversity Areas, and IUCN Red List species) and enables a site level analysis within a buffer of 1 km. The top 30 sites, as per risk and exposure, have been selected to perform a deeper analysis called STAR (Species Threat Abatement and Restoration metric), to quantify the contribution of operating at specific locations and to reduce the threat of species extinction risk.

Along its journey, Schneider Electric will continue to leverage its partnerships with external organizations such as CDC Biodiversité, Livelihoods Funds, and many of the VolunteerIn initiatives.



2 Eco-efficient manufacturing

2.1 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. It can also disrupt continuity of operations and tarnish reputation. In addition, with 183 factories and 94 distribution centers in our Global Supply Chain organization, spread across dozens of countries and different national environmental regulatory frameworks, risks of non-compliance exist. These risks include for instance effluent management, handling of waste, or greenhouse gases related expectations.

A proactive approach towards site and property environmental risks and environmental compliance helps preserve the continuity of operations, reduce reputational and legal risks, and avoid expensive remediation steps. When Schneider 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.

Resource and energy efficiency 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. The Group's CO₂ emissions contribute to climate change and may also incur additional costs as carbon taxes become implemented worldwide. 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 can outperform competitors and mitigate risks. The Group 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.

2.2 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 included in the Group's supply chain strategy, and referred to as Schneider Sustainability Essentials (SSE), starting 2021.

The Group's eco-efficient manufacturing goals:

- 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;
- Include the environment in its strategy and governance;
- Extend environmental ambitions to suppliers and partners;
- Spread a culture of environmental excellence in the company.

The Group's energy management goals:

- Reduce the energy intensity of its operations, sustainably decoupling energy consumption from activity growth;
- Reduce the CO₂ intensity of energy consumption, and absolute CO₂ footprint, in line with the Group's commitments to achieve a 1.5°C climate change trajectory;
- Adopt Schneider's own Energy Management and Automation EcoStruxure™ solutions wherever possible, to showcase the Group's solutions for customers and business partners, and help embark them onto an energy excellence journey.

Schneider Electric 2025 sustainable supply chain ambitions



Preserve life and act responsibly

0 fatal and serious accident

100% of applicable sites certified with ISO 14001, ISO 50001 and ISO 45001



Act for a climate positive world

150 Zero-CO₂ sites

90% of electricity comes from renewable sources

100% of sites deliver energy savings, with EcoStruxure™ Power and EcoStruxure™ Resource Advisor

Top 1,000 suppliers reduce operational CO₂ emissions by 50%

15% CO₂ efficiency in transportation



Be efficient with resources

200 'Waste-to-Resource' sites

100% of packaging is free from single-use plastic and uses recycled cardboard

100% sites with Circular supply chain innovations

100% sites with local biodiversity preservation programs & water efficiency

Biodiversity, Waste, and Water



These ambitions are embedded in the Group's Trust Charter and the Group's supply chain strategy as well as two global policies that drive eco-efficiency performance: the Environment Policy and the Energy Policy. The Group also partners with its suppliers to extend its environmental ambitions to its upstream supply chain.

Flagship programs to achieve these goals include:

- Zero-CO₂ sites (SSE #1),
- Delivering energy efficiency with EcoStruxure™ solutions (SSE #5),
- Powering facilities with renewable energy (SSE #3),
- Maximizing waste recovery through the 'Waste-to-Resource' program (SSE #9),
- Sustainably sourcing packaging (SSI #5),
- Focusing on water-stressed sites (SSE #11),
- Emphasizing the importance of local biodiversity (SSE #8), and
- Reducing CO₂ emissions generated by transportation (SSE #4).

2.3 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.

Key ongoing initiatives include:

- The Integrated Management System (IMS) covers the Group's plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and OHSAS 18000/ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally.
- The Company-wide Look at Environmental Assessment and Risk Review program (CLEAR) 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, as well as 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 & Risks Committee.
- Schneider Electric's global risk matrix takes into consideration 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.

Additionally, Schneider 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 endeavors to gauge related risks and anticipate possible steps which would be required. With around 244 ISO 14001 certified sites globally, the footprint is balanced geographically. Roughly 90 of the Group's plants are in areas classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute's (WRI) Aqueduct Water Risk Atlas. The nature of the Group's manufacturing processes (mainly assembly) allows for the rebalancing of manufacturing lines in a fairly prompt manner, if needed.

During the year 2021, no new material environmental impacts were identified. Furthermore, no Schneider Electric sites are Seveso-classified.

2.4 ISO 14001 and ISO 50001 certification

ISO 14001 certification allows Schneider Electric to define and sustain robust environment governance on its sites, supporting continuous improvement to deliver environmental performance. As soon as the ISO 14001 environmental management standard was published in 1996, Schneider 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. 244 sites are certified ISO 14001 as of the end of 2021, representing approximately 76% of the Group scope based on the share of site surfaces, 82% of the Group scope in terms of energy consumption, and over 85% of the Group scope in terms of water consumption, waste generation, and Volatile Organic Compounds (VOC) emissions.

* The scope of the single-use plastics ban for the biodiversity program is "consumer" plastics (e.g. cups, cutlery, gifts/souvenirs, etc.). "Industrial" plastics (e.g. primary/secondary packaging, products) are covered in Schneider Electric's SSI #4 and SSI #5 programs.

The Group's environmental reporting scope and targets are based on all ISO 14001 sites. Environment reporting metrics include energy consumption, Scope 1 and 2 CO₂ 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 2021, 140 sites were certified ISO 50001.

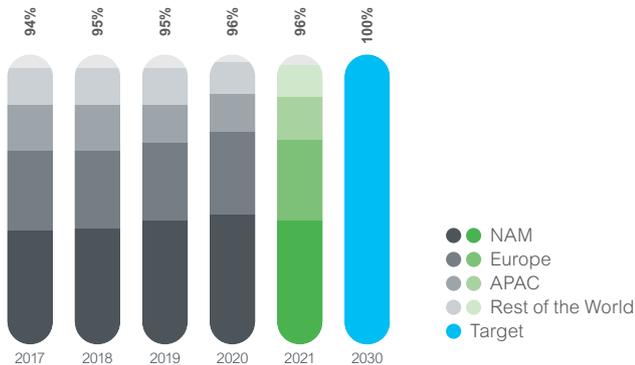


2.5 Waste to Resources

In 2021, global challenges with supply chains, material shortages, and increased visibility towards waste pollution such as ocean plastics have reaffirmed what Schneider Electric has known and strived towards for years: the depletion of the Earth's resources in the current linear take-make-dispose models of resource consumption are not economically or environmentally sustainable and must be replaced with circular economy models.

In its previous program, Towards Zero Waste to Landfill, the Group put a strong emphasis on diverting waste from the landfills through alternative solutions. The Group achieved 206 sites meeting its stringent requirements of 99% metal waste recovery, 97% non-metal waste recovery, and 100% hazardous waste recovery using the best available handling/treatment options available locally. This helped the Group to achieve 96% waste recovery across its operations overall.

Waste Recovery Performance



Resources

SSE #9

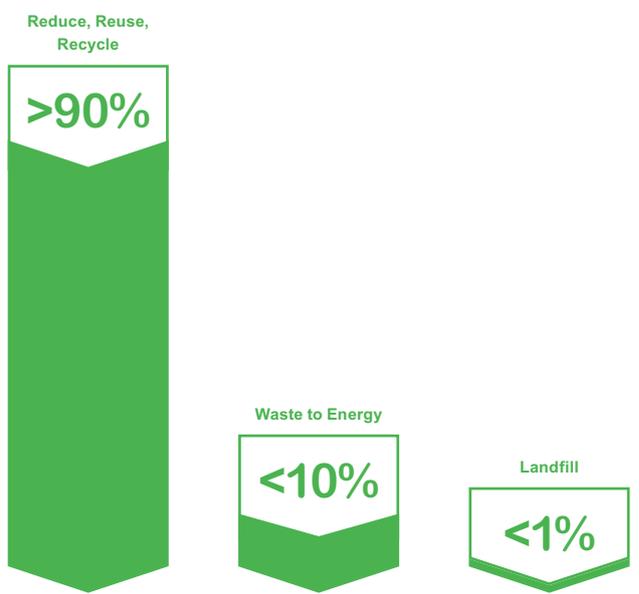
200 'Waste-to-Resource' sites

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 strives to move up the waste hierarchy and find reduce and reuse solutions for its resources.

Baseline	2021 Progress	2025 target
120	<div style="width: 100%; height: 15px; background: linear-gradient(to right, #0070c0, #ccc); border-radius: 5px; position: relative;"> 126 </div>	200

In its new program, 'Waste-to-Resource', Schneider pushes even further with its waste recovery ambitions. Sites now must achieve 99% recovery for all non-hazardous waste and still achieve 100% hazardous waste recovery using the best available handling/treatment options locally. Additionally, to promote and emphasize the importance of circular economy, 'Waste-to-Resource' sites will not be allowed to use waste-to-energy solutions for more than 10% of their waste. This provides an opportunity for sites to work collaboratively within their internal supply chains, along with external suppliers and waste management providers to find innovative reduce, reuse, and recycle solutions.

'Waste-to-Resource' ambition at Schneider: maximising value recovered from waste in sites



Schneider Electric generated around 135,000 tons of waste in 2021, most of it being solid waste. Continuous improvement plans have been deployed to manage this waste, in line with the ISO 14001 certification. In 2021, the Group recovered 96% of total waste reported (recovery ratio includes material and energy recovery) and a 91% recycling rate without energy recovery. The recovery ratio has increased from 81% to 96% since 2009, thanks to site-by-site waste management action plans.

Schneider is committed to ensure that the potential adverse impacts of hazardous waste on environment and health are mitigated. Two main levers are investigated as part of the 'Waste-to-Resource' program: first, all sites generating hazardous waste ensure visibility of handling and end-of-life treatment paths. They also 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 performance 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 2021, hazardous waste generation intensity was 0.3 tonnes/million EUR of revenue, an evolution of -30% versus 2017.

2.6 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 2021, water management and performance information was disclosed in the CDP Water program, and Schneider was awarded a B rating.

However, Schneider fully realizes the importance of water in local communities, especially those that are located in water-stressed areas. Having approximately 90 ISO 14001 sites in areas classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute's (WRI) Aqueduct Water Risk Atlas, the Group has set the ambition that 100% of its sites in water-stressed areas have a water conservation strategy and related action plan by 2025 (SSE #11).

Under this program, three types of actions can be implemented:

- Standard actions which apply to all sites;
- Conditional actions which apply to certain sites based on their type and volume of water usage;
- Site-specific actions.

In 2021, the Group achieved 9% of its 2025 target.

In addition, Schneider's aims to reduce water intensity (in m³ 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 2021, water consumption intensity was 72 m³ per million euro of revenue, an evolution of -34% against the 2017 baseline.



Schneider Electric's Benalla site, Australia

Resources

SSE #11

100% of sites in water-stressed areas have a water conservation strategy and action plan

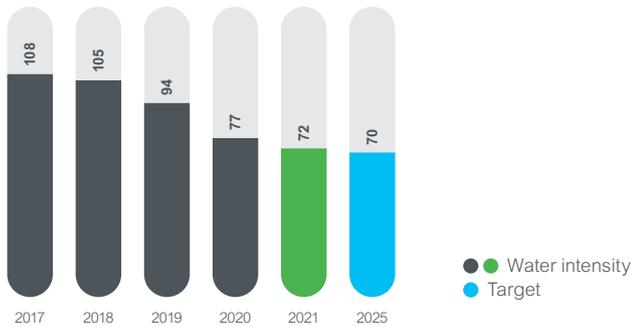
Schneider Electric has approximately 90 sites located in water-stressed areas all over the world. These include factories, distribution centers, and large offices, with water usages including process-based, HVAC, sanitary/canteen, and irrigation.

For instance, Schneider's Benalla site in Australia has installed 130,000 Liters of rainwater storage, which allows the site to source 60% of its water needs from rainwater.

Baseline	2021 Progress	2025 target
0	<div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 9%; height: 15px; background-color: #4CAF50; border-radius: 5px;"></div> 9% </div>	100

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, on a few selected 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.

Global water intensity evolution (m³/million €)



2.7 Biodiversity on sites

Biodiversity is a local matter and actions are required at site level to reduce local impacts: the Group has committed to increase its biodiversity site actions and raise the awareness of employees. In fact, site activities such as energy and water consumption, building infrastructure, food, landscaping, waste generation, light, sound and other forms of pollution, exert a pressure on biodiversity that can be reduced. For example, manicured, non-native landscaping could potentially increase water consumption and promote invasive species that don't support native wildlife.

The objective is to achieve 100% of sites with a local biodiversity conservation and restoration program by 2025 (SSE #8). To meet this target, sites have to define and deploy a biodiversity program consisting of a ban of single-use plastics (related to office use) and at least one local action with significant ecological impact.

The program was launched in 2021 and many sites already started the journey, understanding the complexities of biodiversity, assessing their impact and identifying the right local stakeholders to involve in a preservation or restoration program.

As it takes time to build impactful and consistent biodiversity programs, a slow ramp up in terms of global performance of the indicator is expected, with an acceleration after 2023.

With the objective to get an overview on biodiversity priority sites, inform risk management, and address potential biodiversity impacts, the Group decided to run a multi-site report with the Integrated Biodiversity Assessment Tool (IBAT). Developed through a partnership with Bird Life International, Conservation International, International Union for Conservation of Nature (IUCN) and United Nations Environment World Conservation Monitoring Centre (UNEP-WCMC), IBAT collects and enhances the underlying datasets and maintains that scientific information.

Resources

SSE #8

14

off

blue

fish

15

off

green

tree

100% of sites with local biodiversity conservation and restoration programs

Schneider Electric is engaged to act at local level implementing on every site mitigation, preservation, or restoration initiatives. Every site will engage in at least one action pursuing an ecological impact with social benefits.

In Scarborough (England, UK), the site started to restore a wasteland area to provide a friendly environment for local biodiversity (and employees). In alignment with local authorities, community network, volunteers and local nature specialists, the site performed an ecological assessment and has moved forward with the project.

Baseline

2021 Progress

2025 target

0%

0%

100%

The IBAT report enables users to assess the biodiversity-related features of multiple operational sites for corporate disclosure. In particular, the report is relevant for Global Reporting Initiative (GRI) standard GRI 304: Biodiversity. For each operational site, the report provides the counts of protected areas and Key Biodiversity Areas (KBAs) within a kilometer radius.

The results of the "IBAT multi-site Report, 2021*" include all Schneider Electric sites and show that, within 1-kilometer radius:

- 21% of its sites are in proximity of a protected area as defined by the IUCN, of which:
 - 8% are in category 1a, 1b and 2 (just 6 sites are in proximity of a category-1-protected area)
 - 29% are in category 3 or 4
 - 31% are in category 5 or 6
 - 32% are not applicable, not assigned or not reported

Among the sites in proximity of a protected area, 33% are either industrial sites (characterized by discrete industrial processes such as assembly lines) or distribution centers (warehouses and logistics); the remaining 66% are office buildings.

- 3% of the Group's sites are in proximity of a key biodiversity area (defined by IBAT as either "Alliance for Zero Extinction (AZE)" or "Important Bird and Biodiversity Areas (IBAs)).

All the concerned sites are invited to consider their proximity to natural areas in their biodiversity program.

* IBAT Multi-site Report. Generated under license 26614-25299 from the Integrated Biodiversity Assessment Tool on 15 December 2021 (GMT). www.ibat-alliance.org

2.8 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 2021, Schneider manufacturing sites conducted their annual review of pollution risks as part of ISO 14001 monitoring. No significant spills or discharges were reported in 2021 with known harmful impacts regarding soil pollution.

Hazardous materials are stored, handled, and used in compliance with regulations and with appropriate pollution protection mechanisms. As part of the 'Waste-to-Resource' program, additional focus is brought on hazardous waste, with efforts to eliminate, substitute, or improve treatment.

2.9 Discharge into the water and air

Because Schneider Electric is mainly an assembler, its discharge into the air and water is very limited. Schneider manufacturing sites are carefully monitored, as part of ISO 14001 certification. Discharges are locally tracked as required by current legislation. No significant spills or discharges were reported in 2021 with known harmful impacts in terms of water or air pollution.

Emissions of NO_x and SO_x and particles into the air are monitored at site level in accordance with applicable legal requirements; monitoring of these emissions is verified via ISO 14001 audits. Those 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 reason, the Group works to reduce VOC emissions from industrial activities by 10% every three years. VOC emissions are primarily linked to production. VOC emissions decreased from 29 kg/million EUR in 2017 to 17.4 kg/million Eur in 2021 (-40%). The Group engages with each of its industrial sites that contribute the most to VOC emissions, and which together concentrate over 90% 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. Those 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 industrial activities. These emissions are not consolidated at Group level.

2.10 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 does not have any significant light pollution externality.



3 Green offers

Schneider Electric products support customers every day, make their lives easier, and enable efficient operations. But because products also consume resources and energy, during their production and use, Schneider is committed to reducing their environmental impact.

Since 2003, a Product stewardship team has been dedicated to providing high environmental performance products to the Group's customers as well as full transparency regarding environmental impact. Initially, efforts were focused on compliance with the most rigorous environmental regulations, then on data transparency (through Product Environmental Profiles and End of Life Instructions). Over the last few years, additional efforts have been made to develop a more customer-centric program, helping Schneider customers to better differentiate offers based on strong environmental value propositions.

With the Green Premium™ program and the EcoDesign Way™ process, Schneider reduces the environmental impact of its products using lower impact materials, drastically changing its packaging strategy as well as bringing circular value propositions to extend the durability of products.

3.1 Risks and opportunities

The increasing complexity of environmental regulations could slow down the Group's innovation potential, and could phase out specific chemical substances or resources too quickly with no suitable alternative being found in a scalable manner. The complexity is directly linked to a "regionalization" of environmental regulations (e.g., California Prop 65 and China RoHS) while global resources are limited.

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. There is also a risk to face contradictory recommendations due to regulations overlap (e.g., substances restriction versus circularity performance).

By its customers' side, Schneider 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 products not to be systematically referenced externally.

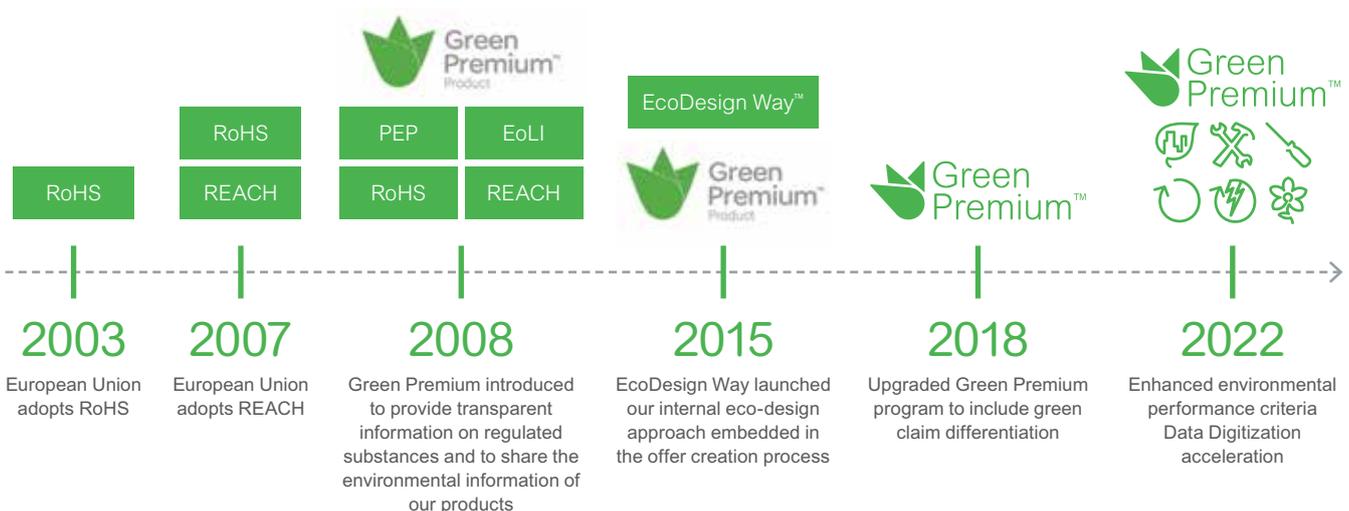
To circumvent the risks stated earlier, Schneider relies on the completeness of the Green Premium™ program, enabling it to cover all relevant product-oriented environmental topics. Relying on the EcoDesign Way™ process and tools is also key to include environmental performance as soon as possible in 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. Also, it is an opportunity for the Group to put in place a strong interaction with those suppliers and ensure that future restrictions will be anticipated.

Schneider reinforces a worldwide approach of environmental product stewardship directives fed by a regional and local environmental steward network, which strengthen its influence position towards regulators through Schneider professional associations.

From the customers' perspective, Schneider relies on the "Check a Product" platform, a public website (<https://checkaproduct.se.com/CheckProduct.aspx?cskey=4b4b15ad9d8148759e39fcb1b346ad9f>) providing all relevant product environmental information. Thanks to "Check a Product", the Group is in a good position to be well referenced in external databases such as the SCIP (Substance of Concern in Products) database and in customers' prescription tools.

In a commitment to go one step further, Schneider takes the necessary steps to digitize the environmental information of offers. Within a fully digitized ecosystem, the Group can provide a streamlined and efficient process to share environmental data with external third-party databases or customers' own prescription tools.



RoHS: Restriction of Hazardous Substances. REACH: Registration, Evaluation, Authorization and Restriction of Chemicals. PEP: Product Environmental Profile. EoLI: End-of-Life Instructions.

3.2 Group policy

Schneider Electric strives to distinguish itself through innovative green offers as mentioned in the Environment Policy. This ambition is articulated through:

- Designing energy-efficient, low CO₂, serviceable, and safe offers;
- Helping customers improve their environmental performance;
- Providing digital environmental information on offers.

To reach such ambitions, Schneider is committed to:

- Invest in R&D to create energy-efficient and environment-friendly solutions;
- Create new eco-designed products and solutions and develop lifecycle thinking;
- Invent circular offers and business models, through products that can be reused, repaired, retrofitted, refurbished, and recycled, as well as 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.

3.3 Green Premium™

Launched in 2008, Schneider Electric's Green Premium™ program was created to provide its customers with more sustainable products and to be transparent with environmental information.

Since then, Green Premium™ has been the absolute warranty for the Group to deliver products that comply with RoHS and REACH regulations as well as being perfectly transparent by delivering environmental disclosures and end-of-life instructions.

The program has evolved over the last few years to integrate Schneider's EcoDesign Way™ process as well as green value propositions for an enhanced differentiation.

As an example, Schneider embedded new durability value propositions such as the "take-back" program in Green Premium™. 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 2021, this service collected around 14,000 tonnes of batteries globally for recycling.

In 2021, the main objectives for the Green Premium™ program were to:

- Ensure compliance with the latest regulations within an even more demanding context;
- Develop new environmental claims within products for higher performance and a clearer differentiation;
- Prepare the digitization of environmental information and ease data sharing with partners;
- Prepare the future of product stewardship for the years to come by developing competencies within the Company.

Schneider Electric is redefining the program that will encompass three pillars in 2022: Trust, Transparency, and Performance:

- **Trust** means for Schneider to continue to be transparent with customers providing RoHS and REACH substance information and going beyond regulations by applying the same rules regardless of the geographies. That is and will remain the core of the Green Premium™ program.
- **Transparency** is the warranty from Schneider to disclose in a digital way the environmental impacts of its products, their end-of-life treatment, as well as any environment-related attribute meaningful for customers. This is crucial in the Group's strategy, as the first step for improvement is measurement and quantification.
- **Performance** is Schneider's commitment to deliver products with reduced environmental impact. Performance can take several forms:
 - Usage of lower impact materials (i.e., recycled plastics);
 - Enhanced product recyclability to reduce waste and loss of critical raw materials;
 - Energy efficient products with at least 10% of improved energy efficiency with respect to the market average or to previous generations;
 - Improved durability and the ability to function as required under defined conditions of use, maintenance, and repair, until a final limiting state is reached (which should be at least 5% higher than market average);
 - The ability to provide SF₆-free products;
 - Repair parts of products easily.

Green Premium™ information, including conformity declaration, Product Environmental Profiles (PEP), and End of Life Instructions, are 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 at <https://checkaproduct.se.com/>.

Trust



Minimal use of hazardous substances in, and beyond, compliance with regulations (RoHS, REACH).

Transparency



Digital environment disclosure (PEP)



Circularity Profiles to provide guidance on responsible product end-of-life treatments



Transparent environment attributes (ie. Mercury-/Lead-/PVC-free)



Sustainable packaging

Performance



Lower Impact Materials



Energy efficiency



SF₆-free



Recyclability



Durability



Reparability



Today, 78% of Schneider Electric's product sales come from Green Premium™ products and the ambition is to reach 80% by 2025 (SSE #6).

Resources

SSE #6



6 CLEANER PRODUCTION

7 STEWARDSHIP SOURCING

12 ECONOMIC PROGRESS

12 ECONOMIC PROGRESS

80% of product revenues covered by Green Premium™

In 2021, Schneider Electric received an increasing number of customer inquiries requesting detailed information regarding the material content and environmental impacts of its products. In response, the Industrial Automation Environmental Experts of the Group generated more than 75 new Product Environmental Profile (PEP) documents. This has enabled the certification of a larger amount of products through the Green Premium™ program to deliver even more transparent information.

Baseline	2021 Progress	2025 target
77%	<div style="width: 78%; background-color: #27ae60; height: 15px; margin: 0 auto;"></div> 78%	80%

3.4 EcoDesign Way™

EcoDesign Way™ is Schneider Electric's proprietary process, deployed on product development projects of more than EUR 300,000. It is fully integrated in the Group's Offer Creation Processes (OCP), mandatory deliverables, and encompasses all involved functions: Marketing, Quality, Design, Supply Chain, and Project Manager. EcoDesign Way™ involves 3 steps:

- 1 Identification of relevant environmental performance for customers with inputs from marketing
- 2 Research and assessment of alternative solutions to target the selected environmental performance
- 3 Once performance is reached, draft of a marketing pitch.

The EcoDesign Way™ scorecard is fully aligned with all Green Premium™ value propositions. Moreover, several initiatives have been launched to embed EcoDesign Way™ earlier in the OCP with strong inputs from the Future Offer Manager to foster innovation and increase EcoDesign Way™'s positive impact. For instance, a simplified Life Cycle Assessment tool was deployed to assess the environmental potential of incubated projects.

In 2021, Schneider Electric initiated a revamp of the EcoDesign Way™ process to better include the latest global sustainability programs such as Green Materials and Green Packaging. The new eco-design process is expected to be more integrated within the Agile framework Schneider is deploying globally. The process should also involve the assessment of CO₂ emissions at a very early stage in the creation of new offers in order to encourage oriented investments. Moreover, the new eco-design process will not be limited to products but will also include systems/architectures. Finally, the revamping of ecodesign will be the opportunity to enhance sustainable innovation DNA by developing training and coaching modules for the project teams.

3.5 Green materials

Schneider Electric has committed to increase green materials use in its products to 50% by 2025, as part of Schneider Sustainability Impact (SSI #4). With that long-term commitment, the Group aims to:

- Be a change agent to accelerate the transformation toward a low-carbon and circular economy of the material industry;
- Reduce Scope 3 supply chain emissions, in line with the 1.5°C carbon pledge;
- Differentiate Schneider products from those of competitors in the eyes of customers by using low CO₂, circular, and safer materials in products.

In 2021, Cross-functional experts at Schneider (Procurement, R&D, Environment) have worked in close relationship with suppliers to define the Green attributes for each commodity in scope, based on existing international schemes and standards. A green material is:

- A material with a lower environmental footprint; and/or
- A material that is the output of an industrial technology which is a key enabler for a 1.5°C climate scenario and/or a more circular economy.

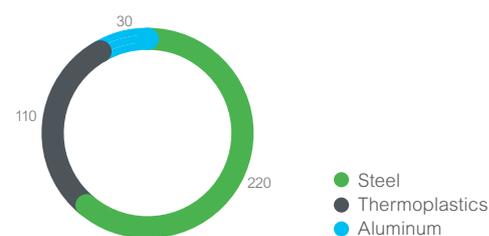
Considering this definition, Schneider has identified two levers of action:

- Build traceability in the value chain. This is a priority for metals today, where visibility on the environmental impact and technology-origin of procured metals is low.
- Select green materials based on a lower environmental footprint.

The lower environmental footprint attributes are defined for each commodity in scope, as the environmental performance of metal cannot be based on the same attributes as plastic. In 2021, the scope of green materials focused on three types of commodities covering about a third of purchased materials in volume:

- **Thermoplastics** (including both direct and indirect procurement). Thermoplastics are qualified as "Green" when the supplier is bringing evidence of a minimum recycled content, biobased content (minimum threshold depends on whether the compound is halogenated or not) or is using a green flame retardant.
- **Steel** (direct purchases). Steel is qualified as "Green" when the supplier is bringing evidence that the mill of origin is an Electric Arc Furnace (EAF) or has a Green certificate such as the ones delivered by Responsible Steel.
- **Aluminum** (direct purchases). Aluminum is qualified as "Green" when the supplier is bringing evidence that the product carbon footprint is below 8 tonnes of CO₂ per ton of Aluminum, is using a minimum of 90% of recycled content in its product or that the mill of origin has a Green certificate such as the ones delivered by the Aluminum Stewardship Initiative.

Volume and distribution of green materials (in kt)



The example of the definition of “green thermoplastic” is provided in the illustration below.



- (1) List January 2021
- (2) According to EN 50642
- (3) According to ISO 14021 & EN 45557
- (4) According to EN 16785 or ASTM D6866
- (5) According to GreenScreen used in TCO Certification

At the end of 2021, 11% of materials in scope were qualified as “Green” under the definition described before.

The inclusion of other commodities like copper, thermoset, and indirect steel will be reassessed in next phases, as the program maturity and the transparency of supply chains improve. Extending the Green materials scope to indirect procurement would allow to include new green criteria such as ‘lead-free alloy’, a substitution initiative Schneider Electric is working on to anticipate future regulation on lead.

In January 2022, Schneider became a member of Responsible Steel, the world’s first global scheme for responsibly sourced and produced steel. Its mission is to enhance the responsible sourcing, production, use and recycling of steel. Schneider is one of the first steel products consumers outside of the automotive industry to join Responsible Steel. Being a member of Responsible Steel will allow the Group to have a voice to influence the scheme development while fostering opportunities to build strong partnerships with Steel manufacturers and consumers. In 2022, Responsible Steel will launch a standard for the certification of steel products.



Schneider Energy Management and Industrial Automation businesses are currently working on an implementation roadmap of the green materials in the projects portfolio. Some offers, like Odace Sustainable, are already out, and more are expected to come from 2022 onwards.

Resources

SSI #4

Increase green material content in our products to 50%

The new Odace Sustainable offer from Schneider Electric is a range of stylish, smart switches and plug solutions for the residential market. Developed from recycled materials collected from electrical drop off centers and supermarkets, wasted plastics enter a circular economy loop using a WEEE (waste electrical and electronic equipment recycling) system, which transforms discarded materials into new products.

Baseline	2021 Progress	2025 target
7%	<div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 100%; height: 15px; background-color: #ccc; border-radius: 5px; position: relative;"> <div style="width: 11%; height: 100%; background-color: #333; position: absolute; left: 0;"></div> </div> 11% </div>	50%

3.6 Green packaging

Packaging is the first visible asset seen by customers and is associated with major environmental challenges such as resource depletion, CO₂ emissions, waste generation, and marine pollution. Globally, a strengthening of the regulatory framework requires the development of new packaging alternatives to enhance recyclability and minimize the current and upcoming Polluter-Pays packaging taxes.

By 2025, Schneider has committed to make sure that:

- 100% of primary and secondary packaging uses recycled cardboard.
- 100% of our primary and secondary packaging is free of single-use plastic.

In 2021, Schneider Electric Green Packaging Experts released a new sustainable packaging guideline to define Schneider's requirements and best practices to foster improved environmental performance of packaging by minimizing waste generation and improving recyclability to make it an integrated part of a more circular economy.

In 2022, the focus will be put on:

- Setting up partnerships with key suppliers to secure greener packaging options;
- Building up traceability in the supply chain by collecting suppliers' declarations and strengthening procurement systems to better track single-use plastic packaging;
- Accelerating the implementation of the "green packaging" definition in the business projects portfolio to ensure new and legacy products switch to more sustainable packaging options.

Resources

SSI #5





100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard

The newly launched Wiser IP Camera is delivered without any plastics in the box and a cardboard made with 70% of recycled content. In addition, the in box user guide contains mandatory information only and remaining content is fully accessible online through a QR Code.

Baseline	2021 Progress	2025 target
13%	<div style="background-color: white; border-radius: 10px; width: 100%; height: 15px; position: relative;"> <div style="background-color: #4CAF50; width: 21%; height: 100%;"></div> </div>	100%

3.7 Product Environmental Footprint

More and more customers, green building standards, distributors, and electricians prefer offers with green credentials and request environmental data. Many building standards and local regulations, demand or promote offers providing Environmental Product Declarations. There is clearly a growing premium assigned to transparency.

An environmental footprint is a product or solution-related content that provides quantitative information based on Life Cycle Assessment (LCA, according to ISO 14040-44 standard). Environmental footprint enables the assessment of multiple environmental impact indicators, including the carbon footprint, for all product or solution lifecycle stages. The scope of this assessment is also referred as 'cradle-to-grave'. Environmental footprint is a mandatory requirement in the Green Premium™ program.

Schneider Electric relies on Product Environmental Profiles (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 2021, 182 certified PEPs 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 adequate level of internal PEP verifications. 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.

Environmental configurators

Beyond PEPs, Schneider Electric also relies on some offers' environmental configurators which are better suited to assess the environmental footprint of systems and solutions. A configurator makes it possible to assess a dynamic environmental footprint that better reflects the specific situation of customers or end-users. In 2021, a web configurator was developed to leverage the environmental benefits of the ECOFIT™ service. Schneider aims at supporting the creation and use of such configurators since they allow the Group to provide better environmental inputs to customers, facilitate the discussion around the environmental footprint of offers, and therefore ease the identification of meaningful eco-designed solutions. In 2021, Schneider accelerated the digitization of the PEP process in order to encourage the use of the configurator.

PEP Ecopassport PCRed4

In 2021, Schneider Electric strongly contributed to the development of the new Product Category Rules of the PEP Ecopassport association (PCRed4 issued in September 2021), which are:

- Compliant with the EN 50693:2019 standard: Product category rules for life cycle assessments of electronic and electrical products and systems – currently being mirrored in the IEC/TC111 Working Group 15 (IEC 63366);
- Fully aligned with the EN 15804+A2 standard: Sustainability of construction works – Environmental product declarations – Core rules for the product category of construction products;
- Integrate key elements of the EU Product Environmental Footprint (PEF), such as mandatory impact indicators, end-of-life formulae, and quality ranking;
- Aligned with ISO 14067:2018: Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification, integrating the latest requirements of the French regulatory texts from RE2020.

The application of PCRed4 enables electrical and electronic equipment manufacturers to produce product environmental declarations, in accordance with the best-known international standards, thus fostering cross-region and cross-industry recognition. Schneider aims at using this new PCR document to influence and strengthen the environmental footprint practices of the sector through standardization (TC111 Working Group, ZVEI initiative) and regulations (Sustainable Product Initiative of the European Commission, Green Taxonomy).

By relying on the PEP Ecopassport PCRed4 methodology on the one hand and on the acceleration of the environmental data digitization on the other hand, Schneider strives to provide systematically and seamlessly to customers quantified environmental footprint to differentiate the green offers, and therefore, be a change agent towards a low-carbon and circular economy.

3.8 Substances strategy

With increasing chemical substances regulations, raising standards from a well-being perspective, especially in the building space, and a growing number of 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 more and more needed. Schneider Electric seamlessly captures underlying data from suppliers, aggregate it, and disseminate it swiftly to customers who need that information.

REACH and RoHS

In Europe, the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) directive are engaged in a refit process and Schneider actively participated in the public consultations through the professional organizations, by making some key proposals to improve efficiency and limit the administrative burden.

Substances of Concern in Products (SCIP)

In the frame of the Waste Framework Directive, the European Chemicals Agency (ECHA) was mandated by the EU commission to put in place the database for information on Substances of Concern In Products (SCIP), beginning in 2021. Since 2021, manufacturers and importers of products containing substances of very high concern (SVHC) above the 0.1% threshold, must register those products into this SCIP database. Despite the difficulties to manually register Schneider's products without any IT to IT systems, nor any easy solution provided by ECHA, the Group registered most of the relevant products by the end of 2021, being one of the top contributors, and reinforcing our transparency objective in this domain.

The environmental compliance IT system which allowed Schneider to have a competitive advantage in terms of transparency and substitution management, virtually throughout the last decade, must be replaced. 2021 was dedicated to specifying our needs in order to maintain and even improve this advantage at least for the next 10 years. This is a key element of our substance and regulation management strategy.

TSCA

In the US, the Toxic Substances Control Act (TSCA) regulation which restricts the use of chemicals was reinforced with the introduction of new substances. Schneider Electric worked hard to identify the use case of those substances and launch adequate actions. The TSCA restriction list will be fully integrated in Schneider Electric's global substances strategy soon.

IEC 62474

Substances information data sharing is key to target substitutions. Schneider is very active in the development of data exchange formats on substances through the IEC 62474 standard.

Other substances under investigation

Among the different subjects investigated in 2021, the Polyfluoroalkyl substances (PFAS) restriction proposal and Silver classification update were two points of focus. Lead substitution was also investigated in anticipation and will be promoted when possible.

3.9 Circular business models

The risks that Schneider Electric sees are around the perception of “one size fits all” for circularity, as well as 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’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” can be 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.** Indeed, while promoting services to extend the products’ lifespan, Schneider 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, on condition that 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’s value propositions have long delivered resource efficiency, enabling customers to “do more with less”.

Schneider’s deeply ingrained belief in the circular economy helps create a 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.).

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), Schneider creates shared value for its customers.

Most of Schneider’s new products are digital, connectable, ensure full product lifecycle management and predictive maintenance, and guarantee optimum performance, hence 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. Those solutions, using up to 60% less materials than using brand new equipment, enable pull-through and constant payback, increase customer stickiness, and long-term relationships.

Schneider’s first circular distribution center

Since 2020, the Schneider Electric site in Bourguebus, France has supported the Group’s strategy to help accelerate its transformation towards the circular economy.

Bourguebus helps deliver on 4 key aspects of Schneider’s circular economy strategy including:

- **Repack:** repackaging of new Schneider products whose packaging has been damaged.
- **Reuse:** sorting, selecting, redistributing never-energized Schneider products that are unsold and/or returned by our customers under the “Circular Certified” label.
- **Refurbish:** managing the supply chain for collecting used Schneider products and sending them to the Schneider Electric Privas, France partner site for repair and managing customer orders on our second-hand web platform.
- **Recycle:** dismantling of products to recover and resell the valuable materials.



Schneider Electric’s Bourguebus site, France

Bourguebus’s innovative circular economy transformation, along with the added value proposition of the “Circular Certified” label, has led to saving 4M€ of stock in 2021 and has avoided 950 tonnes of CO₂e.

In 2022, the site will continue to grow circular industrial capabilities to support business innovation and differentiating offers to customers. This includes capabilities such as refurbish, remanufacture and reverse logistics. One particular customer-centric project will include developing a website that will support the take-back of Schneider products at customer sites.

External engagement

Schneider Electric has been part of task forces on circular economy, playing leadership roles in multi-stakeholder dialogs. 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).

Here are some white papers and partnerships for circular economy to which Schneider 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 Circularity Accelerators program.

Schneider Circular Certified label

Schneider Electric launched the “Circular Certified” label for the French market in September 2020. The label is dedicated to the sale and promotion of products from the circular economy and 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.



Quantifying impact of circular offers

Under Schneider Sustainability Essentials, Schneider quantifies its Circular Economy efforts, such as repair, reuse, refurbish and recycling and targets to avoid 420,000 metric tons of primary resource consumption through “take-back at end-of-use” by 2025, cumulatively since 2017 (SSE #10). This program enables waste, material, energy consumption, CO₂ emissions and/or water savings.

Activities in this program will enrich on the basis of the Group’s increasing focus on circularity business models, and are currently constituted of:

- Batteries take back and recycling;
- Volume of devices refurbished and repaired in our repair centers (such as UPS or Drives);
- Volume of Medium Voltage, Low Voltage and Transformers refurbished or recycled in our ECOFIT™ Centers.

Resources

SSE #10

420,000 metric tons of avoided primary resource consumption through “take-back at end-of-use” since 2017

Danone Evian wanted to upgrade its bottling facility to deliver natural mineral water more sustainably by reducing energy consumption at every stage of production. Among other upgrades, the LV switchgear were modernized within Schneider Electric’s ECOFIT™ solutions.

By choosing equipment modernization with ECOFIT™ instead of immediate replacement, Danone Evian saved an estimated 315 metric tons of CO₂ equivalent, 372 m³ of water and 47 tonnes of raw materials.

Baseline	2021 Progress	2025 target
157,588	<div style="display: flex; align-items: center;"> <div style="width: 100%; height: 15px; background: linear-gradient(to right, green 60%, gray 60%);"></div> 203,881 </div>	420,000

3.10 End-of-life product management and 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 lifecycle.

In the context of the application of the Waste Electric and Electronic Equipment (WEEE) directive, Schneider 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 the Group’s 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.

Life Is On



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