

IMPACT
Company



2022 Sustainable Development Report



Digital and Electric:
for a sustainable and resilient future

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Life Is On

Schneider
Electric



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An introduction by Chief Strategy & Sustainability Officer, Gwenaëlle Avice-Huet

“Companies that want to do well must also do good – and vice versa.”

I stepped into my new role as Schneider Electric's Chief Strategy and Sustainability Officer in the midst of what was one of the most tumultuous years in recent history.

On the environmental front, we saw extreme heatwaves, devastating droughts and floods, and reports of record-breaking biodiversity loss. On the economic and political fronts, we saw war and intensifying geopolitical tensions, lingering supply chain issues, soaring inflation, rising interest rates, debt distress and widespread energy and food insecurity, plunging many countries around the world into recession.

As the latest United Nations' Sustainable Development Goals Report remarked, “these cascading and interlinked crises are putting the 2030 Agenda for Sustainable Development in grave danger”.

In this context, combining corporate strategy, quality and sustainability into one joint role, as we have done at Schneider Electric, makes more sense than ever. My combined remit aims to ensure that sustainability drives all corporate decision-making and generates maximum impact for both the company and our stakeholders, starting with quality which is good for customers and also for the environment.

So, in 2022, despite rising costs and increased political and economic uncertainty, we remained focused on accelerating the transition to a cleaner and fairer world with our long-standing strategy of providing digitalization, electrification, efficiency and sustainability solutions that tackle today's energy, climate and cost of living crises hand-in-hand.

Engaging in the pursuit of long-term positive impact

Addressing these global challenges requires commitment and determination. At Schneider, we firmly believe that companies that want to do well must also do good – and vice versa.

Our success reflects the significant investments and efforts we've made into sustainability and innovation over the past years. These have helped prepare us for a new energy future while also reinforcing our resilience to upheaval and disruption. As an Impact Company, we are committed to bringing everyone along, employees, customers and suppliers, and working more closely than ever with policy makers and local communities to make a difference.

Sustainability achievements to be proud of

In terms of climate commitments, we raised the bar by validating our decarbonization roadmap according to new Corporate Net-Zero Standards from the Science Based Targets initiative. We were one of the world's first companies to do so.

And prominent, independent ESG rating providers recognized our leadership, with best-in-sector rankings from S&P Global, CDP, Moody's ESG Solutions, and Corporate Knights' Global 100.

We also made good progress on the zero-carbon journey that we began with our top 1,000 suppliers in 2021. So far, we've helped them reduce their operational CO₂ emissions by close to 10% and we're ready to accelerate this momentum towards our 50% reduction target for 2025.

The Schneider Electric Foundation also played a vital role in sustaining our commitments to communities in need and to leaving no one behind. When the war broke out in Ukraine, our employees from around the world raised funds to help local colleagues and their families, while our Foundation worked to support refugees displaced by the conflict.

We continue to address the complex, systemic inequalities associated with energy poverty. Our technologies improve the lives and livelihoods of communities with little or no access to energy and our training initiatives are creating the skilled workforce required to support the growing energy needs of developing countries and close the energy access gap by 2030.

I'm proud of what we achieved in 2022, but since attending the COP27 summit, I realize that much more remains to be done. I look forward to advancing on this at speed and scale by working together, building on our achievements, and delivering lasting and positive impact for the future.

Gwenaëlle Avice-Huet, Chief Strategy & Sustainability Officer



1 Sustainability for all

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Distinctions 2022



2022 highlights

4.91/10

Schneider Sustainability Impact score, outperforming 2022 target (4.70/10).

45%

Sustainable packaging for our products (vs 21% in 2021).

440M

Tonnes of saved and avoided CO₂ emissions for our customers since 2018 (+93MT vs 2021).

40M

People have access to green electricity in 2022, since 2009 (+5.5M vs 2021).

1 Sustainability for all

1.1 Our strategic vision towards long-term positive impacts

The world is changing

The world is facing multiple challenges that require a significant and rapid response from business. The climate crisis is causing flooding and droughts that have already resulted in billions of dollars in damage and mass population migrations. It is jeopardizing access to basic needs and services such as health, food, water and energy for billions of people – generating further social inequalities. The biodiversity crisis, driven by changes in the usage of land and sea, direct exploitation of natural resources, pollution, climate change and invasive species will further destabilize our economies as the ecological services nature provides to an ever-growing population are degraded. Meanwhile, the digital revolution is completely changing the way people interact with one another, how we interact with machines, and the way machines interact with each other.

The onset of the COVID-19 pandemic, and the geopolitical crisis in Ukraine have also set in motion a series of global events which have led to significant disruptions, many of which have impacts across the world. These include constrained labor availability, global shortages of raw materials and electronics, unreliable transportation, and reductions in energy availability. Supply chains across industries have been challenged by these outcomes.

New expectations and practices have emerged to help the world adapt to, or mitigate the impacts of this disruption:

- Local dynamics in response to ecological and social considerations as well as supply chain disruptions
- The mobilization of new generations, demanding a radical shift towards a more sustainable economy
- The flourishing of new environmental, social and governance regulations for both financial and non-financial undertakings
- New ways of working, which are more flexible and more digital
- Circular business models to preserve the planet’s resources

Articulating our strategy around an Impact Company model

While everybody – governments, NGOs, investors, and individual citizens – has an important role, companies can be crucial players.

They can be both developers and users of new solutions. They have the resources, talent, technology, and geographic footprint to make real and fast change and use it to drive sustainable financial performance.

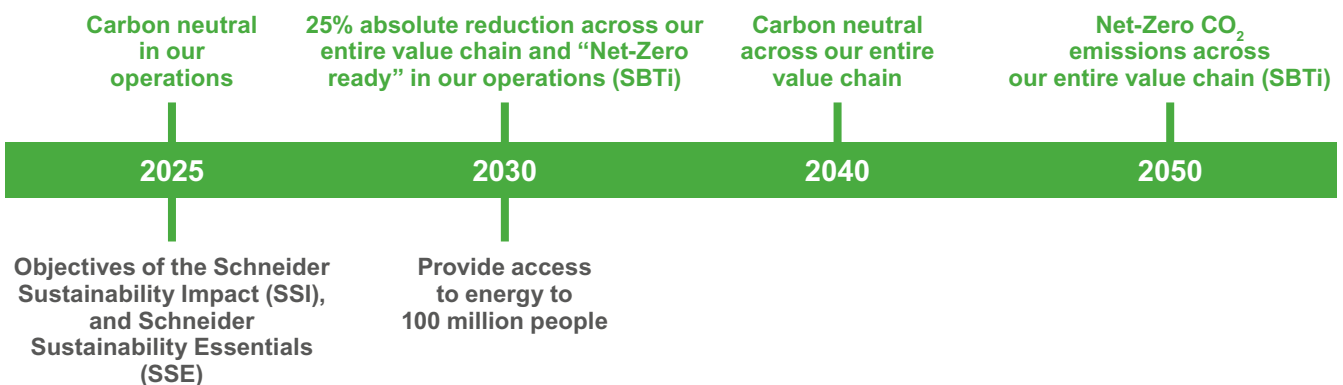
The foundation of Schneider’s sustainability strategy and Impact Company model is the belief that investing in the transition to a more sustainable future - in energy sobriety, gender equity or low carbon solutions – is about future-proofing the company. It drives the company’s competitiveness, innovation and resilience. It secures sustainable growth because any company’s health is deeply interconnected with the health of the environmental and social systems it evolves in. It encompasses continuous improvement of environmental, social, and ethical dimensions across an organization’s entire value chain and stakeholders. This holistic approach allows the Group to greatly mitigate risks and also brings tangible added value by being more attractive to stakeholders, while boosting innovation.

The transformation of Schneider Electric reflects this. The adoption of an Impact Company model has seen the company triple in size, growing from €9 billion in 2003 to €34 billion in revenues in 2022. Schneider Electric products, software solutions and services help households, companies, buildings, data centers, infrastructure projects and entire industries make the most of their energy and resources and bolster their energy resilience. With its solutions, the Group plays a major role in accelerating the energy transition and fighting the climate crisis, while making a long-term positive impact on the planet and society.

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

This positive contribution is measured as Impact revenues, which represent close to 72% of the Group’s total revenues in 2022. In addition, in order 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. On this journey for a better planet, the Group is convinced that no one should be left behind, and businesses should operate a just transition.

Climate change, biodiversity loss and rising inequalities, are all issues that have long-term consequences and cannot be addressed with a short-term mindset alone: solving these issues requires a combination of a long-term vision and concrete short-term action presented below.



1.2 Our 6 long-term commitments and tools to measure progress

In response to the societal, economic and ecological worldwide transformations, expectations from its stakeholders and aligned with its Purpose and the United Nations Sustainable Development Goals (SDGs), Schneider Electric has made six long-term commitments. By tracking its sustainability performance and publishing quarterly results, Schneider Electric upholds its commitments to the SDGs and industry leadership in corporate social responsibility.

Our tools to measure progress

The execution of the Group's 2021 – 2025 sustainability strategy is tracked through quantitative key performance indicators (KPIs), under two complementary tools: the SSI and the Schneider Sustainability Essentials (SSE). 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 United Nations SDGs.

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, audited annually, and linked to short-term incentive plans for more than 64,000 employees.

The SSE reflects continuous improvement actions taken by the Group, complementing the SSI. This tool brings balance between the innovative transformation plans of the SSI and the need to keep making progress with other long-lasting programs.

A notable addition to the 2021-2025 program 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.

Long-term commitments and tools

Tool	Schneider Sustainability Impact (SSI)	Schneider Sustainability Essentials (SSE)	Local Sustainability Impact programs (SSI #+1)
KPIs	11	25	~200
Scope	Global	Global	Local
Reporting	Quarterly	Annual	Annual
Assurance	Yes	Yes	No
Link to STIP	Yes	No	No



Read more on the local commitments on www.se.com

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.



Be efficient with resources

by behaving responsibly and making the most of digital technology to preserve our planet.



Live up to our principles of trust

by upholding ourselves and all around us to high social, governance, and ethical standards.



Create equal opportunities

by ensuring all employees are uniquely valued in an inclusive environment to develop and contribute their best.



Harness the power of all generations

by fostering learning, upskilling, and development for each generation, paving the way for the next.



Empower local communities

by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all.



1 Sustainability for all

1.2.1 The Schneider Sustainability Impact: a unique transformation tool

Since 2005, Schneider Electric has measured its sustainability performance each quarter in a dashboard known as “Schneider Sustainability Impact” (or SSI). Schneider uses this tool to address its sustainability challenges and to improve each of the pillars of its strategy identified through its materiality matrix. Each SSI mobilizes the whole company around holistic sustainability goals impacting its ecosystem, shares the Group’s improvement plans with stakeholders, and create system value.


A single ESG performance score

The SSI provides an overall measure of the Group’s progress on its sustainability goals on a scoring scale of 10. This is achieved by converting each KPI’s performance on a 10-point scale, considering that base year performance receives a 3/10 score and the 2025 target translates to a 10/10 score. For each KPI, the relevant score is obtained by linear interpolation and rounded down to the second decimal. The overall score of the tool is the average of each KPI’s score with equal weight excluding the local commitment (SSI #+1). As an exception, in 2022, SSI #6 is excluded from the score calculation, as 2022 constitutes the first measurement and baseline of the program. In 2022, the SSI achieved a great score of 4.91/10 (vs 3.92/10 in 2021), exceeding its 4.70/10 target for the year, and is well on track to achieve its 2025 ambition. The 2023 objective is keep accelerating and reach 6.00/10.

Transparent quarterly progress disclosure

The results of the SSI are published every quarter together with financial results and made available to all stakeholders via the Group’s website. On these occasions, results are collated and presented to the Function Committee, which makes decisions on any corrective actions that may be necessary to reach objectives. The Human Resources & CSR Committee within the Board of Directors conducts an annual review of the Group’s Sustainability strategy, analyzing, in particular, the performance of the SSI. The results are also publicly presented to shareholders by Schneider Electric’s Chairman & CEO or CFO, demonstrating the Group’s commitment to making sustainability part of the Company’s long-term strategy.

In addition, the results of the SSI are released in various external reports (such as the Universal Registration Document including the statutory auditors’ report), and are shared during customers and investors events. Internally the results are published on the intranet, and in various communications to employees (including a quarterly internal video featuring the CEO and the CFO on the quarter’s results).

 Find all quarterly releases on the Financial Result page on www.se.com

Annual publication and external assurance


The annual publication of the SSI results follows through internal data controls performed by each relevant team and supervised by the Sustainability team, as well as a complete “limited” external assurance from an independent third-party verifier for all of the SSI and SSE indicators (except SSI #+1 and SSE #12), in accordance with ISAE 3000 assurance standard. Progressively, Schneider Electric aims to obtain a reasonable assurance level on the SSI. In 2022, the SSI #8 obtained a reasonable assurance level, as well as other energy, CO₂ and safety KPIs.

Rewarding employees for performance

Since 2011, the SSI score is included in the variable compensation of global functions and Company leaders. 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. From 2019, the weight of the SSI criteria has increased from 6% to 20% in the collective part of the annual short-term incentive, further highlighting the importance of sustainability on Schneider Electric’s business agenda. In 2022, the SSI performance impacted the short-term incentive plans for 64,000 employees (20% of collective share), including the Executive Committee members and the CEO.

SSI and Sustainable Finance

In November 2020, Schneider Electric announced its first sustainability linked convertible bond, due 2026, for a nominal amount of approximately €650 million. This bond issuance is linked with three programs of the SSI 2021-25 (SSI #2, SSI #8 and SSI #11) a .In 2022, Schneider Electric signed €2.7 billion Syndicated Sustainable-linked Revolving Credit Facilities with a margin indexed on the annual performance of the SSI.

 More information about debt and bonds on the Debt page on www.se.com

SSI creation process

The SSI is a cyclical process taking place every 3 to 5 years. In 2020, a specific SSI Steering Committee was created, comprising around 50 members representing each Executive Committee member, each 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.

The breadth of stakeholders involved in the design of the SSI, and the variety of analyses leveraged, makes it a powerful tool to move the Group forward on its major challenges.

Three scenarios may emerge from one SSI to the next:

- Programs are maintained and their targets are renewed or increased
- New and more innovative or better-adapted indicators are implemented;
- Programs are removed; if for instance they have reached a threshold. Any former program may continue to be monitored internally if relevant.

The Sustainability department presents a draft version of the new SSI to the Human Resources & CSR Committee, which reports on its work to the Board of Directors, and to the Group Sustainability Committee (now "Function Committee") for validation. This latter Committee includes six members of the Executive Committee: the Chief Strategy and Sustainability Officer; Chief Human Resources Officer; Chief Global Supply Chain Officer; Chief Marketing Officer; Chief Governance Officer & Secretary General; and Chief Financial Officer. The new SSI is then approved by the CEO.

During the deployment of the SSI, annual reviews take place organized by the sustainability team together with internal experts and new or complementary programs may be launched or be evaluated in more depth.

Notable SSI achievements and challenges in 2022

SSI #2 delivered +93MTCO₂e saved and avoided for customers, a net improvement compared to 2021 (+84MTCO₂e), driven by good progress in Power Purchase Agreements services and Variable Speed Drives sales.

The Zero Carbon Project (SSI #3) recorded a 10% progress (vs 1% in 2021) thanks to the CO₂ emissions efficiencies achieved by close to 1,000 onboarded suppliers.

45% of the Group's primary and secondary packaging is now free from single-use plastic, and uses only recycled cardboard, compared to 21% in 2021. This rapid progress was possible thanks to the mobilisation of all teams worldwide, and particularly in Pacific, India, North America and Europe.

Close to 28% of Group leaders are now women, a 4 points increase since 2020, but women hiring remains at 41% and will be a focus for 2023.

Lastly, SSI #9 delivered access to green electricity to 5.5 million people in 2022 alone, thanks notably to the solarization of Health Centers in Greater India and the delivery to Investment Funds. It is 30.7% more than in 2021 where 4.2 million people benefited from these offers.

SSI #6 was launched for the first year, with 59% of suppliers committing to join the program and 1.5% already meeting the Decent Work expectations set by Schneider Electric. This KPI is excluded from the calculation in 2022 as this year constitutes the baseline for this program.

One of the most challenging 2025 objectives will be to train 1 million people in energy management (SSI #11). Excellent progress was delivered in 2022 with close to 70,000 new people trained (vs more than 46,000 in 2021) but due to the delay caused by the pandemic, an acceleration will be needed in the coming years to reach the target. To achieve it, the Group will open trainings to more OECD countries and support new types of programs for the youth.

1.2.2 Schneider Sustainability Essentials

The SSE reflects continuous improvement actions taken by the Group, complementing the SSI. This new tool brings balance between the innovative transformation plans of the SSI and the need to keep making progress with other long-lasting programs. All SSE KPIs are externally assured each year like for the SSI.

Notable SSE achievements and challenges in 2022

Corporate vehicle fleet transformation (SSI #7) accelerated by 14 points in 2022 thanks to a strong performance in Europe and growing market maturity.

Schneider committed to having 100% of its sites adopt local biodiversity conservation and restoration programs, and 100% of its sites in water-stressed areas to deploy a water conservation strategy and related action plan by 2025. In 2022, SSE #8 made good progress with 17% of sites putting biodiversity programs in place, as well as SSE #11 as 48% of sites have adopted and implemented water conservation action plans.

Schneider upgraded SSE #15 to reflect better its ambition to eliminate recalls through the adoption and rigorous execution of a quality system consisting of the highest available standards.

In 2022, 880 new suppliers have been assessed under Schneider's 'Vigilance Program' in 2022, notably thanks to the increase of remote Vigilance assessments (SSE #17).

SSE #23 was deployed in 2022 and recorded 43% of employees who had access to meaningful career development programs during later stages of their career.

Improving CO₂ efficiency in transportation (SSE #4) is a challenge as it is primarily driven by the mode mix of the Group's aggregate freight globally, to best serve its customers.

Deploying a 'Social Excellence' program through multiple tiers of suppliers is one of Schneider's 2021-25 objectives (SSE #12). This program is still in development.

1.2.3 Local Sustainability Commitments

A notable addition to the 2021-2025 program 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. 100% of Schneider Electric's Country and Zone Presidents have defined three local commitments that impact their communities in line with our sustainability transformations. Close to 200 local programs have been deployed in 2021.



Discover Schneider's local sustainability commitments on the Empower local communities page on www.se.com

1 Sustainability for all

SCHNEIDER SUSTAINABILITY IMPACT

2022 Score:

4.91/10

vs 3.92/10 in 2021 and outperforming 4.70/10 target for the year

Schneider Sustainability Impact

6 Long-term Commitments	11+1 targets for 2021-2025	Baseline ⁽¹⁾	2022 Progress ⁽²⁾	2025 Target
Climate 	1. Grow Schneider Impact revenues ⁽³⁾	2019: 70%	72%	80%
	2. Help our customers save and avoid millions of tonnes of CO ₂ emissions	2020: 263M	440M	800M
	3. Reduce CO ₂ emissions from top 1,000 suppliers' operations	2020: 0%	10%	50%
Resources 	4. Increase green material content in our products	2020: 7%	18%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	45%	100%
Trust 	6. Strategic suppliers who provide decent work to their employees	2022: 1%	1%	100%
	7. Level of confidence of our employees to report unethical conduct	2021: 81%	+1pt	+10pts
Equal 	8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%) ⁽⁴⁾	2020: 41/23/24	41/27/28	50/40/30
	9. Provide access to green electricity to 50M people	2020: 30M	+9.7M	50M
Generations 	10. Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.33	x2.00
	11. Train people in energy management	2020: 281,737	397,864	1M
Local	+1. Country and Zone Presidents with local commitments that impact their communities	2020: 0%	100%	100%

(1) The baseline year is indicated in front of each SSI baseline performance.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.
 (3) Per Schneider Electric definition and methodology. Note that for the reporting requirements under the European Taxonomy Regulation, please refer to the 2022 Universal Registration Document.
 (4) Calculation methodology for SSI #8 has been expanded in Q2 2022 to include blue collar managers in the scope of front line managers. Due to this methodological change, the 2020 baseline for front line managers has been recalculated to 23% instead of 25%.

Schneider Sustainability Essentials

6 Long-term Commitments	11+1 targets for 2021-2025	Baseline ⁽¹⁾	2022 Progress ⁽²⁾	2025 Target	
Climate 	1. Decarbonize our operations with Zero-CO ₂ sites	2020: 30	77	150	
	2. Substitute relevant offers with SF ₆ -Free medium voltage technologies	2020: 26%	41.5%	100%	
	3. Source electricity from renewables	2020: 80%	85%	90%	
	4. Improve CO ₂ efficiency in transportation	2020: 0%	-7.7%	15%	
Resources 	5. Improve energy efficiency in our sites	2019: 0%	7.8%	15%	
	6. Grow our product revenues covered with Green Premium™	2020: 77%	80%	80%	
	7. Switch our corporate vehicle fleet to electric vehicles	2020: 1%	13.8%	33%	
	8. Deploy local biodiversity conservation and restoration programs in our sites	2020: 0%	17.6%	100%	
	9. Give a second life to waste in 'Waste-to-Resource' sites	2020: 120	127	200	
	10. Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	2020: 157,588	261,128	420,000	
	11. Deploy a water conservation strategy and action plan for sites in water-stressed areas	2020: 0%	48%	100%	
	Trust 	12. Deploy a 'Social Excellence' program through multiple tiers of suppliers ⁽³⁾	--	In progress	--
		13. Train our employees on Cybersecurity and Ethics every year	2020: 90%	95.5%	100%
		14. Decrease the Medical Incident rate	2019: 0.79	0.58	0.38
		15. Reduce total number of safety recalls issued to 0	2020: 25	24	0
16. Be in the top 25% in external ratings for Cybersecurity performance		2020: Top 25%	Top 25%	Top 25%	
17. Assess our suppliers under our 'Vigilance Program'		2020: 374	2,083	4,000	
Equal 		18. Reduce pay gap for both females and males	2020: F: -1.73% 2020: M: 1.00%	-1.6% 1.02%	<1% <1%
	19. Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	2019: 53%	62%	60%	
	20. Pay our employees at least a living wage	2019: 99%	100%	100%	
	21. Multiply the number of employee-driven development interactions on the Open Talent Market	2020: 5,019	x1.9	x4	
	Generations 	22. Support the digital upskilling of our employees	2020: 41%	77%	90%
23. Provide access to meaningful career development programs for employees during later stages of their career		2022: 43%	43%	90%	
24. Increase our employee engagement level		2020: 69%	70%	75%	
Local 		25. Increase the number of volunteering days since 2017	2020: 18,469	41,093	50,000

(1) See note (1) under the SSI table in the left page.

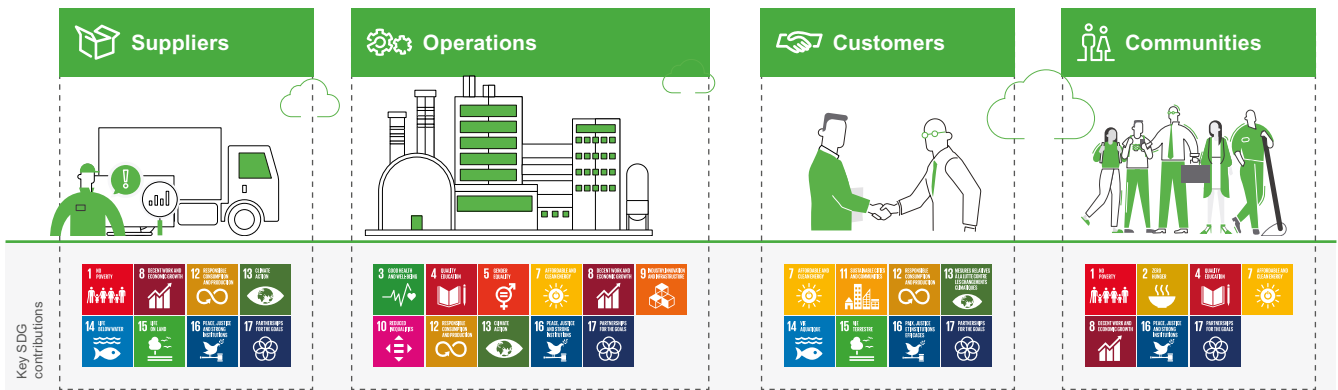
(2) See note (2) under the SSI table in the left page.

(3) SSE #12 'Social Excellence' program is under development.

1 Sustainability for all

1.3 Contribution to the United Nations Sustainable Development Goals

The 17 United Nations Sustainable Development Goals (UN SDGs) are focused on protecting the planet, alleviating poverty, and achieving worldwide peace and justice. The Schneider Sustainability Impact and Essentials programs contribute to those global goals, either directly or indirectly and for all stakeholders in the company's value chain. Schneider Electric is an active promoter of the SDGs and a member of the UN Global Compact, notably with its CEO being a member of the global Board. The Group discloses each year its Communication on Progress and was one of the 850 participants in the UNGC Early Adopters program in 2022. The mapping of Schneider's contribution by SDG and stakeholder presented hereafter has been realized internally by reviewing in detail all 169 targets and leveraging the SDG Compass tools.



1 NO POVERTY

Schneider Electric operates with the conviction that human wellbeing comes first. Living a fulfilling life with decent living wage and opportunities for development enables employees within the company and communities present around, to thrive.

Key programs
SSI #9; SSI #10; SSI #11; SSE #20

5 GENDER EQUALITY

Schneider Electric believes in closing gaps between all populations. As such, the long-lasting difference in society's treatment of men and women is a challenge we face and rise to, as we believe that equality fosters sustainable development.

Key programs
SSI #8; SSE #18

2 ZERO HUNGER

Schneider places human well-being at the core of its operations and philanthropy. Food is a basic need and a necessity for livelihood. Underserved populations are at the margin of society, and the Group knows we all have a part to play to protect their livelihood.

Key programs
SSI #9

6 CLEAN WATER AND SANITATION

Schneider takes great care in ensuring its operations don't impact biodiversity and water quality. Even though the Group does not consume a lot of water, it protects this scarce resource through its production and provide solutions to its customers.

Key programs
SSE #6; SSE #11

3 GOOD HEALTH AND WELL-BEING

Schneider's commitment to prioritizing people everywhere necessitates taking a holistic view of well-being – physical, mental, social, and emotional – and to govern and develop programs that empower and support all its stakeholders.

Key programs
SSI #6; SSE #12; SSE #14; SSE #17

7 AFFORDABLE AND CLEAN ENERGY

Schneider provides solutions for clean, reliable, and efficient energy consumption to its customers, and is committed to help people in underserved areas gain access to green and reliable electricity.

Key programs
SSI #1; SSI #2; SSI #3 SSI #9; SSE #1 SSE #3; SSE #5; SSE #6, SSE #7

4 QUALITY EDUCATION

Sustainability goals go beyond creating a greener world. Learning never stops, and Schneider actively promotes a learning and teaching culture by connecting tomorrow's energy leaders with the education, support, and opportunities they deserve.

Key programs
SSI #10; SSI #11; SSE #2

Consult Schneider Electric's commitments to SDGs on the sustainability page on www.se.com

8 DECENT WORK AND ECONOMIC GROWTH

Schneider Electric is certain that sustainability requires decent work and opportunities to allow a prosperous development for all its stakeholders. It is our commitment to trust, equality, and opportunities for all generations, that drives us.

Key programs
 SSI #6; SSI #10; SSE #12; SSE #14; SSE #17; SSE #18; SSE #20; SSE #22; SSE #23

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Schneider Electric's identity and legacy drive the company towards perpetual innovation and mobilization to make its infrastructures and products modern and up to date with its commitment to sustainability.

Key programs
 SSI #1; SSI #2; SSE #1; SSE #2; SSE #4

10 REDUCED INEQUALITIES

Schneider is devoted to empowering and positively impacting all employees, customers, and communities. The Group hopes to bring everyone together on the same level of equality, thus allowing all to strive individually and collectively.

Key programs
 SSI #8; SSI #10; SSI #11; SSE #18; SSE #20

11 SUSTAINABLE CITIES AND COMMUNITIES

Schneider offers a solution to ensure sustainability in urban areas, with smarter homes and buildings. The Schneider Electric Foundation acts to give sustainable access to sustainable energy to all, turning our global commitments into local realities.

Key programs
 SSI #1; SSI #12; SSE #1; SSE #4; SSE #9

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Schneider Electric believes that circularity is key for sustainability. In fact, using less resources and producing higher quality products is the ideal combination to ensure safety for employees, consumers, and the environment.

Key programs
 SSI #4; SSI #5; SSE #6; SSE #9; SSE #10; SSE #15

13 CLIMATE ACTION

Schneider Electric has been leading the fight against climate change for 15 years and counting. Its strategy focuses on acting for climate protection, preserving resources, and maintaining ethical practices between everyone to fight for our planet.

Key programs
 SSI #2; SSI #3; SSE #1; SSE #3; SSE #4

14 LIFE BELOW WATER

Resources are essential to our business; preserving them not only make good business sense but is also the right thing to do. Hence, preserving the ocean has become core to our sustainability engagement and we commit to protecting marine life.

Key programs
 SSI #5; SSE #8; SSE #11

15 LIFE ON LAND

Schneider Electric is committed to using fewer natural resources, living within our planet's means, and advancing an accelerated biodiversity strategy. We align with like-minded partners to prioritize conservation and help create a more sustainable world.

Key programs
 SSI #4; SSI #5; SSE #8

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability is a job for all; the urgency of the situation is impossible to ignore. All hands must be on deck and it is crucial to establish frameworks, programs, and infrastructure to allow a just and peaceful development.

Key programs
 SSI #6; SSI #7; SSE #12; SSE #13; SSE #16; SSE #17

17 PARTNERSHIPS FOR THE GOALS






Schneider Electric is a global company that aims to adapt and ensure cooperation amongst all its stakeholders to create an environment of trust and prosperity in its operations but also for its employees' and local communities' fulfillment.

Key programs
 SSI #3; SSI #6; SSI #11; SSI #12; SSE #2; SSE #11; SSE #12; SSE #17; SSE #24; SSE #25

1 Sustainability for all

1.4 Open dialogue with stakeholders

Schneider Electric engages in open and continuous dialogue 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 strategy and programs. This feedback is integrated into the drawing up of the registration document, and new improvement plans, as well as during the design of the SSI which takes place every three to five years.

Stakeholder	How we create value	Key achievements
 Suppliers	The Group established an ambitious sustainable procurement strategy providing guidelines to its 53,000 suppliers to ensure that all are aligned with the Group's ambitions to build an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives.	<p>10%</p> <hr/> CO ₂ emissions reduction from our top 1,000 suppliers' operations
 Employees and social partners	The Group is committed to all its employees empowering people across generations and regions and offering equal opportunities. The Group motivates its employees and promotes involvement by making the most of diversity, supporting professional development, and ensuring safe, healthy working conditions.	<p>82%</p> <hr/> of our employees are confident to report unethical behavior
 Customers	To enable a more sustainable future we ensure our customers that we provide them with efficient, safe and decarbonized solutions through digitalization, and electrification, providing them with high environmental performance products and full transparency on environmental impact with Green Premium™ offers. The Group insists on high quality and cybersecurity to provide strong customer experience.	<p>440M</p> <hr/> tonnes of CO ₂ emissions saved and avoided for our customers
 Financial partners	Our 15 years of experience and expertise in sustainability has led us to understand that not only does sustainability allows us to do good but it also makes good business sense. In fact, our business model delivers consistent, sustainable and strong financial performance providing our financial partners attractive returns.	<p>72%</p> <hr/> impact revenues
 Institutions and technical bodies	The Group is involved in various local and international associations and organizations supporting sustainability, working with key players from all levels of society. Schneider Electric makes it its priority to maintain a constructive dialogue with policymakers and regulators so that our views are represented on issues affecting our industry.	<p>300+</p> <hr/> associations and organisations we take part in worldwide
 Communities and civil society	Schneider Electric acts to empower local communities by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all, everywhere. Through education on energy management and investment supporting high social impact, the Group hopes to have a positive and sustainable impact on its ecosystem.	<p>200+</p> <hr/> local commitments that positively impact communities

1.5 Analysis of material risks, opportunities and impacts

Assessment principles

Each year, Schneider Electric performs risks, opportunities and impact assessments, considering issues that can have direct positive or negative financial impacts for the company in the short-term (3 - 5 years), medium-term (5 - 10 years) or long-term (10 - 30 years), as well as impacts the company may have on people or the planet, directly or indirectly in its value chain.

The assessments rely on a panel of both internal and external tools, take into account stakeholders' expectations and are coordinated by different teams. In particular, the Strategy and Sustainability team, the Group Risk Management function and the Duty of Vigilance Committee play a key role. Other topic-specific committees exist that oversee the Group's strategy on those issues, such as the Carbon Committee, Human Resources Committee, or the Ethics Committee.

Key internal tools include:

- An internal and external stakeholder consultation (materiality assessment), focused on analyzing key stakeholders expectations, is performed prior to each Schneider Sustainability Impact program launch every three to five years (last exercise done in 2020). This assessment is described in the next pages of this report;
- The Group risk matrix, led by the Group Risk Management function is updated every year and focuses on identifying 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. For more details about the Enterprise Risk Management (ERM) please refer to the 2022 Universal Registration Document.
- The Vigilance risks matrix, focuses on the potential adverse impacts the Group may have on people or the planet, directly or indirectly in its value chain through its business relationships. A dedicated Vigilance report is available online.
- Other specific risk mappings, for instance dedicated to Ethics & Compliance risks (including Anti-Corruption and Conflicts of Interest risks), Climate, Water and Biodiversity risks, supplier risk, cybersecurity risk etc, are done regularly.

Internal tools are complemented with outside-in inputs:

- Regulatory frameworks: for instance, the key topics listed under Article R. 225-105 of the French Commercial Code (Extra-Financial Performance Declaration), the EU taxonomy or upcoming European Sustainability Reporting Standards (ESRS);
- International institutions and Non-Governmental Organization (NGOs) and peer working groups and initiatives;
- Analysis of Environment, Social, and Governance (ESG) rating agencies expectations;
- Specific requests from investors and customers;
- Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), the Task Force on Nature-related Financial Disclosures (TNFD) and various other frameworks (SASB, GRI, etc.).

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, with a double materiality approach.

The main identified risks, opportunities and impacts are quantified on probability of occurrence and magnitude of impact by the relevant departments to determine gross risks, and an assessment

of current mitigation measures informs on potential net impacts. In this sustainability chapter, we present and discuss gross risks, and detail the mitigation actions implemented. Net risks are presented in Chapter 3, page 304 of the 2022 Universal Registration Document, in accordance with "Prospectus 3" requirements.

On this basis, the list of extra-financial risks is reviewed and validated annually by relevant Senior Vice Presidents, the Board of Directors' secretariat, Internal Audit team, Group Risk Management function and presented to the Human Resources & CSR Committee and to the Group Sustainability Committee at least every 3 years, in coherence with the SSI calendar.

Six main risk categories were identified in 2022 and are presented in detail in the following pages:

- Sustainable Supply Chain
- Cybersecurity and data privacy
- Responsible and attractive workplace
- Ethical business conduct
- Product, projects, system quality and offer reliability
- Corporate governance

Creation of the SSI programs and targets leveraging the analysis

The Group sustainability team collates the various inputs to identify the strategic issues that need to be addressed. Every 3 to 5 years, the analysis leads to the creation of new programs under Schneider Sustainability Impact.

For each target and indicator composing the SSI, the ambition is defined in consultation with the departments concerned, and leveraging the various risks, opportunities and materiality analyses as described above as well as best practice benchmarks.

Zoom on the latest materiality analysis

In 2020, Schneider Electric built its third materiality matrix by questioning external stakeholders (such as customers, suppliers, international organizations, trade associations, experts and shareholders) and top and senior managers within the Group, including the Executive Committee. Nearly 200 stakeholders were consulted in total. The details of the analysis can be found in the Group's Universal Registration Document 2022.

Overall, stakeholders pointed 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.
- Inclusion and the need for a just transition covering the Company's extended responsibility to its ecosystem, in particular in the supply chain, to ensure the low-carbon transition benefits all equally. Stakeholders also mentioned the growing expectations in providing ethical and sustainable products.

1 Sustainability for all

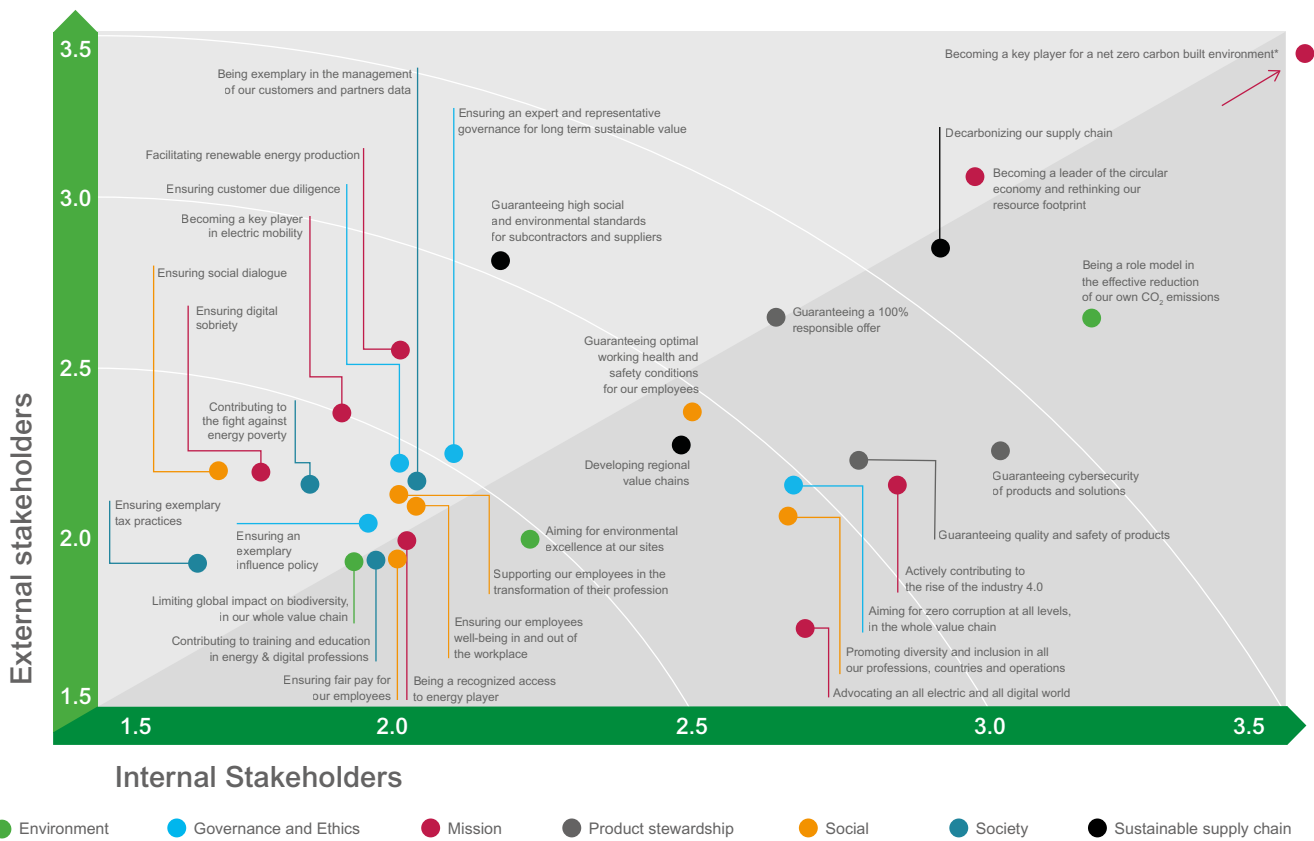
- Resilience, and the move towards more local supply chains, specifically post-COVID-19, can be a way to mitigate geopolitical uncertainty and a rise in protectionism.
- Ethics in digital: the growth of digitalization and the need for stronger ethics represents both an opportunity and a risk for Schneider Electric. This covers topics such as the power of data and the ethical use it requires, the potential opportunities and dangers of Artificial Intelligence (AI), as well as people's well-being, or job security in a transitioning world.
- Resource scarcity and circular economy featured very highly in terms of internal expectations.

During the discussions, a number of matters were frequently 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 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 topics are deemed important, reinforcing our holistic vision of sustainability. Issues were prioritized based on three groups:
 - License to operate – fundamental “must have” topics such as product quality and safety, and cybersecurity.
 - 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.

Schneider Electric 2020 Materiality matrix



Top four expectations

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

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

1.6 Main sustainability risks, opportunities and impacts

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

Risk description and impact	Policies and systems	Main actions and 2022 performance	Opportunity created
Ethical business conduct			
Competition law			
<p>Non-compliance with competition laws and regulations, could result in:</p> <ul style="list-style-type: none"> Fines Brand and reputational impact 	Trust Charter Conflict of Interest Policy Competition Law Policy Trust Line whistleblowing system	<ul style="list-style-type: none"> New Competition and Contracting Policies issued and Trainings conducted SSI #7: 82% achieved in 2022 (vs 81% in 2021) 	Increase relationship with suppliers to ensure compliance
Corruption and bribery			
<p>Corruption may occur through third parties' activities (partners, suppliers, intermediaries, companies to be acquired) and cause various impacts:</p> <ul style="list-style-type: none"> Legal proceedings, prosecutions and sanctions Subverting local social interests and/or harming local competitors Debarment from public tenders/ public funds Increasing costs for companies, and further down the chain, its customers Public relations backlash 	Trust Charter Anti-Corruption Policy Whistleblowing Policy Case Management & Investigation Policy Conflict of Interest Policy Business Agents Policy Gifts & Hospitality Policy Philanthropy Policy Sponsorship Policy Specific M&A guidelines Dedicated Trust Standards Risk mapping dedicated to "Ethics & Compliance" risks	<ul style="list-style-type: none"> Anti-corruption e-learning and ad hoc anti-corruption learnings Communication campaigns Dedicated Key Internal Controls and central monitoring process SSI #7: 82% achieved in 2022, aiming for 10pts increase by 2025 SSE #13: 95.5% of employees trained on Cybersecurity and Ethics in 2022 (vs 96% in 2021) 	Increase employee satisfaction Improve workplace culture Strengthen legal compliance and public reputation Reinforce customer, partner, supplier and local communities' engagement and loyalty
Corporate governance			
Delivering on Sustainability Commitments			
<p>Failure to achieve our long-term sustainability commitments with Schneider Sustainability Impact (SSI) and the Group Net-Zero commitment. Missing the public objectives set by the Group could result in:</p> <ul style="list-style-type: none"> Brand and reputational impact Distrust from stakeholders and loss of attractiveness to investors, customers or new talents 	Internal Governance in place from Board to operational levels to monitor performance and ensure progress SSI performance embedded in managers' and leaders' short-term incentives ESG performance in four external ratings linked to attribution of performance shares for leaders (Schneider Sustainability External and Relative Index, SSERI)	<ul style="list-style-type: none"> SSI 2022 performance reached 4.91/10, above the 4.70/10 target 100% performance in Schneider Sustainability External and Relative Index (SSERI) thanks to industry leader ranking in several ESG Ratings Good progress in SSI and SSE Climate programs and CO₂ footprint reduction of 22% vs 2021 	Higher credibility and attractiveness to stakeholders (such as investors, new talents, customers, or governments) Risks mitigation ahead of competition thanks to the SSI disruptive and virtuous continuous improvement process Business opportunities thanks to innovation & transformation

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Risk description and impact	Policies and systems	Main actions and 2022 performance	Opportunity created
Cybersecurity and data privacy			
Business disruption			
<p>Business disruption of Schneider's industrial and customer operations.</p> <p>Risk of a malicious exploitation or intrusion into the infrastructures of Schneider Electric production and distribution centers</p> <ul style="list-style-type: none"> Impacts on productivity, data privacy, operations Financial cost, and loss of confidence from stakeholders 	<p>Directive Site Protection</p> <p>Data center, IT Room and Network Enclosure</p> <p>Security Policy</p> <p>IT Disaster Recovery Plan for Business Continuity Policy</p> <p>Network Security Policy</p> <p>Acceptable Use of Assets Policy</p> <p>Security testing for products and systems</p>	<ul style="list-style-type: none"> 200+ Cybersecurity leaders appointed and trained Cyber performance of sites part of the bonus of the plant manager Operational Technologies (OT) workers security awareness deployed Access level defined, granted, and checked as per the profile/ need OT network, monitoring and threat detection, incident response process IT/OT network segmentation secured industrial Personal Computer (PCs), secure remote access, backup restore for PCs and Programmable Logic Controllers (PLC) SSE #13: 95.5% of employees trained on Cybersecurity and Ethics in 2022 (vs 96% in 2021) SSE #16: top 25% in external ratings for Cybersecurity performance achieved 	<p>Greater confidence of our customers and partners in our supply chain and products</p> <p>Market access to critical infrastructures/customers</p> <p>Critical certifications obtained IEC 62443</p> <p>Advanced discussions with authorities and greater collaboration on safety and security</p>
Compliance			
<p>Non-compliance with data laws may result in:</p> <ul style="list-style-type: none"> Endangerment, modification and exfiltration of data from Schneider Electric's data systems Potential fines 	<p>Data Privacy Policy</p> <p>Data Classification Policy</p> <p>Global Data Retention</p> <p>Record Creation</p> <p>Backup and Recovery Policy</p> <p>Log Management & Monitoring Policy</p> <p>Acceptable Use of Assets Policy</p> <p>Digital Certification Policy</p>	<ul style="list-style-type: none"> Mandatory Cybersecurity & Data Privacy annual training sessions Data privacy champions appointed Annual review of all policies Data Retention implemented by area Sensitivity label feature enabled on Microsoft Office 365 Suite for all employees 	<p>Increase trust among our customers, partners and larger community</p> <p>Prove alignment to regulations and devotion to ESG requirements</p>

Risk description and impact	Policies and systems	Main actions and 2022 performance	Opportunity created
Damage to customers assets			
<p>Damage to customer assets due to firmware compromise and field services operations. Risk of malware distribution into the production environment of a customer through compromised Field Service end-point or on-site activities</p> <ul style="list-style-type: none"> Impact on customer assets and production Reputational impact 	<p>Product and system security policy</p> <p>Source Code Security Policy</p> <p>Cyber Badge Principles</p> <p>Third-Party Security Principles</p> <p>Network Security Policy</p> <p>Malicious Software Policy</p>	<ul style="list-style-type: none"> Cybersecurity contact identified, with ad hoc and periodic assessments for strategic ones <p>For customer-facing employees:</p> <ul style="list-style-type: none"> Deployment of Cyber Badges across 20,000+ employees Compliance monitoring <p>For customer-facing suppliers:</p> <ul style="list-style-type: none"> Cybersecurity and Privacy Terms & Conditions developed for all suppliers 	<p>Increase trust among our customers, partners and larger community</p>
Sustainable Supply Chain			
Supply Chain Disruption			
<p>Lack of Supply Chain flexibility and resilience: Supply chain disruption due to increase of climate-related risks as well as the evolution of international trade and market barriers.</p> <ul style="list-style-type: none"> Delays in production and delivery, incurring important costs Impact on customer experience if delays are too long 	<p>Regional Supply Chain footprint calculation</p> <p>Multi-sourcing</p> <p>Independent risk assessment (fire, weather, climate) of our Industrial sites</p> <p>Preventive and reactive risk management of Natural risks in Supplier Risk Management (SRiM) program</p> <p>Recurring risk assessment of our Industrial sites and suppliers through Global Risk Consulting program</p>	<ul style="list-style-type: none"> Introduction of CO₂ simulations to compare alternative supply chain strategies and footprints, and network models Implementation of deliberate redundancies of both dual factories for same products, and dual suppliers ("Power of Two") for all critical parts and components 	<p>Strong local presence</p> <p>Deepening Strategic Supplier Relationship with greater C-Level engagement</p> <p>Shorter lead times and low logistics costs and CO₂ from deliveries</p> <p>Improving component life cycle visibility and taking the opportunity to standardize electronic components.</p>
Human Rights			
<p>Violations of human rights and fundamental freedoms, in particular in supply chain and off-site projects: Lack of transparency at suppliers or the discovery of malpractices in terms of human rights may lead to</p> <ul style="list-style-type: none"> Workers Health & well-being impact Legal impact Reputation and brand image 	<p>Trust Charter and associated trainings</p> <p>Trust Line</p> <p>Supplier Code of Conduct</p> <p>Schneider Human Rights Policy, updated in 2022</p> <p>Environmental Engineering and Health Services (EEHS) risk mapping of suppliers</p> <p>EEHS included in procurement process</p>	<ul style="list-style-type: none"> On-site supplier audits with Responsible Business Alliance (RBA) protocol ISO 26000 assessment SSI #6: 500+ suppliers onboarded in the Decent Work program 'Social Excellence' program through multiple tiers of suppliers in progress (SSE #12) SSE #17: 2,083 suppliers assessed under our 'Vigilance Program' since 2018 (+880 vs 2021) 	<p>Increased cooperation with suppliers</p> <p>Increased trust with our customers</p>

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Risk description and impact	Policies and systems	Main actions and 2022 performance	Opportunity created
Resources			
<p>Scarcity of resources used in our products or in manufacturing: Volatile prices and availability of materials and resources could lead to:</p> <ul style="list-style-type: none"> • Cost increase of primary materials and energy • Disruption of supply 	<p>Supply chain resiliency</p> <p>Raw material productivity and hedging strategy</p> <p>Water stewardship in water-stressed areas</p> <p>Proactive product returns and take-back policies for a range of offers</p>	<ul style="list-style-type: none"> • SSI #4: 18% green material content in our products (vs 11% in 2021) • SSI #5: 45% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard (vs 21% in 2021) • SSE #11: 48% of sites in water-stressed areas have a water conservation strategy and related action plan (vs 9% in 2021) • Resilience management : short-term by business impact prioritization; medium-term by de-risking portfolio, long-term through re-design 	<p>Differentiation through greater environmental performance</p> <p>Access to demanding green markets</p> <p>Superior resiliency to face potential decrease in availability of virgin raw materials</p>
Product, project, system quality & offer reliability			
Deficient product safety			
<p>Product malfunctions or failures could result in:</p> <ul style="list-style-type: none"> • Liabilities for tangible or intangible damages, or personal injuries • Incurred costs related to the product recall, to new development expenditure, and use of technical and economic resources • New or more stringent standards or regulations for quality and safety controls could result in capital investment or costs of specific measures for compliance 	<p>All our sites are certified ISO 9001</p> <p>Phoenix program launched in 2018 covers our End-To-End Supply Chain</p> <p>ReeD (Reliability End-To-End by Design) to cover Design practices</p> <p>Implement Nets on legacy offer to ensure we capture defects or potential defects internally</p>	<ul style="list-style-type: none"> • New Quality Strategy • Implemented Advanced Product Quality Planning • Deploy 10 Fundamentals of design assurance, training and implementation • Quality Basics into Schneider Performance System (SPS) enhancement • Enhanced Quality Fundamentals for suppliers: Supplier Assessment Module (SAM) 2.0 • Implemented Quality Fundamentals for field execution • Deployed Quality Basics for Software • SSE #15: 24 safety units recalled in 2022 	<p>Work in collaboration with customers</p> <p>Challenging innovation and R&D to seek perpetual improvement</p> <p>Increase brand reputation and value</p>
Responsible workplace			
Health and Safety			
<p>Serious or fatal employee injury or illness could result in:</p> <ul style="list-style-type: none"> • Loss of, or impact to, employees • Property damage • Impact to Company image • Decreased customer confidence • Fines 	<p>Safety strategy</p> <p>Global safety directives</p> <p>Serious Incident Investigation Process (SIIP)</p> <p>GlobES reporting, Global Safety Alerts, EHS assessment</p>	<ul style="list-style-type: none"> • SSE #14: 0.58 Medical Incident rate (vs 0.65 in 2021) 	<p>Increase confidence of current and prospective employees.</p> <p>Continuous Safety improvement</p>

Risk description and impact	Policies and systems	Main actions and 2022 performance	Opportunity created
Equity, Diversity & Inclusion			
<p>Discrimination in the workplace: not providing equal opportunities to everyone and limiting the ability to attract and retain the best talents may lead to:</p> <ul style="list-style-type: none"> • Cost of turnover • Loss of women in top potential pipeline • Legal issues • Company image 	<p>Diversity & Inclusion Policy</p> <p>Global Anti-Harassment Policy</p> <p>Trust Line whistleblowing system</p> <p>Women representation in leadership roles</p> <p>Gender pay equity</p>	<ul style="list-style-type: none"> • SSI #8: 41.4% women in hiring, 26.6% in front-line managers and 27.7% in leadership teams (vs 41%, 27% and 26% achieved respectively in 2021) • SSE #18: Pay gap for both females and males <1% • Discrimination, Harassment or unfair treatment Trust Line alerts successfully treated • Several recognitions as a great place to work and a leader in Diversity, Equity and Inclusion in 2022 	<p>People attraction and retention with equal opportunities for everyone</p>
Well-being and mental health			
<p>Lack of focus on well-being & mental health: not providing ideal working conditions may lead to:</p> <ul style="list-style-type: none"> • Absenteeism • Cost of turnover • Disengagement • Poor company image in the marketplace 	<p>Global Family Leave Policy</p> <p>Career development and learning</p> <p>Flexibility@Work hybrid policy</p> <p>Well-being practices and training</p>	<ul style="list-style-type: none"> • 99% of countries deployed the new Flex@Work policy to support hybrid work • 81% of our employees say they have the flexibility to modify their work arrangements as needed • New Ways of working playbook and training rolled out to all managers and employees • Mental Health mandatory training completed by 98% of employees 	<p>Improved talent attractivity and retention</p>
Talent acquisition and retention			
<p>Attrition of talents and skills: not attracting, developing, and retaining the best talent in the market especially for critical skills leads to:</p> <ul style="list-style-type: none"> • Cost of recruiting and onboarding • Gaps in critical skills • Less positive brand perception by talent pool 	<p>New talent acquisition platform to simplify the application process and track the candidate journey by stages</p> <p>Grow the early talent pipeline through global program and country-specific initiatives</p> <p>Annual performance and development approach, with fair, transparent and competitive rewards and development</p> <p>Support employees to build a sustainable and meaningful career by democratizing access to development opportunities (internal mobility, project and mentoring) via Open Talent Market (OTM), and upskilling for today and tomorrow</p> <p>Flexibility@Work policy</p>	<ul style="list-style-type: none"> • Global Career Week in over 90 countries and >100 events • SSE #21: x1.9 employee-driven development interactions in 2022 vs 2020 on the Open Talent Market platform • SSE #22: 77% performance in digital upskilling through the Digital Citizenship program (vs 74% in 2021) • SSE # 23: 43% of employees were provided access to meaningful career development programs during later stages of their career (first year of deployment) • Global candidate feedback tool to track recruitment experience • Boost Your Digital Knowledge 2.0 launched in 2022 • Functional and digital skills program (CoMET) deployed (>60K employees) 	<p>Recognized as an employer of choice and market leader for talent development for everyone, everywhere, leading to greater talent attractivity</p>

1 Sustainability for all

1.7 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.

Management oversight

The Board of Directors

In 2013, the Board of Directors extended the powers of the Governance & Remunerations Committee to include corporate social responsibility (CSR) issues. Since 2014, the Group has benefited from a specific Human Resources & CSR Committee. This Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO. The agenda is drawn up by the Chairperson. The Committee meets at least three times a year (6 meetings in 2022). The Committee may seek advice from any person it feels will help it with its work.

Main responsibilities:

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

The Function Committee

In 2022, the Group Sustainability Committee (created in 2010) became the Function Committee. The committee is composed of the Executive Committee members in charge of key Functions: Governance, Global Marketing, Human Resources, Strategy & Sustainability, Finance and Digital. The committee meets quarterly. In 2022, this committee met 4 times. The Committee may seek advice from any person it feels will help it with its work.

Main responsibilities:

- Decides the sustainability agenda;
- Sounding board for Functions;
- Escalation body for highly transversal programs, such as the Schneider Sustainability Impact;
- Informs the Board Human Resources & CSR Committee.

The Stakeholder Committee

In order to reinforce its sustainability governance further with solid external insights, Schneider Electric created a Stakeholder Committee in 2021. The Committee comprises eight external members who share the Group's passion for sustainability, and its mission is to oversee the delivery of short-and long-term commitments undertaken by Schneider Electric in accordance with its Purpose and Sustainability strategy. The company strives to ensure diversity of the Stakeholder Committee members, in terms of origin, gender and experience. The Stakeholder Committee meets three times a year and is chaired by Jean-Pascal Tricoire, Chairman & CEO of Schneider Electric, while Gwenaëlle Avicé-Huet, the Chief Strategy & Sustainability Officer of Schneider Electric, acts as its secretary.

Coordination and monitoring

The Group Sustainability department

The Sustainability department, created in 2002, is part of the Strategy and Sustainability department. It has the following responsibilities:

- Schneider Electric's sustainability strategy and rollout of action plans at Group level with relevant entities;
- Central point of contact for internal and external stakeholders regarding sustainability at Schneider Electric.

It is organized around four areas:

- Access to energy, with responsibility for the Access to Energy program;
- Environment, with responsibility for deploying Group climate and environmental policies, actions and strategies;
- Group performance, in particular by steering the Schneider Sustainability Impact, and external ESG reporting;
- Sustainability Transformation, in particular driving the ENGAGE program.

Territory Sustainability Leaders

In 2021, Schneider Electric's Country and Zone Presidents worldwide made 200 local commitments that impact their communities, in line with the Group's six long-term commitments. To manage these programs and to better answer the needs of Schneider's local stakeholders, a new model for sustainability governance in the company was created with a network of about 40 Territory Sustainability Leaders. This new network meet every two months and works to further instill a culture of sustainability at every level of the company, to empower every employee to act, and to innovate with disruptive sustainability actions.

Diffusion

SSI and SSE pilots and sponsors

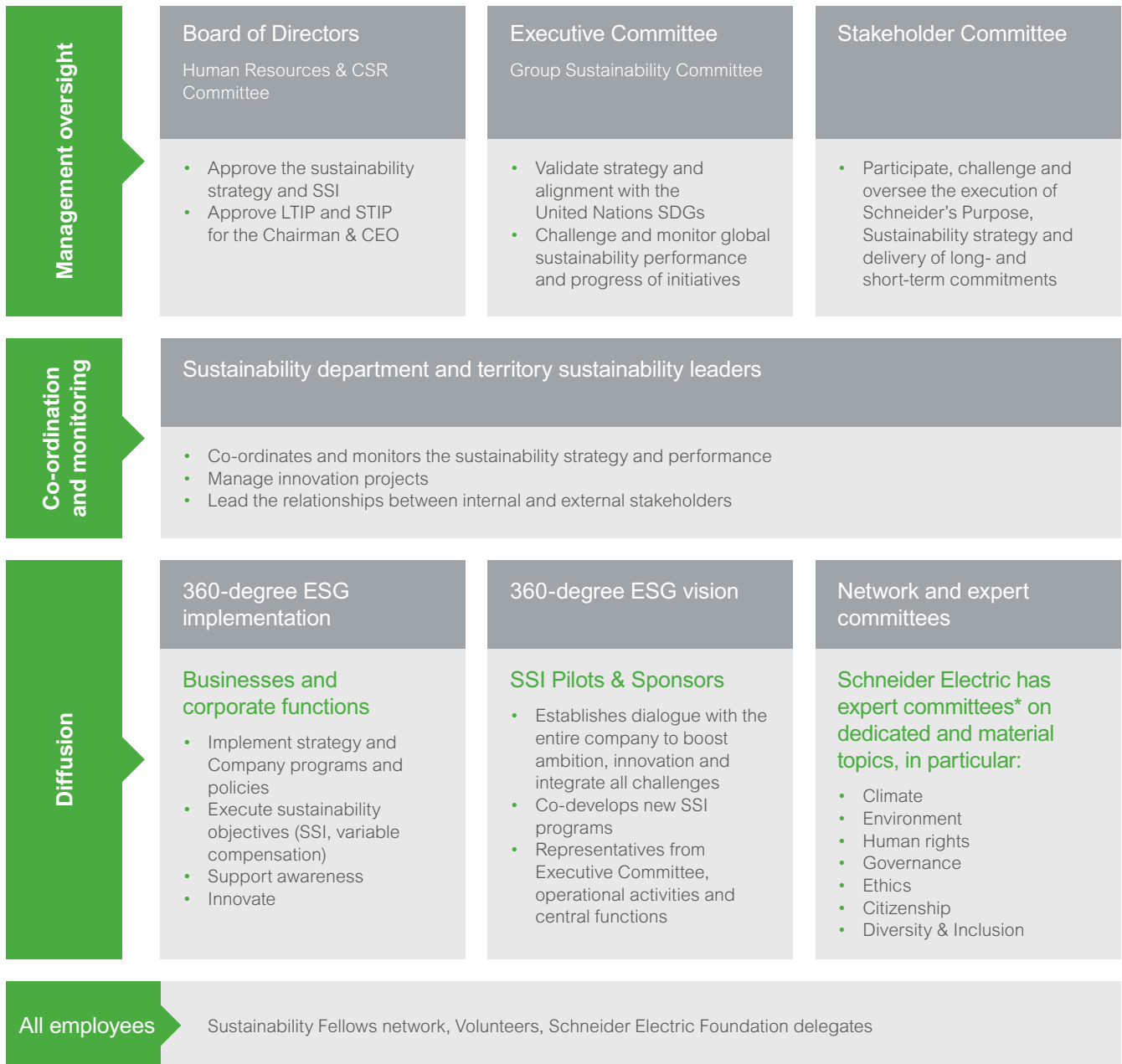
The execution of all Schneider Sustainability Impact and Schneider Sustainability Essentials programs is ensured by operational managers or "pilots", and sponsors at SVP-level as well as Executive Committee level to ensure proper oversight and efficient program implementation.

Other key organizations

Several further Committees and organizations drive progress on all pillars of the sustainability strategy, including:

- Global Supply Chain organization, with responsibilities including safety and the environment;
- Human Resources organization;
- The Ethics & Compliance organization;
- The Corporate Citizenship department and the Schneider Electric Foundation.

Sustainability governance at Schneider Electric



* Non-exhaustive list: Access to Energy Committee, Carbon Committees, 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

Engage Employees in Sustainability

To support all employees to better understand and act for a more sustainable world, the Group launched a new internal initiative in 2022 called ENGAGE. This program has the ambition to make every employee an advocate for sustainability, thereby accelerating the Group's transformation and contribution to the UN SDGs.

The Sustainability School was launched in 2022. Each employee can choose learning paths and find tips to know how to act both in a personal and professional way. The training modules cover a large range of topics from the understanding of environmental and social challenges of our decade, to the detailed explanation of Schneider's Sustainability Strategy.

The ENGAGE program builds on other initiatives already underway:

- the Sustainability Essentials training deployed for all employees,
- the "Act For Green" initiative, which aims at supporting all employees to pursue local environmental actions,
- the UN World Environment Day on June 5th has been celebrated on all sites since 2014. Communities of ambassadors facilitate e-learning and workshops (such as Climate Fresk),
- The Schneider Electric VolunteerIn initiative, as part of the Schneider Electric Foundation, enables Schneider employees to participate in volunteering missions since 2012.

1 Sustainability for all

Internal governance model

Internal policies are 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. To that end, Schneider Electric has established a four tier form of documentation pyramid of norms, under the umbrella of its Code of Conduct called the Trust Charter, strengthened by policies, standards, procedures and guidelines.

Policies consist of formal statements produced and supported by the leadership team, that state where the organization stands on important issues. Schneider has around 85 global policies. The Schneider Electric Global Policy Management Policy provides the rules to be followed for global policies.

Standards defined in these internal policies assign quantifiable measures and define acceptable levels of quality. 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 of a given procedure.

Trust Charter

In 2021, Schneider Electric evolved its Principles of Responsibility to the Trust Charter, acting as its Code of Conduct and demonstrating its commitment to ethics, safety, sustainability, quality, and cybersecurity. It is an executive summary of our policies and a guide on how we work. It is available publicly on our website in 30 languages.



Discover Schneider's Trust Charter on www.se.com

Human rights & corporate citizenship

Schneider Electric wrote a specific Human Rights Policy as part of a broader program on duty of vigilance in its value chain and in line with the United Nations Guiding Principles on Business and Human Rights. The policy was updated in 2022.

Human resources and safety

The Group's Human Resources policies cover the following topics: diversity, equity and 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 Trust Charter, the Business Agents Policy specifies the rules to be followed when an external stakeholder is solicited to secure 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 updated in 2021 before local deployment. 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.

Cybersecurity, data privacy and protection

Schneider Electric developed a number of policies to reinforce its cybersecurity and respect personal data and privacy, such 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.

Climate and resources

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 sourcing

In 2016, Schneider Electric renewed the charter for its suppliers, called the Supplier Guide Book. It sets 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. In 2021, Schneider renewed its Supplier Code of Conduct whereby it requires all its suppliers to review their own operations, set ambitious targets, and initiate bold actions in the areas mentioned in this Supplier Code of Conduct.

Strive for high quality

Schneider's priority is to satisfy its customers with outstanding end-to-end experience. Quality is every customer's right and every employee's responsibility. Experience is the most important for customers, defining the business relationships they sustain with suppliers and partners. The Group's customers place trust in its resilient, highly-personalized, multi-channel experience, and the superior quality of its products. Hence, the company acts with agility, discipline, and good business sense throughout the offer life cycle; from creation to supply, manufacturing, delivery, when in operation and when being serviced. The Group has deployed a specific Quality Directive "Managing Customer Safety Risks" and a Quality Procedure "Offer Safety Review" to protect its customers. These are supported by the Quality Management System, which is improved continuously. It is in full alignment with the Trust Charter and the ISO 9001 standard.

1.8 Global and local external commitments to move forward collectively

Schneider Electric works with more than 300 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. In the following table we present Schneider's main memberships.

Organization	Description	Key actions with Schneider
Access to Energy		
Alliance for rural electrification	Alliance for rural electrification advocates for a decentralized, sustainable and inexpensive renewable energy sector that generates local employment and inclusive economic growth.	Schneider is premium sponsor as of 2022 and took part in several events such as the Energy Access Investment Forum 2022 (Dar Es Salaam), virtual forums, webinars and newsletters, promoting the launch of Schneider's new product Homaya Pro and its access to energy business.
Solar Impulse Foundation	The Foundation relies on innovation to propose solutions helping decision makers harness the economic opportunities of the ecological transition whilst reducing their environmental footprint.	Schneider 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 SDG. In 2022, they partner to host the exhibition '1000+ Solutions for Cities' in Schneider's Grenoble headquarter "Intencity". The Group also works with the Foundation for its products certification.
All digital topics		
Information Technology Industry (ITI) Council	ITI Council is the trusted leader of innovation policy that drives sustainable, ethical, and equitable growth and opportunity for all.	Schneider Electric only global trade association that provides commentary and influences all key national governments and all key digital policy topics. ITI staff, in coordination with members, submit feedback on nearly all key digital policies that reflect member input.
Digital Climate Alliance (DCA)	Digital Climate Alliance is a coalition of major international corporations that has come together to enlighten public policy on how digitalization may help create climate solutions.	In 2022, Schneider worked hand in hand with DCA to host a summit on federal sustainability solutions. The event was called "Federal Sustainability Solutions: Leveraging Technology for Resilience and Decarbonization".
Circular Economy and product environmental performance		
Ellen MacArthur Foundation Membership	The Ellen MacArthur Foundation works to accelerate the transition to a circular economy by developing and promoting this new and innovative model. The Foundation works with business, academia, policymakers, and institutions to mobilise systems solutions at scale, globally.	Schneider has been a member of the Ellen MacArthur Foundation since 2021. The goal for the Group is to gain knowledge on circular economy, develop its network, identify best practices, challenge its circularity strategy and share practices.
Product Environmental Profile (PEP) ecopassport	PEP employs the LCA approach and will be acknowledged as a framework and method that are compatible with the PEF methodology created by the European Commission. PEP ecopassport will be a recognized body for the EU's upcoming Sustainable Product Initiative.	In 2022 80,2% of Schneider's product were covered by PEP-Green Premium™.
Cybersecurity		
Global Cybersecurity Alliance (GCA)	The Global Cybersecurity Alliance is a new organization aiming at influencing government policies in favor of the IEC 62443 suite of standards. Of late, they have set up helpful meetings with DHS (Department of High Security) and DOE (Department of Energy) officials.	In 2022, the GCA and Schneider worked with the Cybersecurity and Infrastructure Security Agency to map ISA/IEC 62443 to CISA Cross-Sector Cybersecurity Performance Goals.
Cybersecurity Coalition	The Cybersecurity Coalition is the only trade association that focuses on global cybersecurity policy issues. Through its members' input, they provide feedback on a variety of cybersecurity policy matters and provides companies' access to a number of global cybersecurity officials.	Schneider collaborates with the Cybersecurity Coalition to influence digital policies and regulations throughout the world. They for example worked together to influence European policymakers around the implementation of the EU NIS2 Directive and pending EU Cyber Resilience Act.

1 Sustainability for all

Organization	Description	Key actions with Schneider
Diversity, Equity and Inclusion		
World Woman Foundation	The World Woman Foundation is a global community of 15,000 members committed to scaling and accelerating the impact of women and girls through long-term investments to expand skills, connections, capacity, and visibility. Over the last five years, it has built a network of 300 change-makers and 55,000 Global Mentorship Program graduates in 20 countries.	Schneider Electric partnered with the World Woman Foundation in 2022 to promote the role of women in the energy sector. To mark International Women's Day on March 8, 2022, women leaders from the world of energy shared their stories to inspire young women and girls to persevere with their personal and professional aspirations.
Valuable 500	The Valuable 500 is a worldwide corporate alliance of 500 CEOs and their organizations that collaborates on innovations for disability inclusion.	In June 2022, Schneider Electric joined the Valuable 500 with a commitment to ensure that disability inclusion is on its senior leadership agenda and that the company shares its commitment with the business and the world.
United Nation Women's Empowerment Principles (WEP)	The WEPs are a set of Principles offering guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace and community.	In 2019, Schneider Electric became the first multinational company to achieve 100% of Country leaders committed to the UN Global Compact / UN Women's Empowerment Principles.
Sustainable governance and crossfunctional topics		
World Business Council for Sustainable Development (WBCSD)	The WBCSD is a community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net-zero, nature positive, and more equitable future.	Participation in various workstreams such as PACT (Partnership for Carbon transparency) on carbon accounting, avoided CO ₂ emissions, SOS1.5 (a cross-sectoral framework to assist businesses in modernizing their processes and preparing for 1.5°C enabling businesses to see the obstacles to be overcome and the steps required to hasten change).
Business for Inclusive Growth (B4IG)	Business for Inclusive Growth (B4IG) is a partnership between the OECD and a global, CEO-led coalition of companies fighting against inequalities of income and opportunities.	Contributed to Operational Recommendations Ethnic Diversity & Inclusion published June 2022.
World Economic Forum (WEF)	The World Economic Forum is a nonprofit organization that works to improve the status of the world by bringing together influential figures from business, politics, academia, and other sectors of society to help set priorities for the globe, individual regions, and various industries.	Schneider has joined the WEF and McKinsey in their Global Parity Alliance, a global, cross-industry community whose goal is to facilitate peer sharing between companies, and showcase DEI Best practice. In addition, Schneider is part of the WEF's Good Work Alliance, to promote peer exchange between companies on Future of Work topics. We endorsed the 'Good Work Standards Framework' and submitted some best practices. More peer sharing to come.
GIMELEC	GIMELEC is a trade association promoting efficiency and electrification, supported by digitization. It has 4 Market's Committees: Smart Building, Industry 4.0, Smart Grid & Infrastructures, Datacenters.	Schneider and GIMELEC work hand in hand on different topics such as Energy Efficiency, Decarbonization, Digitization, Flexibility, Circular Economy, SF ₆ -free, Standardization...
National Electrical Manufacturers Association (NEMA)	NEMA is a trade association that allows electrical equipment manufacturers to provide feedback to relevant governments on a variety of policy and standards.	In 2022, Schneider has been working closely with the NEMA to advocate for the Bipartisan Infrastructure Law and on the implementation of that law as well as implementation of the Inflation Reduction Act's climate provisions.
Climate		
Business Council for Sustainable Energy	BCSE is a trade group for the clean energy sector. Energy efficiency, natural gas, renewable energy, energy storage, sustainable mobility, and developing decarbonization technology suppliers are all represented by BCSE.	BCSE and Schneider worked together to launch the 2022 Factbook which covers the progress of the energy efficiency, natural gas, and renewable energy sectors.
Energy Transition Commission	The Energy Transition Commission (ETC) is a global coalition of leaders from across the energy landscape who are committed to a net zero world by 2050 and focused on advancing the debate and solutions to climate change.	Schneider has collaborated with the Energy transition Commission on multiple topics of research such as hydrogen and clean electricity all in the direction of Net-Zero.

Organization	Description	Key actions with Schneider
Energy Efficiency / Electric mobility / Digital Renewables		
European Alliance to save Energy	This association actively lobbies for greater climate ambition, in particular through more stringent European legislation on energy efficiency and buildings.	It influences the Energy Efficiency Directive and the Energy Performance of Buildings Directive and Hosted Energy Efficiency Day. It was an important participant in the Sustainable Energy Week (organised by the European Commission).
<i>Comité Stratégique de Filières Nouveaux Systèmes Energétiques</i>	The Committee attempts to turn the energy transition into a chance to reindustrialize areas. With two key goals for the energy transition: to drive a competitive energy transition and to grow industry, it combines state, industrial, and trade union players under a common roadmap.	Decarbonization, electrification, flexibility, microgrids, "I decarbonize" initiative which consists in decarbonizing French industry and offer decarbonation solutions with a significant local content.
Ethics and Human rights		
<i>Cercle d'Éthique des Affaires</i>	Its mission is to promote ethics and compliance in the management and governance of French companies by organising different meetings and discussions with multiple parties.	In 2022, Schneider has worked with the Cercle d'Éthique des Affaires on the Barometer of Ethical Climate in Companies, which is a survey put in place to have a global overview of perception of employees of large companies regarding ethics and compliance.
<i>Entreprises pour les droits de l'Homme</i>	It aims to promote the understanding and integration of human rights within companies through the deployment of vigilance approaches.	In 2022, the group represented the association to a network of Japanese companies with a presentation on human rights and due diligence and actively participated in exchanges on human rights indicators.
Industry 4.0 and Smart Manufacturing		
OPC Foundation	The OPC Foundation is an industry consortium that establishes and maintains standards for automation, open systems and equipment connectivity.	In 2022, OPC and Schneider worked together to publish a joint report about the next generation of industrial network with OPC UA FX as unified network for controller to controller (C2C) and controller to Device (C2D).
FDT Group	FDT is the open standard for enterprise-wide connection that uses IIoT and Industry 4.0 to integrate networks and devices for industrial automation.	In 2022, FDT Group and Schneider worked hand in hand to contribute to the missing pieces of the FDT 3 standard.
FieldComm Group	FieldComm Group is in charge of industrial protocols implemented in Process Automation Systems (HART, FieldBus, FDI).	FieldComm and Schneider have published a joint report to reduce gap between Process automation and Factory Automation networks.
Smart Grids and Sustainable Cities		
T&D Europe	Electricity transmission and distribution equipment and services are represented in Europe by T&D Europe. Their portfolio of services and products covers the whole spectrum required to transfer and distribute power at high and medium voltages between generators and consumers.	T&D and Schneider have published a joint report on IEC 62443 adoption and its representativeness for the sector in regulations.
Smart Energy Europe	SmartEn integrates consumer-driven clean energy transition solutions. The aim is to offer opportunities for companies to integrate an increasingly renewable energy system.	Schneider and SmartEn have worked hand in hand to publish different position papers on energy systems efficiency and other related topics.
Philanthropy		
<i>Alliance pour le Mécénat de compétences</i>	The <i>Alliance pour le Mécénat de compétences</i> is a coalition of French companies involved in volunteering of big companies employees.	The group has participated in the establishment of a multi-enterprise impact study.

1 Sustainability for all

Schneider Electric contribution to standardization

With many 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. These standards address environmental impacts throughout life cycles to prepare for a better circular economy, support the new energy landscape with the goal of greener energy integration, ensure safer energy delivery and better integration of prosumers, support the digital transformation of the industry and any other customer values.

At National level

Our experts are involved in National Committees in US, China, India and European countries. The French Electrotechnical Institute is a founding member of CENELEC – European standardization body and IEC – International standardization body.

Schneider Electric chairs many French standardization committees hosted by AFNOR (French standards organization) and sits on other national committees, such as the chair of the French and Swedish Committees for environmental standardization. Schneider was a major contributor to smart manufacturing initiatives such as the AIF (Alliance Industrie du Futur) in France. Notably, it is a member of the Council Board and of the IEC Conformity Assessment Board.

At European level

CENELEC (European Committee for Electrotechnical Standardization), CEN (European Standardization Committee), and ETSI (European Telecommunications Standards Institute) are the three official European standardization bodies. They have been officially recognized by the European Union and by the European Free Trade Association (EFTA) as being responsible for developing and defining voluntary standards.

CENELEC

CENELEC is an association that brings together the National Electrotechnical Committees of 34 European countries. CENELEC prepares voluntary standards in the electrotechnical field, which help facilitate trade between countries, create new markets, cut compliance costs and support the development of a Single European Market. CENELEC supports standardization activities in relation to a wide range of fields and sectors including: electromagnetic compatibility, accumulators, primary cells and primary batteries, insulated wire and cable, electrical equipment and apparatus, electronic, electromechanical and electrotechnical supplies, electric motors and transformers, lighting equipment and electric lamps, low voltage electrical installations material, electric vehicles railways, smart grid, smart metering, solar (photovoltaic) electricity systems, etc.

Most Schneider Electric activities and offers are covered by CENELEC, although CEN and ETSI also benefit. In addition, Schneider Electric experts are participating in the development of common works and standards in specific joint technical committees and joint working groups.

At international level

IEC – International Electrotechnical Commission

The IEC is a global, not-for-profit membership organization that brings together more than 170 countries and coordinates the work of 20,000 experts globally. The IEC publishes around 10,000 IEC International Standards which together with conformity assessments provide the technical framework that allows governments to build national quality infrastructure and companies of all sizes to buy and sell consistently safe and reliable products in most countries of the world. IEC International Standards serve as the basis for risk and quality management and are used in testing and certification to verify that manufacturer promises are kept.

Our experts contribute through joint technical committees and joint working groups to ISO and ITU.

Smart grids and sustainable cities

Schneider Electric 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.

- Schneider co-chairs the Smart Energy Grid coordination group of the CEN-CENELEC-ETSI 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”.
- It 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 chairs and actively contributes to the definition of prosumer's electrical installations, installations integrating local production such as PV, wind and storage to ensure they are designed and erected with a high level of safety and efficiency.
- It chairs the IEC's Advisory Committee for Energy Efficiency (ACEE) and chairs the Advisory Committee on Safety (ACOS).

Circular economy and product environmental performance

To support high standards of health and safety, Schneider experts continuously contribute to standards around materials and substances. They provide standards on methodology and test methods, raising the bar on safety and protection against toxicity.

Regarding environmental footprint, our experts ensure fair comparison, relevance of assumptions, consistency of approach, interoperability and meaningful content for our customers.

They are developing standards around:

- Terminology and catalogue data
- Product Category Rules for Life Cycle Assessment dedicated to electrotechnical products,
- Product Specific Rules for high and low voltage equipment, low voltage switchgear and controlgear, power electronics,
- Extension of Product Specific Rules and Environmental conscious design to cover material efficiency or digital format,
- Quantification of greenhouse gas emission reduction and avoidance.

Relating to Circular Economy and eco-design, Schneider chairs the Ecodesign Coordination Group (CEN-CLC/Eco-CG) and has contributed to the European Commission's Circular Economy package, and with CEN-CENELEC-ETSI developed a set of published standards assessing factors such as durability, reparability, reusability, recyclability, and ability to be remanufactured, which fall within the scope of the EcoDesign directive and the new Ecodesign for Sustainable Product Regulation. Schneider continues to contribute to the evolution of those standards and their extended scope and has appointed active experts in each of the existing and new working groups. For example, our experts are highly involved in the development of the future standard on circular design: material efficiency within environmentally conscious design.

As digitalization is a lever for circular economy and environmental performance, our experts are contributing to standards on terminology and digital formats.

Standardization to accelerate environmental transformation

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.

- It is particularly heavily involved in the working groups on sustainability (chairs environment and circular economy groups, participating in working groups in product technical committees dealing with environmental aspects (IEC TC121, IEC TC17, CLC TC22X) and in the work on the rational use of energy.
- It chairs the IEC TC111 Committee on Environmental standardization of Electric and Electronic Equipment and IEC TC 23 Electrical Accessories (protection devices, wiring devices, home and building control systems).
- It is the secretary of IEC SC23K on Energy Efficiency Products, Systems and Solutions.
- 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 ISO/TC 184 (Automation systems and integration).

Digital transformation

Digitization is the key driver for advanced manufacturing, optimizing production with more flexibility, more interoperability, more predictability, and continuity to provide a new level of system efficiency and sustainability. Further data, software and tools enabling virtual descriptions – known as digital twins – and creating new capabilities and services are combined with Machine learning and Artificial Intelligence, while taking account of Safety and Cybersecurity.

- In cybersecurity, Schneider is secretary of Joint Advisory Group between IEC TC65 and ISO/IEC JTC 1/SC 27 from Enterprise level to Field Devices and participates in several working groups bridging Regulation to Standardization (EU, US)
- It is particularly heavily involved in the working groups on Smart Manufacturing in ISO and IEC technical committees (Chair of ISO/TC 184, Secretary of IEC TC65, Chair of IEC SC65E)
- It chairs Industrial Digital Twin Association (IDTA) to deep dive and deploy the Asset Administration Shell as standardized digital twin
- It chairs UniversalAutomation.Org association to address a more functional and distributed approach for the orchestration of industrial systems.

1 Sustainability for all

1.9 Measuring our contribution to a more sustainable world

Schneider Electric has been an early adopter of transparent disclosures on sustainable revenues, and created its own methodology of “Impact revenues”⁽¹⁾ in 2019, consolidating revenues from offers that bring environmental efficiency to its customers, while not generating any significant harmful impact to the environment, and excluding revenues from carbon intensive segments. Recently, the European Union (EU) has shown international leadership by being the first to develop a Regulation and Taxonomy aiming at driving investments towards environmentally sustainable activities, which the Group applauds. Both methodologies are somewhat aligned but currently differ in the scope of activities included, and in end-segments exclusions.

A purpose-led, Impact Company

Schneider Electric’s purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. Schneider’s aim is to be our customers’ digital partner of choice to help them realise their sustainability and efficiency ambitions.

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. Those active energy efficiency solutions - which consist of optimizing the entire energy cycle using energy control products, systems, services, and software – help mitigate, adapt, and improve humanity’s resilience to climate change.

Schneider Electric quantifies this climate impact as part of its Schneider Sustainability Impact (SSI) program and is committed to help its customers save and avoid 800 million tonnes of CO₂ by 2025 (cumulatively since 2018). As of end 2022, the Group delivered 440 million tonnes of CO₂e of this commitment. The methodology and results of this indicator are audited every year as part of the extra-financial audit.

Early-adopter of transparent disclosures on sustainable revenues

For more than fifteen years, Schneider Electric has led by example and transparently presented its sustainability performance to its stakeholders, across all environmental, social and governance topics and tried to develop new market practices, such as its saved and avoided CO₂ methodology or biodiversity footprint assessment.

In 2019, the Group was one of the first companies to proactively disclose information on the share of its revenue coming from offers that bring energy, climate, or resource efficiency to its customers, while not generating any significant harmful impact to the environment. Originally called “Green Revenues” to match market standards, such sales were renamed “Schneider Impact revenues”⁽¹⁾ to avoid any confusion with the new European Taxonomy coming into force. In 2021, the Group took a step further by committing that Schneider Impact revenues reach 80% of Group sales by 2025 as part of its SSI. It is worth noting that each year the performance of the SSI impacts short-term incentive plans for 64,000 employees.

Climate SSI #1





Grow our Schneider Impact revenues to 80%

Schneider Electric supported Live Nation’s Cardiff Arena in improving operational efficiency and the situation of unplanned outages with MasterPact MTZ™ solution.

MasterPact MTZ™ is a circuit breaker that trips and cuts off electricity supply to protect electrical circuits if there are overloads due to electricity overconsumption, short-circuits due to faults in electrical outlets or earth leakage where electricity flows to earth via unintended paths. It also makes maintenance easier by sending alerts to a smartphone app, which diagnoses problems quickly and avoids downtime. In doing so, MasterPact MTZ™ provides energy management to identify potential savings due to overloads, unbalanced loads, helping users reduce energy and maintenance costs.

Live Nation is now able to monitor the health and consumption of electrical equipment, receive proactive maintenance recommendations so they can make better data-backed OpEx decisions in their business.

2019 Baseline	2022 Progress	2025 target
70%	72%	80%

Schneider Impact revenues can be split into four categories:

1. Energy efficiency architectures bringing energy and/or resource efficiency to customers.
2. Grid reinforcement and smart grid architectures contributing to electrification and decarbonization.
3. Products with differentiating green performance, flagged thanks to our Green Premium™ program.
4. Services that bring benefits for circularity (prolonged asset lifetime and uptime, optimized maintenance operations, repair, and refurbish) and energy efficiency (maintenance to ensure the operational performance of equipment and avoid a decrease of energy efficiency over time).

(1) Schneider Impact revenues are calculated using Schneider’s own consistent methodology and are distinct from turnover eligible under the EU Taxonomy

Additionally, revenues derived from activities with fossil sectors and others are systematically excluded, such as oil & gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting and sustainable finance practices, 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 SF₆ from offers by 2025, SF₆-containing switchgear for medium voltage applications are also excluded. Neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.

Based on internal assessment, which covers all revenues of Schneider as published in the financial statements, the total share of Schneider Impact revenues is 72% in 2022 versus 70% in 2019.

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% qualifying as impact innovation under Schneider's definition, or neutral. This concerns every innovation contributing to a decarbonized world, for instance energy and process efficiency, resource optimization, SF₆-free projects, or Green Premium™ offers. The methodology to calculate this figure is similar to the Schneider Impact Revenue methodology and should not be confused with OpEx and CapEx eligible under the EU Taxonomy.

Schneider Electric's support to the EU Taxonomy

Schneider Electric has experienced both the value and the challenges of conducting a mapping of green business activities early on. The Group therefore welcomes the European Commission's work to define a common classification system for sustainable economic activities and believes that the taxonomy can bring greater transparency and reporting alignment among non-financial undertakings.

The Group is willing to share its experience in the measurement of revenues contributed to a sustainable world and works collaboratively and constructively with relevant stakeholders to advance the transition to a sustainable and low-carbon economy. In particular, Group experts have contributed to the Platform on Sustainable Finance, an expert group assisting the EU Commission in developing technical criteria.

Reporting requirements under the European Taxonomy Regulation

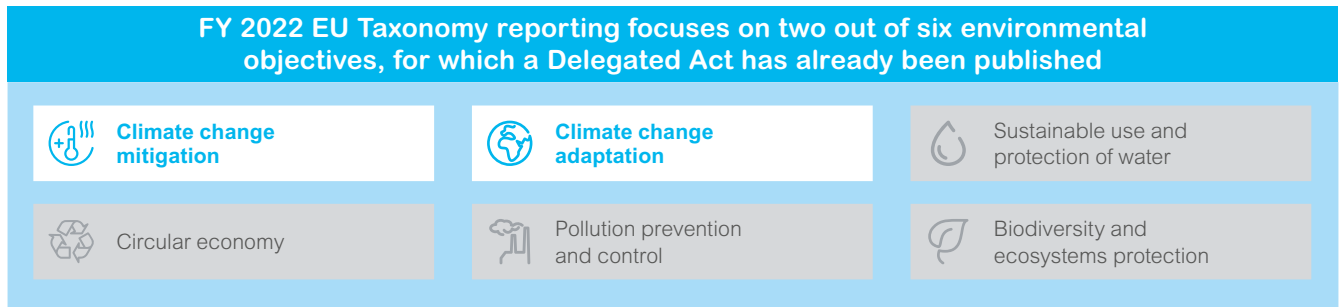
The adoption of the Taxonomy Regulation⁽²⁾ in 2020 establishes a European Union-wide classification system to identify economic activities that are considered as environmentally sustainable as part of the European Union's long-term plan to connect finance with its sustainability goals. Dedicated Delegated Acts (DA) specify (or will specify), for six identified environmental objectives, which activities are included in the EU taxonomy (eligibility), and the screening criteria to determine if they are indeed making a substantial contribution to at least one of the environmental objectives, while also Doing No Significant Harm (DNSH) to the remaining objectives and meeting minimum standards on human rights and labor standards (alignment).

Pursuant to Article 8 of the regulation and the delegated regulation published on 6 July 2021, the proportion of turnover, Capital Expenditure (CapEx) and Operating Expenditure (OpEx) resulting from products or services associated with economic activities considered sustainable is due to be reported progressively over the fiscal years (FY) 2021 to 2024. In FY 2022, large undertakings are required to disclose those three Key Performance Indicators (KPIs) for activities eligible and aligned to climate objectives according to the EU Climate Delegated Acts already published. Full reporting on alignment for all six objectives is expected in 2025 (on FY 2024).

Importantly, the phased application of reporting requirements, as well as the evolving nature of the regulatory framework means that the KPIs disclosed in this report may evolve as the regulation and its reporting requirements do. To date, Delegated Acts have been published for only two environmental objectives (climate change mitigation and climate change adaptation) out of six. In addition, more activities may be incorporated into the existing EU Climate Delegated Acts in 2023. This means that more Schneider activities could be included in the EU Taxonomy reference framework gradually. For instance, this may concern Schneider's offers related to grid reinforcement and smart grid architectures contributing to electrification and decarbonization, products with differentiating green performance (flagged thanks to our Green Premium™ program) or services that bring benefits for circularity and energy efficiency.

(2) Regulation (EU) 2020/852

1 Sustainability for all



1. Schneider Electric's main eligible activities identified under Climate Delegated Act

Energy efficiency in buildings	Low CO ₂ mobility end segment	Renewables end segment	Transmission and distribution of electricity	Services related to energy performance of buildings
Energy efficient building automation and control systems	Electric vehicles charging stations and supporting grid reinforcement technologies	Manufacture of renewable energy technologies, equipping wind and solar power generation capacities	Equipment and projects for the construction of transmission and distribution infrastructure	Technical consultations such as energy audits, simulations and trainings
Smart monitoring and regulation of heating systems	Electrical infrastructure for urban and suburban public transport		Communication and control technologies for the controllability and observability of the electricity system, such as advanced automation software	Energy management services
Zoned thermostats and devices for the smart monitoring of electricity loads or heat loads	Port infrastructure for shore-side electrical power to vessels at berth and electrification and efficiency of ports' operations			Energy performance contracts

Eligible activities
 29% of turnover | 54% of CapEx | 50% OpEx

2. Evaluation of eligible activities against alignment criteria

Alignment criteria	Conclusions of the assessment	Reference for details
1. Substantial contribution to environmental objectives? (Technical Screening Criteria)	4% of revenues from eligible offers not aligned with technical criteria	Section 7.2 page 181
2. Compliance with DNSH?		
• Climate change adaptation (Appendix A of Annex 1 to the Delegated Regulation)	Aligned	Section 3.1 page 78
• Sustainable use and protection of water and marine resources (Appendix B)	Aligned	Section 4.4.3 page 119
• Transition to a circular economy	Aligned	Section 4.5 page 123
• Pollution prevention and control (Appendix C)	4% of revenues from eligible offers not aligned	Section 7.2 page 181
• Protection and restoration of biodiversity and ecosystems (Appendix D)	Aligned	Section 4.1 page 104
3. Compliance with minimum safeguards?	Aligned	Section 7.2 page 181

Aligned activities (Complies with all 3 criteria ✓)⁽¹⁾
 20% of turnover | 27% of CapEx | 50% of OpEx

(1) Due to the impact of rounding on individual elements within this disclosure table numbers may not exactly sum to the Group total.

Calculation of Taxonomy-eligible and -aligned turnover

Schneider Electric identified several business activities that are eligible (i.e. listed) according to the current EU Climate DA. We provide the list of those activities in our methodological notes in the 2022 Universal Registration Document.

Alignment of each activity has then been assessed against Technical Screening Criteria (TSC), Do No Significant Harm (DNSH) and minimum safeguards criteria with the Group's experts and with the support of external consultants. As a result, Taxonomy-eligible and -aligned turnovers amount to 29% and 20% respectively, representing EUR 9,775 million and EUR 6,934 million respectively out of EUR 34,176 million.

The difference between eligibility and alignment is first related to the Technical Screening Criteria (TSC) for Activity 4.9 (Transmission and distribution of electricity). Alignment with this TSC is dependent on the carbon intensity of the electricity supply in the country of sale and the type of power generation source being connected to the grid. 4% of the taxonomy-eligible revenues from this activity is made in countries (such as the USA and China) where the carbon intensity is above the threshold stipulated in the TSC, or contributing to connect to the grid a power generation source with carbon intensity above the threshold stipulated in the TSC, hence considered as not aligned.

The second reason for the difference comes from the generic criteria for DNSH to pollution prevention and control regarding use and presence of chemicals.

About 1% of Schneider eligible revenues do not comply with the Restriction of Hazardous Substances (RoHS) Directive and are therefore not aligned. In addition, the Taxonomy regulation stipulates that products using substances identified in the candidate list for eventual inclusion in the list of substances subject to authorization, Annex XIV of Regulation (EC) 1907/2006 are not aligned, except if they are considered of essential use. However, the concept of essential use has not yet been defined by the European Commission. Therefore, Schneider has taken a conservative approach and declared as non-aligned all revenues coming from such products, amounting to 3% of eligible revenues.

All other eligible activities comply with Technical Screening Criteria, do not cause any significant harm to any of the other environmental objectives and respect the minimum safeguards as specified in Annex 1 of the EU Climate Delegated Act.

Calculation of Taxonomy-eligible and -aligned CapEx and OpEx

In 2022, Taxonomy-eligible and -aligned CapEx amount to 54% and 27% respectively, representing EUR 854 million and EUR 419 million respectively out of EUR 1,573 million.

To compute the Group's Taxonomy-eligible and aligned capital expenditure, CapEx related to assets, processes and business combinations associated with Taxonomy-eligible and aligned activities were calculated using allocation keys of eligible, and respectively aligned, turnover per business and operations, except for Research and Development (R&D) CapEx and IFRS 16 long term leasing of buildings CapEx, which have been qualified through the prism of CapEx for eligible and aligned individual measures. Indeed, as described more exhaustively in section 3.4 of the 2022 Universal Registration Document, each and every R&D project of the Group demonstrating a substantial carbon footprint saving, CapEx associated to R&D projects are both Taxonomy-eligible and -aligned under the European Taxonomy activity 3.6 (Manufacture of low carbon technologies).

The difference between eligibility and alignment in turnover, as explained in the previous section, also applies to capital expenditure. In addition, the fact that capital expenditure based on IFRS 16, related to long-term leasing of buildings, is fully eligible but not aligned increases the difference between the Group's Taxonomy-eligible and -aligned CapEx.

In 2022, Taxonomy-eligible and -aligned OpEx amount to 50%, representing EUR 856 million out of EUR 1,716 million.

To determine the Group's European Taxonomy-eligible and -aligned operating expenditure, only non-capitalized costs related to Research and Development (R&D) are analyzed for the establishment of the numerator of the OpEx KPIs. This includes non-capitalized costs relative to R&D projects but also, among others, costs incurred in relation with support and platforming, costs of IT global applications dedicated to R&D, costs relative to continuous engineering costs for quality, productivity and obsolescence. As mentioned for CapEx, each R&D project of the Group demonstrating a substantial carbon footprint saving, the numerators of the KPIs correspond to operating expenditure directly associated to Group's R&D projects: these OpEx are both Taxonomy-eligible and -aligned under the European Taxonomy activity 3.6.

1 Sustainability for all

Spotlight: Schneider supports the development of EVs with EcoStruxure™ EV Charging Expert

While the electrification of transportation is critical in the journey to a net-zero destination, this transition will impact the energy demand in multi-family, commercial and industrial buildings since up to 40% more energy will be required. Building owners and facility managers need to think smarter to manage their buildings' electricity loads to accommodate this increased consumption.

EcoStruxure™ for eMobility (with EcoStruxure™ EV Charging Expert as the edge control) is the solution to that challenge, enabling end-to-end EV smart charging solutions for an efficient, resilient and sustainable future all-electric mobility at homes, buildings, and infrastructures. This activity is qualified as "Infrastructure enabling low-carbon road transport and public transport" (6.15) in the EU Climate DA.

Powered by Schneider Electric's EcoStruxure™ EV Charging Expert, the intelligent EV charging infrastructure ensures an optimized use of energy where the charging infrastructure owners or operators can monitor, control and maximize the EV charging more efficiently based on real-time available power in the property. By leveraging the existing power infrastructure and EcoStruxure™ EV Charging Expert, more EV chargers can be installed to respond to an increase in demand without the need to increase the existing power capacity. The system can adapt and limit the load dedicated to EV charging installations, define on-peak and off-peak time-of-use periods to optimize EV charging and avoid facility disruption and operating losses. Schneider's EV chargers are Green Premium™ certified and recognized with the efficient use of energy and natural resources, optimization of the total cost of ownership of customers' assets, regulatory compliance and strong value propositions through third-party labels and services.

Schneider Electric is actively promoting the development of EVs with more than 150,000 EV chargers sold in 50 countries. For example, in Hong Kong, Schneider Electric recently leveraged its strategic partnership with Sino Group and expanded its network with another 420+ EV chargers – in addition to 1,700+ EV chargers already installed in 53 locations there – at Grand Central and the adjacent YM2, the new landmark in Kowloon East, making it the largest EV charging site at a composite / residential new development in Hong Kong.

Through close collaborations with all stakeholders, Schneider aims to further boost EV charging network by offering 15,000 EV chargers across the territory in 2025, with the hope of bringing more convenience to the EV community and making the city more sustainable.

40%

more energy will be required.

180,000+

EV chargers sold in 50 countries since 2018.



1.10 Key external frameworks and ESG ratings

External guidelines

The United Nations Global Compact and Sustainable Development Goals (SDGs)

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. Schneider Electric is committed to contributing to the 17 SDGs through its sustainability programs.



Consult Schneider's latest COP on the Global Compact website www.unglobalcompact.org

International Organization for Standardization (ISO)

Schneider Electric has worked since 2012 to promote the adoption of the ISO 26000 principles with its suppliers. Schneider also adopts other ISO guidelines or certifications (ISO 14001; ISO 50001; ISO 45001; ISO 9001; ISO 27000; ISO 14025; ISO 14021).

The Global Reporting Initiative (GRI)

Schneider Electric SE has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022. The Board of Directors has reviewed and approved the reported information, including the organization's material ESG topics, under Disclosure 2-14 in GRI 2: General Disclosures 2021. A reference table with its indicators and those proposed by the GRI is available on the Schneider Electric website.



Consult Schneider's GRI reports on the Sustainability Reports page on www.se.com

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 on pages 192 and 193 of this report.

The Task Force on Climate-related Financial Disclosures (TCFD)

In June 2017, the TCFD, a working group led by Michael Bloomberg under the 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 Science-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 2,000+ 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). The Group's Net Zero commitment was validated with the new Net Zero Standard in 2022.

Organisation for Economic Co-operation and Development (OECD)

The OECD is an international organization 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 Labour 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 ILO.



Consult Schneider's ESG reporting according to various external frameworks (Schneider Sustainability Disclosure Dashboard) on www.se.com

1 Sustainability for all

ESG and Impacts ratings and awards

Dow Jones Sustainability Index (DJSI)

In 2022, Schneider Electric ranked 1st among industry peers in S&P Global's Corporate Sustainability Assessment (CSA) with a score of 90/100 (top 1%). The Group was included in the DJSI World Index for the 12th year in a row, which is comprised of 332 corporate leaders in sustainability, representing the top 10% from among around 2,500 companies worldwide.

CDP Climate A List and Supplier Engagement Leader

In 2022, Schneider Electric was among just 283 Climate Change A List companies out of 18,600+ companies assessed by CDP, and the only one in its sector to achieve this 12 years running. Schneider Electric also scored A in CDP's Supplier Engagement Rating (SER) in 2022. The SER assesses performance on governance, targets, Scope 3 emissions, and value chain engagement in the CDP Climate Change questionnaire.

At the time of writing, 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 indices.

CDP Water

Schneider Electric received a B score for its 5th participation in CDP's Water Security questionnaire.

Vigeo Eiris industry leader

Following assessment in July 2022 by Vigeo Eiris (part of Moody's ESG Solutions), Schneider Electric ranked first in the Electric Components and Equipment sector at the highest level (Advanced), with a rating of 73/100. As of February 2023, the Group is part of the Euronext Vigeo World 120, Europe 120, Euro 120, France 20 and CAC40 ESG indices, which are composed of the highest-ranking listed companies in terms of their performance in corporate responsibility.

FTSE4Good

Schneider Electric is part of the FTSE4Good Developed, FTSE Environmental Opportunities, and FTSE EO Energy Efficiency indices.

EcoVadis Advanced level and Platinum rating

In 2023, Schneider Electric has achieved Advanced level with a rating of 79/100 and obtained a Platinum medal (top 1% of all companies assessed) for the 3rd year in a row.

MSCI industry leader

Schneider Electric has been at AAA grade since 2011, an industry leader and a member of the MSCI World ESG Leaders, World Select ESG Ratings & Trend Leaders, and Socially Responsible indices.

Sustainalytics leader

As of February 2023, Schneider Electric was also recognized as the Top-Rated ESG Performer, ranking 11/255 in its industry group with a 11.3 risk rating (Low Risk), thereby confirming its inclusion in STOXX Global ESG Leaders, Environmental Leaders, Social Leaders, Governance Leaders, and EURO STOXX Sustainability indices.

ISS

Schneider Electric achieved a 1 ranking in Environment, 1 in Social, and 3 in Governance at ISS (Institutional Shareholder Services, Inc.) in the 2021 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, the best rating in its industry (Electric Components) out of 182 companies.

Global 100 most sustainable corporations

Schneider Electric was featured on Corporate Knights' Global 100 list of corporate sustainability leaders every year since 2012, ranking 1st in 2021, 4th in 2022 and 7th in 2023.

2022 Terra Carta Seal

In January 2023, the Group was one of the 19 companies being awarded the Terra Carta Seal, which recognizes global companies who drive innovation and demonstrate their commitment to, the creation of genuinely sustainable markets.

2022 most responsible French companies

In November 2022, Schneider 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 - the SSI Schneider Sustainability Impact.

Sustainability external ratings	DJSI	CDP Climate Change	Vigeo Eiris	EcoVadis	MSCI ESG Ratings	Sustainalytics
2022 Schneider score	90/100	A	73/100	79/100	AAA	Low risk
Industry average score	21/100	B-	39/100	45/100	BB	Low risk
Progress vs. 2021	+4 pts	Same	+2 pts	-3 pts	Same	Same
Highlights	12th year in world index	12th year in A List	World 120 and Europe 120 Indices	Platinum medal	AAA for twelfth year	1 st in industry
Assessed universe (# companies)	2,500	18,600+	4,800	90,000	8,500	15,500

Other awards in 2022

Workforce Disclosure Initiative (WDI)

In 2023, Schneider obtained a disclosure score of 79% (up from 78% in 2022), above the industry average of 64%, in the investor-backed WDI survey, which aims to improve corporate transparency and accountability on workforce issues.

Impak Finance

In 2022, the independent, B-Corp Certified, impact rating agency, has ranked Schneider Electric 1st in CAC40 for its contribution to the UN Sustainable Development Goals. The Group obtained a score of 495/1000, way ahead of the CAC40 average of 212/1000.

Climate

Carbon Clean 200 list

Schneider Electric has consistently been included in Corporate Knights' Carbon Clean 200 list since ranking began in 2016, for its revenue devoted to energy transition. In 2023, the Group ranked 11th worldwide.

EcoAct Climate Reporting Performance

In 2022, Schneider Electric ranked 7th for international companies on EcoAct's Climate reporting performance leaderboard.

Supply Chain

Best Global Sustainable Supply Chain Organization

Schneider Electric was named the Best Global Sustainable Supply Chain organization at the Global Sustainable Supply Chain Summit 2021 (GSSC Summit). This award puts Schneider Electric ahead of its peers in terms of operating greener and fairer supply chains.

2022 EcoVadis Sustainable Procurement Leadership Awards

Schneider Electric was selected for the EcoVadis Sustainable Procurement Leadership Awards 2022, receiving the Best Value Chain Engagement award as a recognition of its excellence in engaging partners and internal stakeholders in sustainability.

Gartner 2022 Supply Chain top 25

Schneider ranked 2nd in 2022 in the Gartner Supply Chain top 25, and 1st in the Europe Top 15 for third consecutive year, recognizing the exemplary management of its value chain.

2022 CIPS Excellence in Procurement Awards

In 2022, Schneider Electric was awarded the "Best Sustainability Project" and "Overall Winner" for its Zero Carbon Project.

Diversity & Inclusion

Bloomberg Gender Equality Index

In 2023, Schneider confirmed its inclusion in Bloomberg's Gender Equality Index among 484 companies for the 6th year in a row. The Group achieved an overall score of 81%, up from 77% vs 2021 and well above the index average of 73%.

Financial Times Top 50 Diversity leader 2022

The Group was recognized as a Top 50 Diversity leader by the Financial Times for the 3rd year in a row, ranking 5th in its industry.

Equileap Global Gender Equality Report and Ranking

In March 2023, Schneider Electric ranked 30th globally out of 3,787 publicly listed companies assessed based on 19 gender equality criteria, including gender balance from the board to the workforce, as well as the pay gap and policies relating to parental leave and sexual harassment, among other topics.

Refinitiv Top 100 Company 2022 Diversity and Inclusion Index

In 2022, Schneider Electric was included as one of the top 100 companies by Refinitiv, ranking 5th in its industry.

Ethics and Governance

Ethisphere

In 2023, Schneider Electric was again recognized as one of the World's Most Ethical Companies by Ethisphere, a global leader in defining and advancing the standards of ethical business practices; only three French companies were included in this year's ranking.

Grand Prix de la Transparence

In 2022, Schneider Electric was included in the Top 10 most transparent companies by ranking 9th out of 126 companies.

Employer awards

Universum Top 50 World's Most Attractive Employers

In 2022, Schneider was recognized by students worldwide as one of the World's Most Attractive Employers ranking 29th in Engineering. Over 185,000 respondents from the Universum Talent Surveys participated to the ranking.

Fortune's World's Most Admired Companies

In 2023, Schneider was recognized by Fortune as one of the "World's Most Admired Companies" for the sixth consecutive year, ranking 3rd in the electronics industry sector.

Glassdoor

Schneider received a score of 4.2/5 from Glassdoor as of February 2023. Based on more than 10,000 reviews, 87% of surveyed participants would recommend the Group to a friend, and 96% approve the CEO.

2 Driving responsible business with Trust

In this section

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Context and Group's commitments

Trust serves as an ethical compass for all Schneider Electric's interactions with stakeholders and all relationships with customers, shareholders, employees, and the communities they serve, in a meaningful, inclusive and positive way. 2022 enabled Schneider to strengthen its commitment to Trust by relying on actions and tools to help all stakeholders reinforce their trust in the company and collaboration between all actors. Therefore, after creating the Trust Charter in 2021, it was time for Schneider to deploy its new Code of Conduct.

Present in over 100 countries with diverse standards, values, and practices, Schneider Electric is committed to behaving responsibly in relation to all its stakeholders. Recognizing that its responsibility extends beyond compliance with local and international regulations, the Group is engaged to doing business ethically, sustainably, and responsibly. At Schneider Electric, we believe that trust is earned and starts with walking the talk, in relying on mechanisms and not only intentions.

Schneider lives up to the highest standards of corporate governance, through initiatives that monitor and educate teams on ethics, cybersecurity, safety, and quality. The Trust Charter is the evolution of the Group's Principles of Responsibility and sets out the expectations of how we work at Schneider, and it equips teams to confront any unethical behavior they might encounter.

Under our 2025 Sustainability Strategy, we commit to live up to our principles of trust by holding ourselves and all around us to high social, governance and ethical standards. In this report, we share our progress on the transformations achieved in 2022 under the Trust pillar of our Schneider Sustainability Impact and Schneider Sustainability Essentials programs.



“As business risks become more interconnected and unpredictable, building resilience is top of mind: even with the best risk management systems in place, setbacks are bound to occur. Therefore, it is key for companies to rely on clear frameworks such as the Trust Charter – our Schneider Electric Code of Conduct – to earn and nurture trust with our stakeholders.”

Hervé Coureil, Chief Governance Officer and Secretary General

Progress of the Trust commitments

Schneider Sustainability	#	2021–2025 programs	Baseline ⁽¹⁾	2022 progress ⁽²⁾	2025 Target
Impact (SSI)	6.	Strategic suppliers who provide decent work to their employees	2022: 1%	1%	100%
	7.	Level of confidence of our employees to report unethical conduct	2021: 81%	+1pt	+10pts
Essentials (SSE)	12.	Deploy a 'Social Excellence' program through multiple tiers of suppliers ⁽³⁾	--	In progress	--
	13.	Train our employees on Cybersecurity and Ethics every year	2020: 90%	95.5%	100%
	14.	Decrease the Medical Incident rate	2019: 0.79	0.58	0.38
	15.	Reduce total number of safety recalls issued to 0	2020: 25	24	0
	16.	Be in the Top 25% in external ratings for Cybersecurity performance	2020: Top 25%	Top 25%	Top 25%
	17.	Assess our suppliers under our 'Vigilance Program'	2020: 374	2,083	4,000

These programs contribute to UN SDGs



- (1) The baseline year for each indicator is provided together with its baseline performance.
- (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.
- (3) 2022 performance is in progress for SSE #12 'Social Excellence' because the program is still in development.

2022 Highlights



Schneider was named as Ethisphere's 'most ethical company in the world' in 2022, for the 12th consecutive year.



Schneider was among the top 10 in the Transparency Awards 2022.



Triple recognition in UK and Ireland, for demonstrating excellence in safety, health and environmental impact.



Gartner #1 Supply Chain in Europe. Our third consecutive year at the top.

2 Driving responsible business with Trust

2.1 Trust Charter, Schneider Electric's Code of Conduct

2.1.1 Earning trust with people

Trust powers all Schneider Electric's interactions with its stakeholders and all relationships with customers, shareholders, employees, and the communities they serve, in a meaningful, inclusive, and positive way. Trust is evident in the following ways:

- **Trusted Teams** that are built thanks to leaders setting the tone and exemplifying Schneider Electric's culture, as well as through creating for all our employees equal opportunities, harnessing the power of all generations, championing well-being and new ways of working, and being S.A.F.E. (Self, Activity, Facility, Environment) First;
- **Trust with Customers and Partners** is earned by striving for high quality, resiliency, the highest standards for cybersecurity, data privacy and protection, as well as prohibiting any form of corruption, requiring third-party integrity, avoiding conflict of interest, upholding fair competition, abiding by export controls and sanctions, and selecting and managing suppliers responsibly;
- **Trust with Investors** comes from preventing insider trading, delivering accurate financial statements, records, and tax information, delivering solutions in compliance with financial and risk management standards, and preserving information technology and related intellectual property assets as well as Schneider Electric's reputation;
- **Trust with Communities** is possible by acting for a climate positive world, being efficient with resources, upholding responsible lobbying and political activity, empowering local communities, not using "conflict minerals", and acting as good corporate citizens.

2.1.2 Trust Charter

In 2021, Schneider Electric launched the Trust Charter, which acts as the Group's Code of Conduct and demonstrates its commitment to **ethics, safety, sustainability, quality, and cybersecurity**. Schneider Electric believes that trust is a foundational value. It is earned and serves as a compass, signaling true north in an ever more complex world, and Schneider Electric therefore considers trust to be core to its environmental, social, and governance (ESG) commitments.

Leadership at every level of the organization was involved in the design, creation, and deployment of the Trust Charter to ensure that everyone at Schneider Electric is aware of the importance of trust and understands how to get the most out of the Group's Code of Conduct.

As trust fuels empowerment, each section of the charter states clear Dos and Don'ts and provides clear references to relevant policies and procedures, which are adapted to meet local legal requirements when necessary. This Code of Conduct applies to everyone working at Schneider or any of Schneider's subsidiaries. It is both an individual and collective responsibility to comply and respect laws and regulations, to apply Schneider Electric policies, and to uphold strong ethical principles to earn trust at all times.

2.1.3 Deployment of the Trust Charter

In addition to the Trust Charter being available in 30 languages on Schneider's website (se.com), a Trust Portal was made available to Schneider's employees to guide them towards related content such as policies, useful contacts, sites, guidelines, templates, and reports for each section of the Trust Charter. In 2022, the Group saw an increase of global policy views of +72% compared with 2021.

Finally, the Trust portal is an Intranet portal that gives access to the right resources to all employees when they face situations in which they need support, and to help give them the confidence to alert any unethical behavior they witness or even remain informed of the news the Group provide on new Trust programs or policies they publish. As a testimony of the risen awareness and engagement to Trust, more than 17,000 unique views between February and November 2022 have been recorded on the Trust Portal.

Leadership at every level of the organization was involved in the design, creation, and deployment of the Trust Charter to ensure that everyone at Schneider Electric is aware of the importance of trust and understands how to get the most out of its Code of Conduct.

2022 was a strong deployment year for the Trust Charter. In fact, as a proof of this increasing involvement in Trust at all levels, almost 23,000 downloads of the Trust Charter on se.com have been recorded, which takes into account not only employees but all the Group's other stakeholders.


The mandatory Schneider Essentials trainings aim at ensuring that all employees are trained on the most important topics covered by the Trust Charter, notably: "Trust at Schneider Electric", "Cybersecurity for Schneider Electric 2022", "We All Have Mental Health" and "The Schneider Electric Story". Thanks to the high level of engagement of all employees and the effort of sensibilization, the course dedicated to Trust was completed at 97.5% overall.



Discover our Trust Charter on www.se.com

The Trust Month, the largest and longest-running global internal communication campaign, has been a great medium to draw together all the pillars of Trust into a single event. The campaign consisted of 15 keynotes, 70 webinars and more than 15,000 webinar attendees. By offering different activities and involving all employees in the events the group noticed a very high level of

engagement and impact, with 88% of participants agreeing they learnt something that impacts their daily work life.

 Discover the Trust Charter of Schneider Electric on www.se.com

2.2 Ethics & Compliance program

2.2.1 Context

Over the years, Schneider Electric has earned the trust of its customers, shareholders, employees, and communities through the quality of its products and its sustainability commitments. To fully serve these stakeholders, the Group's commitment to business integrity must be equally robust. This means acting at all times in accordance with the ethical principles it has set and in compliance with the laws and regulations in force in all the countries where it operates.

2.2.2 Risk and opportunities

Unethical practices or non-compliance of Schneider Electric, its employees or third parties acting in its name and/or on its behalf with applicable laws and regulations may expose Schneider Electric to criminal and civil proceedings, reputational damage, business interruption and damage to shareholder value. Due to broader externalities, the Group's exposure to those risks has been increasing for several years, through its geographic expansion, participation in complex projects, and a large range of acquisitions. Moreover, over the past years, there has been an increase in law enforcement by public authorities, new regulations, and higher reputational risk with media exposure.

In 2021, Schneider Electric carried out a specific risk mapping dedicated to "Ethics and Compliance" regarding the following risks: Corruption, Conflict of Interest, Human Rights & Labor Laws, and Sanctions & Export Control. Its objective is to capture operational risk exposure at zone level, based on local interviews led by the Regional Compliance Officers and the Legal teams.

The process at regional level was as follows:

- **Step 1** – each region defined its local risk universe taking into account local specific risks.
- **Step 2** – each region assessed its gross risks and effectiveness of its local mitigation measures, generating a mapping of regional net risks. In addition, a global risk mapping was consolidated at Group level.
- **Step 3** – each region defined action plans to reduce the risk exposure. In addition, a set of global action plans was established at Group level. All action plans were monitored during the course of 2022.

By contrast with those risks, there is competitive advantage in approaching this proactively. Companies can experience significant improvements when they hold themselves to high standards of integrity. The primary benefits range from increasing employee satisfaction, improving workplace culture, maintaining legal compliance and strengthen public reputation. It can also reinforce the engagement and loyalty of customers, partners, suppliers and local communities.

2.2.3 Group policy

Through its Ethics & Compliance program, Schneider Electric aims to prevent, detect and mitigate integrity risks, including corruption, fraud, violation of human rights, health and safety, responsible workplace (including discrimination, harassment and sexual harassment), anti-competitive practices, sanctions and export

control. The program design and operation are influenced by the Group's risk profile, business model, organizational structure and culture.

To reflect this commitment to integrity and to enable employees to respect the Trust Charter, Schneider Electric deployed global and local policies: Anti-Corruption Policy (aligned with French Sapin II law requirements), Conflict of Interest Policy, Business Agents Policy, Anti-Harassment Policy, Export Control Policy, and Case Management & Investigation Policy.

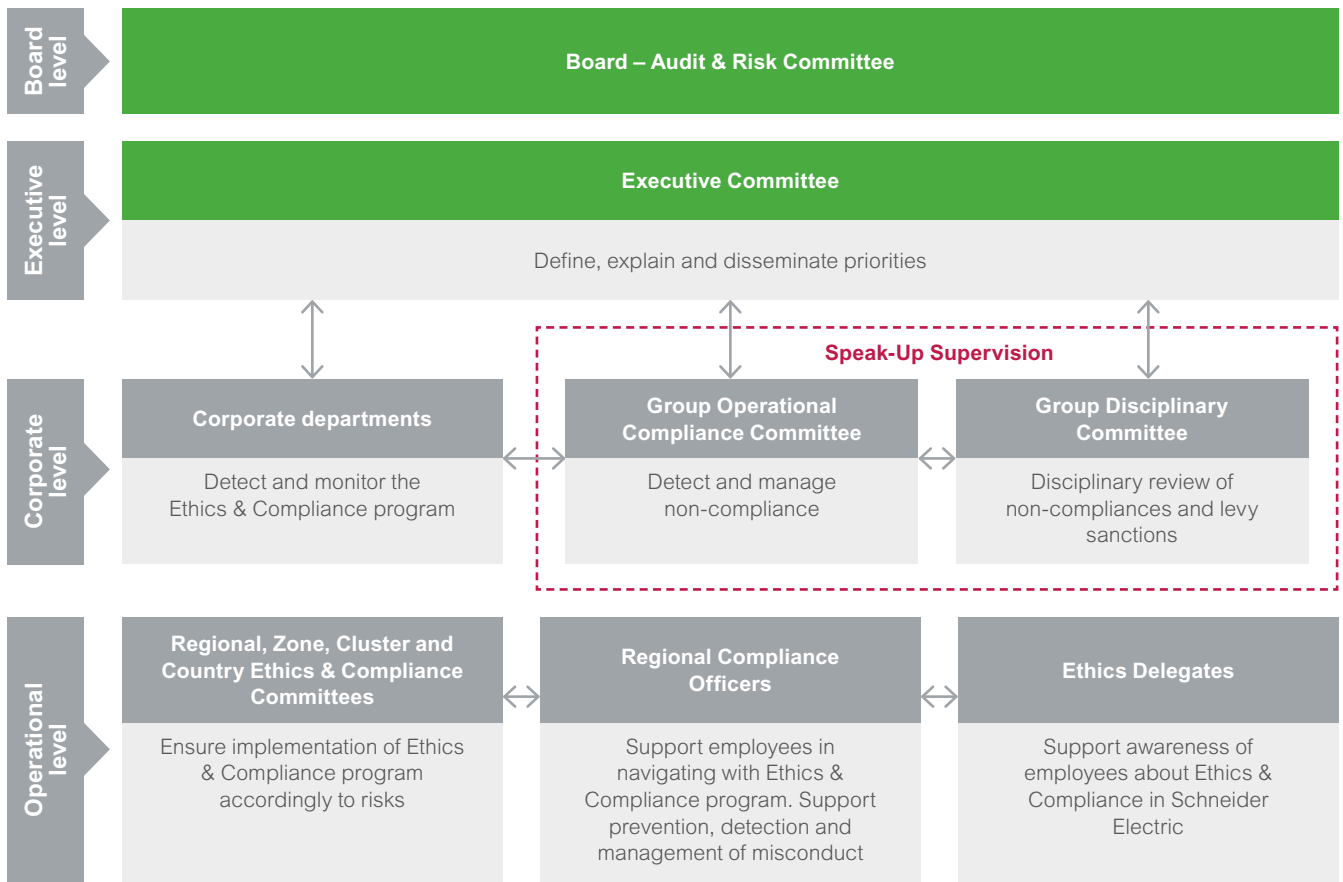
In 2022, the Group also updated and deployed a set of new policies: Gifts & Hospitality Policy, Competition Law Policy, Human Rights Policy, Whistleblowing Policy, Philanthropy Policy, and Sponsorship Policy. Moreover, to ensure that the principles and rules of the Ethics & Compliance program apply throughout the Group and for new entities joining the Group, the Ethics & Compliance department worked on specific Trust Standards. This work is part of the Governance Models program (see page 42), applicable during the acquired company's integration.

All Schneider Electric employees are expected to comply with Schneider's Ethics & Compliance program. The Ethics & Compliance program is based on management commitment which makes its pillars effective and on risk assessment which assists decision making, determining the risks to be treated and the priority to implement the treatment.



2 Driving responsible business with Trust

2.2.4 Governance



The Ethics & Compliance program is managed through a dedicated governance framework:

- **Board level:** Schneider Electric’s Board of Directors oversees the Ethics & Compliance program through a dedicated annual session of the Audit & Risks Committee during which the program, risks and improvements, and action plans, are reviewed by the Directors. Once a year, the Directors also review the Ethics & Compliance program’s effectiveness and the allocation of resources to the program. In addition, the Directors agree on the audit plan which covers several audits related to the Ethics & Compliance program.
- **Executive level:** Since April 2022, the Ethics & Compliance program is overseen by the Group Executive Committee, through the Group Function Committee. This Committee merged several existing committees, including the pre-existing Group Ethics and Compliance Committee.
- **Corporate level:** Schneider Electric has created a standalone Ethics & Compliance department, chaired by a 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 of the Ethics & Compliance program. The Ethics & Compliance department includes the following teams: Group Compliance, Group HR Compliance, Fraud Examination, Health & Safety, and IT Assets Governance. It works closely with the Legal, Human Resources, Finance, Digital and Strategy & Sustainability departments, as well as Internal Control and Audit; which are directly responsible for managing certain specific risks.

Speak-Up Supervision

Schneider Electric employees must feel free and psychologically safe to share their ideas, opinions, and concerns, without fear of retaliation. To ensure the effectiveness of that Speak Up mindset and related whistleblowing system, the Group has created two specific committees:

- The **Group Operational Compliance Committee (GOCC)** detects and manages cases of non-compliance with the Ethics & Compliance program in accordance with the Whistleblowing Policy and Case Management & Investigation Policy, and reviews monthly the effectiveness of the whistleblowing system. The GOCC is composed of the following members: Chief Compliance Officer (secretary of the Committee), Chief Legal Officer, Group Internal Audit & Control Officer, Group Compliance Director, Group HR Compliance Officer, and Head of Fraud Examination Team.
- The **Group Disciplinary Committee** levies sanctions and remediation actions on serious non-compliance cases to guarantee a fair and transparent disciplinary policy upon request of the GOCC. The Group Disciplinary Committee is composed of the following members: Chief Governance Officer & Secretary General, Chief Human Resources Officer, Chief Compliance Officer (secretary of the Committee), Chief Legal Officer, and one rotating member.

- **Operational level:** Regional Ethics & Compliance committees ensure implementation of the 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 matter experts at local levels.

Ethics Delegates, Schneider Electric's Integrity Ambassadors



Ethics Delegates is an honors program designed to enable well-respected employees with high personal integrity to support the promotion of the Ethics & Compliance program, influence the behavior of the people and the culture of Schneider Electric, and help embed ethics and compliance in how people do their jobs within their business/location. In 2022, the community had 250 members.

Experience feedback from Isabel Matos, Ethics Delegates in South America in 2022: "I have been an Ethics Delegate for four years in South America. I am proud to be part of this community. We have the opportunity to guide people to be compliant with legal regulations and to make right decisions. As the company is totally committed with its Trust Charter, we have all support needed from stakeholders and employees to have a strong governance and risk management in place".

2.2.5 Actions and impacts

Management Commitment

Rules and policies alone do not suffice. Management sets the company standards and promotes a culture of integrity and a Speak Up mindset. Top management regularly expressed its commitment through statements and extensive communication (called "tone from the top"), such as during the Trust Month organized in June 2022. This global event marked the deployment of the Trust Charter. Its launch was supported by the Chairman and CEO in a video in which he notably reminded colleagues of the importance of business running on trust and integrity. This integrity is also expressed by middle- and first-line management (called "tone from the middle") by spreading the right message in their teams and supporting reporting of misconduct.

Management commitment is evidenced by the participation of Schneider's Chairman and CEO who sits on the global Board of the United Nations Global Compact. Schneider Electric also works with other companies and stakeholders to build integrity and common standards. The Group participates in the initiatives of many non-governmental organizations (NGOs) and professional associations, such as Transparency International France, *Le Cercle d'Éthique des Affaires* (The Ethical Business Circle), International Deontology & Compliance Committee of the *Mouvement des Entreprises de France* (Movement of the Enterprises of France) and Anti-Corruption Committee of Business at OECD (BIAC).

Training and awareness

Internal communication provides employees with essential baseline information on Schneider Electric's integrity commitment while also raising awareness and understanding of the Ethics & Compliance program. To do this, the Group created a dedicated intranet page, a global internal social network group and a specific email address to answer questions. Schneider Electric also regularly distributes videos and other communication assets on integrity-related subjects to its employees. In addition, communication around the Ethics & Compliance program is rolled out locally by the Regional Compliance Officers and Local Internal Communication teams.

Each year a global campaign of mandatory training is run for all employees, called *Schneider Essentials*, from March to the end of September. Training is available in 18 different languages in the organization's Learning Management System. In 2022, Schneider Essentials trainings were: Trust at Schneider Electric, Cybersecurity, We All Have Mental Health and The Schneider Electric Story. For around 40,000 employees exposed to corruption risks, an additional anti-corruption training is required each year.

A number of specific trainings are also delivered:

- A dedicated module on Ethics & Compliance was prepared for Country Presidents. The module raises Country Presidents' awareness about their role and responsibility in supporting the Ethics & Compliance program.
- The Ethics & Compliance program includes dedicated training for leaders of companies acquired as part of the integration process. The training entails a specific focus on what is expected from the leadership teams, including endorsing the program and actively following up employees' completion of mandatory trainings on Trust Charter and anti-corruption.
- In 2022, ad hoc learnings were organized for all employees and managers as part of the Trust Month in June 2022 (e.g. Speak-Up) in sensitive geographic areas (e.g. Brazil, India) or in locations where a specific risk is higher (such as the export control risk).

The Group monitors and discloses its completion rate on trainings on ethics (Trust Charter and anti-corruption for eligible employees) and cybersecurity, aiming for 100% completion each year (SSE #13). The performance of this KPI received a "limited" external assurance level each year as part of the Group's annual extra-financial audit. At the end of 2022, SSE #13 achieved a 95.5% completion rate.

2 Driving responsible business with Trust

Trust

SSE #13




100% of employees trained every year on Cybersecurity and Ethics

Feedback received from employees confirm that the trainings are efficient in helping them to act with integrity.

Cybersecurity training is regarded as *“Good training. Essential in today’s world.”*

Trust at Schneider Electric training: *“We have never had this topic before in training but this is great course!”*

Anticorruption training: *“Excellent!”*

2020 Baseline	2022 Progress	2025 target
90%	95.5%	100%

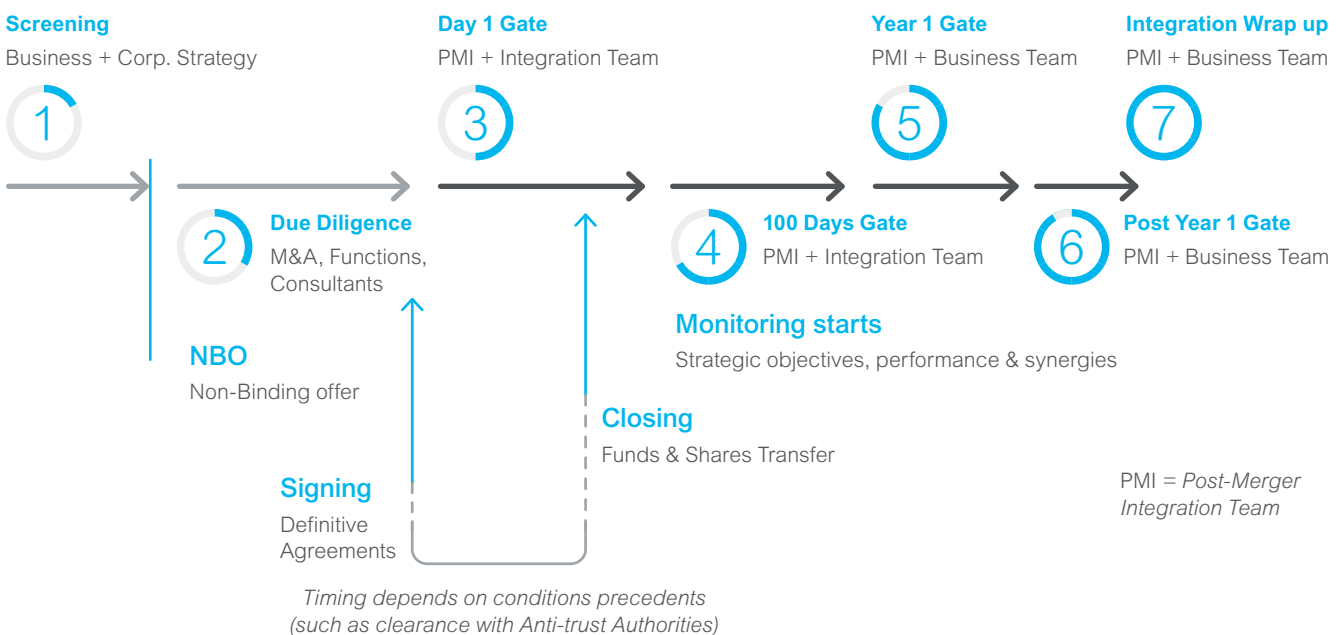
External communication informs stakeholders of Schneider’s integrity and of the design and implementation of the Ethics & Compliance program. The Group communicates through a webpage dedicated to Ethics & Compliance and the dissemination of specific external communications. Schneider Electric also responds to several questionnaires from extra-financial rating organizations related to ethics and compliance. In 2022, Schneider Electric was once again recognized as one of the World’s Most Ethical Companies by Ethisphere, a global leader in defining and advancing the standards of ethical business practices.

Third-parties integrity

Third-party relationships may create risks for companies, including corruption exposure and impact on brand and reputation. Conducting third-party due diligence is important to make informed decisions and avoid potential problems associated with compliance, regulations and public image:

- **Customer questionnaires:** Schneider Electric is a third party for its clients and is subject to evaluation as such. The Group regularly responds to questionnaires and other additional requests to demonstrate its integrity to its customers.
- **Compliance screening:** In 2022, 100% of direct customers were screened for both export control and sanctions as well as corruption risks. A pilot was also launched to provide automatic real-time screening of all direct customers. The Group is also working to screen its vendors and started an initial screening of its strategic direct vendors in 2022.
- **Business Agents:** Schneider Electric has implemented a due diligence process for its intermediaries that it qualifies as “Business Agents”. The Business Agent Policy sets out the rules under which Schneider Electric will determine whether there is a legitimate business purpose before engaging. The Ethics & Compliance department performs the due diligence and manages the approval process by analyzing risks of corruption, sanctions, and unethical practices.
- **Mergers and acquisitions:** M&A operations represent specific risks regarding ethics and compliance. A specific process and guidelines were put in place in 2020 to ensure full compliance of M&A operations with anti-corruption and export control regulations: this process was developed by the Ethics & Compliance department, the Legal department and the M&A team, ensuring a methodology that fits with M&A processes and ways of working. In 2021, this process was extended to the management of Human Rights risk. In 2022, the integration of ESG assessments at each stage of the M&A process has been reinforced to further protect the Group and accelerate the integration of new entities to its Sustainability Strategy and reporting.

7 steps to securing long-term value creation in acquisitions



Specific accounting controls

Schneider Electric has developed accounting control procedures to ensure that books, records, and accounts are not used to conceal corruption or the influence peddling. In 2022, a revised cross-functional program involving mainly Accounting, Internal Control, Digital and Ethics & Compliance, as well as upstream functions such as Procurement, Sales, Marketing, was launched to further improve and digitalize the defined preventive and detection controls with the sponsorship of Executive Committee members. The program's priorities were defined based on the results of the 2021 Ethics & Compliance risk assessment, i.e. Gifts & Hospitality, Travel & Expenses, Sponsorship, Donations, Business Agents, Marketing Development Funds, Performance Bonuses.

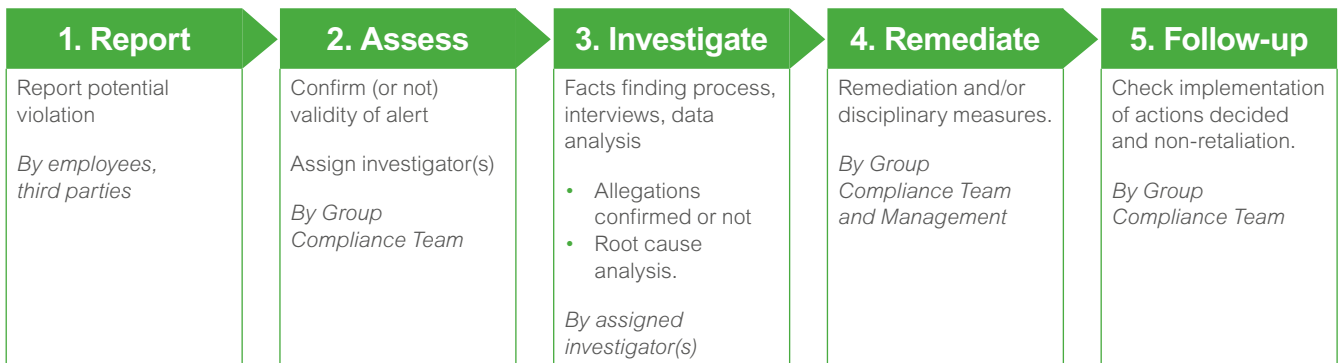
Whistleblowing

As part of the Speak Up mindset, and as developed in the Whistleblowing Policy, Schneider Electric employees have a responsibility to report potential unethical behaviors.

Whistleblowing corresponds to all methods of reporting available to employees, interns or contractors, and external stakeholders (suppliers, subcontractors, customers, business agents, etc.) to voluntarily report a potential violation of laws and regulations, and/or of the Group's Trust Charter and Group policies.

At Schneider Electric, stakeholders, either internal or external, may report concerns either by contacting an appropriate person in the Group (manager, HR business partner, Legal Counsel, or Compliance Officer) and/or by using the Trust Line, Schneider Electric's whistleblowing system. The latter is available online globally, at all times, and protects the anonymity of the whistleblower (unless there is legislation to the contrary). 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 case management.

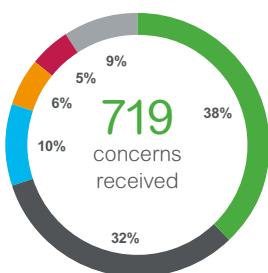
Case management: a structured process led by Group Compliance



In 2022, Schneider Electric reinforced the protection of the reporter, reported person, witnesses and other involved people by highlighting rights and responsibilities of people involved. A significant reinforcement of people protection has taken place in particular with:

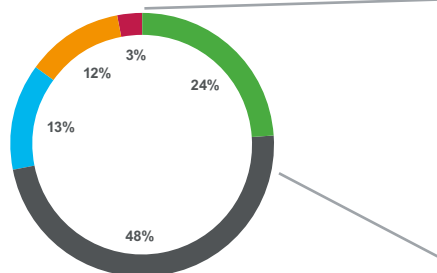
- a new procedure to ensure Schneider Electric's zero-tolerance policy against retaliation by prohibiting retaliation or other discrimination.
- a set of protection and care measures that can be offered in the course of the investigation, in case he/she needs and as per local legislation, such as: security measures (distancing), accommodations, flexible time management, change of function/service and psychological support.
- a possibility of internal or external mediation to help rebuild respectful collaboration.

Number of concerns received through our whistleblowing system per region



- North America
- Rest of the World
- Europe
- China
- France
- India

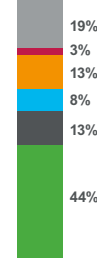
Status of concerns received* through our whistleblowing system



- Valid alerts confirmed after investigation
- Valid alerts not confirmed after investigation
- Valid alerts under investigation
- Not valid alert
- Ongoing assessment

*as of 31st January 2023

Distribution of confirmed alerts by type of issue



- Discrimination, Harassment, Unfair treatment
- Fraud
- Conflict of interest
- Bribery & Corruption
- Health & Safety
- Other

2 Driving responsible business with Trust

In 2021, to measure the effectiveness of the Trust Line, Schneider Electric created SSI #7 and added a question to its annual employee engagement survey, OneVoice: “I can report an instance of unethical conduct without fear”. 81% of employees surveyed answered “yes”. Since then, the Group is working to increase this measurement by 10 points by 2025 as part of Schneider Sustainability Impact. In 2022, 82% of employees surveyed answered “yes” which constitutes an improvement of +1 point over a 12-month period.

Trust

SSI #7






Measure the level of confidence of our employees to report unethical conduct

A speak-up mindset exists when employees and stakeholders feel safe to speak out about issues, concerns, and ideas in good faith, respectfully, and without fear of retaliation. It helps protect Schneider Electric and its employees from the effects of misconduct, including legal liability, serious financial losses, and lasting reputational harm. It also fosters a corporate culture of trust and responsiveness.

Experience feedback from an employee in France in 2022.

“I didn’t feel to do it as long as I was still reporting inside the team where I had the issue, so I declared the issue 2 months after, when I was in my new position. I felt safe because several colleagues at VP/SVP level expressed their support to me and recommended me to do it, mentioning that I would be protected in any cases. In full transparency, I called a HR colleague at management level, asking him how protected I would be. I got a clear answer that I would be 100% protected.”

2021 Baseline	2022 Progress	2025 target
81%	+1pt	+10pts

Corrective actions

Deficiencies associated with the implementation of the Ethics & Compliance program – and potentially reported through whistleblowing – are analyzed to identify their cause and remedy them with appropriate measures, which can take the form of:

- disciplinary measures decided by the relevant managers together with Human Resources, or by the Group Disciplinary Committee for the most sensitive alerts based on the findings of an investigation and depending on local disciplinary policies and law;
- remediation measures (such as launching a specific audit, reviewing a process or performing training);
- external actions (such as entering civil litigation or similar legal proceedings).

Monitoring and audit

The Ethics & Compliance program is an integral part of the Group’s Key Internal Controls (KIC). Developed in 2021 and becoming effective in 2022 for the first time, this KIC framework has been significantly reshaped and enhanced by increasing the number of KICs for the Ethics & Compliance program aligned with new policies and processes. In addition, in 2022 Schneider Electric executed the central monitoring of key processes of the Ethics & Compliance program such as Business Agents, Conflict of Interest, Whistleblowing and Anti-corruption training results. The outcome of these controls is regularly shared with key stakeholders to ensure continuous process and design improvements.

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 2022 resulting in recommendations related to the improvement of the Ethics & Compliance program.

2.3 Zero-tolerance for corruption

2.3.1 Context

Corruption is illegal and refers to the abuse of entrusted power for private gain. It undermines the effectiveness of any given ecosystem by undermining the trust and confidence which are necessary for the maintenance and development of sustainable economic and social relations. Moreover, it threatens the rule of law, democracy and human rights, undermines good governance, fairness and social justice, distorts competition, hinders economic development and endangers the stability of democratic institutions and the moral foundations of society. Over the past years, anti-corruption regulations have been strengthened worldwide. Fighting corruption has become a legal obligation in several countries with more controls and sanctions in case of misconduct.

2.3.2 Risks and opportunities

Engaging in corruption exposes to legal proceedings, prosecutions and sanctions for companies and individuals. Companies accused or convicted of illicit behavior may then suffer a serious public relations backlash and expose themselves or individuals to being debarred from public tenders/ public funds. They may also be subverting local social interests and/or harming local competitors while the cost of funding corruption may be perceived by investors as a hidden “tax” or illegal overhead charge, thereby increasing costs for companies, and further down the chain, their customers.

Multiple studies indicate that companies that have anti-corruption measures significantly increase profits compared to companies that do not. Indeed, such an approach will attract customers, investors, employees and suppliers who are concerned about risks as well as those who value integrity. It is then translated directly into tangible benefits, including risk reduction, cost savings and sustainable growth.

Schneider Electric's exposure to corruption risk materializes through various factors, in particular:

- Organic growth and mergers and acquisitions in countries with a high perceived level of corruption (especially in Asia and Africa);
- Business model relying on a large ecosystem of partners, including accountability for activities performed on behalf of the Group;
- Participation in complex projects in sector at risk, such as oil and gas, where the amounts invested may be very high and with end-users from the public sector subject to more restrictive anti-corruption regulations.

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 in 2018. In 2021, this risk assessment was updated as part of the new Ethics & Compliance risk mapping, which focuses in particular on Corruption and Conflicts of Interest. Please refer to section 2.2 “Ethics & Compliance program”, page 39. In 2021, 8% of the confirmed valid alerts, reported through whistleblowing, concern a potential violation of the Anti-Corruption Policy. In 2022, this represented 13%.

2.3.3 Group policy and governance

As stated in the Trust Charter and Anti-Corruption Policy, Schneider Electric has zero tolerance for corruption and is committed to comply with all applicable anti-corruption laws. This commitment is demonstrated by a strong and continuously developing Anti-Corruption Compliance program, which is part of the Ethics & Compliance program and managed by the same Ethics & Compliance Governance (see page 40).

Schneider Electric published and rolled out a revised Anti-Corruption Policy in 2019, meeting the requirements of the French Sapin II law, to take into account results of the corruption risk mapping and to provide employees with examples illustrating situations they may face. This policy acts as a handbook to be consulted when in doubt about the appropriate behavior to adopt. 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.

2.3.4 Actions and impacts

To operationalize the behavior rules of the Anti-Corruption Policy, Schneider Electric has created a set of additional policies and procedures related to Conflict of Interest, Business Agents, Gifts & Hospitality, Philanthropy and Sponsorship and revised anti-corruption accounting controls program. Moreover, the risks associated with onboarding new acquisition targets are numerous and consequently, Merger and Acquisition (M&A) guidelines have been published to identify, manage, and mitigate those risks at the earliest possible stage. These guidelines aim to cover the very first steps of identifying potential targets, what to look out for in data-rooms, and finally how the Group plans to integrate the acquired entity into its anti-corruption compliance framework through dedicated Trust Standards. These same rules also apply when Schneider Electric decides to make a divestiture with a step-by-step approach to managing the transition.

Schneider Electric has also developed a suite of anti-corruption e-learning, providing guidance on real life risk scenarios, designed to meet the trainees' needs and expectations. The training is mandatory for targeted employees exposed to corruption risks, as identified by the corruption risk mapping. A curriculum of modules of e-learning was deployed in 2020: a general module on the “zero tolerance” message against corruption and an explanation of the legal framework and risks, and two specific modules about third parties and gifts and hospitality. In 2021, four additional modules were created on facilitation payments, conflict of interest, the conditions that create a climate for wrongdoing and how to raise concerns. The modules were supported by videos from top leaders demonstrating the “tone at the top” and are available in 14 languages. In 2022, those e-learning were rolled out to more than 40,000 employees, with a completion rate of 97%.

Moreover, the year saw ad hoc anti-corruption learnings delivered to all employees and managers as part of the Trust Month that took place in June 2022 (e.g. Conflict of Interest) and in functions deemed to be priorities (e.g. Services). Notably, Schneider Electric also organized specific communication campaigns dedicated to the new policies for Gifts & Hospitality, Philanthropy and Sponsorship.

2 Driving responsible business with Trust

2.3.5 Focus on responsible lobbying, political activity, and donations

Through its Trust Charter, Schneider Electric has taken a clear stance with regards to responsible lobbying, political activity, and donations. As a Company, Schneider 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. Donations and lobbying activities are risks specifically addressed in the Anti-Corruption Policy.

Schneider believes that this representation of interests should be conducted in a transparent and fair manner, allowing 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 2022, Schneider Electric was not 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.

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.

From 2019 to 2022, the Group discloses expenses in membership fees towards trade associations, business coalitions, and think-tanks, that are dedicated by the association to lobbying or representation. Generally, the budget allocated to lobbying in these organizations is small as these associations mostly organise business workshops, peer-learning groups, or work on standardization. Schneider Electric updated its reporting methodology compared to previous years and now discloses the budget allocated to lobbying or representation rather than total membership fees. The data collected covers the main Group geographies, in particular Europe including France, North America, China, India, Indonesia, the UK or Philippines.

Total contributions globally amounted to about €0.5 million in 2019, €0.6 in 2020, €1.2 million in 2021 and €1.1 million in 2022.

The 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 about €0.6 million in 2022 (€0.5 million in 2021) globally;
- The second is “Powering the digital economy”: the Group supports the emergence of the 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 about €0.2 million in 2022 (€0.1 million in 2021) globally.

2.4 Responsible Workplace

2.4.1 Context

A responsible workplace is an open and supportive place where all employees, no matter who they are, or where they live in the world, feel uniquely valued and safe to contribute their best. It is settled when everyone is treated fairly, when difference is acknowledged and valued, and everyone feels free from any type of harassment, victimization and discrimination.

2.4.2 Risks and opportunities

Not creating a responsible workplace may expose Schneider Electric to liability towards the person who has allegedly been harassed or discriminated, potential claims from the alleged perpetrator and future allegations to not prevent a potential culture of harassment and/ or discrimination to flourish or took insufficient steps to protect employees. Moreover, the Group could be exposed to reputational risk.

To assess risks relating to the workplace, Schneider Electric conducted a risk mapping exercise as part of the Ethics & Compliance risk mapping, under the Human Rights risk stream. In 2021, 30% of the confirmed valid alerts, reported through whistleblowing, concern Discrimination, Harassment or Unfair treatment. In 2022, this represented 44%.

Building a responsible workplace establishes trust for employees. It also encourages talented candidates to join Schneider Electric's safe and comfortable work environment. Additionally, for the same reasons, it retains Talents by developing engagement and increasing employee morale. As Schneider's Employees are first in the line of defense, the Group has renewed and deployed its Core Values and Leadership Expectations. Each year, Employees are evaluated on their global performance, taken into consideration their alignment with the Group's values and corresponding demonstrated behaviors.

2.4.3 Group policy and governance

Schneider Electric has “zero tolerance” for any kind of workplace misconduct. This commitment is evidenced by a specific HR Compliance program, which is part of the Ethics & Compliance program and manages by the same Ethics & Compliance Governance.

Schneider Electric published and rolled out an Anti-Harassment Policy in 2018, serving as an employee manual to address and prevent misconduct that violates the dignity of employees. In 2022, the Group worked on a new version and extended the policy on discrimination. The new Anti-Harassment and Anti-Discrimination Policy will be rolled out in 2023.

2.4.4 Actions and impacts

To operationalize responsible workplace behavior principles, Schneider Electric has renewed the Global “Flexibility at Work” Policy in 2020 and the Global Family Leave Policy in 2022, which both support greater inclusion and care to help its diverse workforce adapt to the “next normal” workplace. Moreover, the HR Compliance program is applied across the Schneider Electric group through dedicated Trust Standards. These are deployed during the integration of new entities and the onboarding of new employees when they join the company.

To build a common understanding and alignment, Schneider Electric also created a mandatory training entitled “Building a Culture of Respect” and assigned it to all employees as part of Schneider Essentials (mandatory for all) in 2021. 98% of employees completed the training. This training was available to all employees who wished to take it in 2022. In addition, some specific trainings were deployed in line with local initiatives to prevent harassment and discrimination in specific countries (e.g. U.S.).

In 2022, Schneider deployed a new e-learning called “We All Have Mental Health” as a mandatory training for all, to raise awareness of the “next normal” working conditions and the company’s care of its employees. Due to the sensitivity of workplace-related alerts and the human factor involved, the Group has also created a specific e-learning for its network of internal investigators. This aims to ensure full impartiality and fair common practices everywhere. More than 240 HR investigators were trained. In addition, workshops have been conducted for internal investigators in many geographies.

Schneider Electric also organized specific communication campaigns promoting a responsible workplace as part of the Trust Month that took place in June 2022. As part of this initiative, the company organized a dedicated awareness session on psychological safety. In addition, Schneider Electric encourages the Speak-Up mindset to allow employees and stakeholders to report any violations of the group’s ethical standards or any workplace-related concerns.

2.5 Compliance with tax regulations

Schneider Electric Group applies a responsible fiscal approach supported by strong governance, as outlined in the tax policy of the Group which can be consulted on our website at se.com. Tax risk management is an integral part of the company’s risk management process, and in this context, the Tax Director, under the authority of the CFO, is in charge of implementing the Group’s tax policy and reports regularly to the Audit Committee. The Group engages to comply with the international and local tax regulations applicable in each of the countries in which it operates, and to build a lasting and transparent relationship of trust with the tax authorities. In this respect, the Group provides the tax authorities with all the information necessary to enable them to carry out their mission. As an example, the Group has entered into a tax partnership - a relationship of trust - in France, and works in consultation with the tax authorities. Similar steps are being taken in other countries.

2.6 High standards for the quality and safety of our products

2.6.1 Context

Schneider Electric holds dear the trust customers and employees place in its products and services to protect themselves and their property. Continuous quality improvement is therefore central to the organization’s strategy and foundational to achieve its overall business purpose and mission. Recognizing the opportunity that delivering superior quality would bring, the Group began a company-wide transformation of quality to accelerate its journey.

2.6.2 Risks and opportunities

Schneider Electric operates globally with a wide-ranging portfolio of customer solutions. The corresponding complexity of the product portfolio and supply chain brings with it risks and opportunities for quality. Many of the Group’s solutions serve essential industries where product quality and safety are a critical topic. Product malfunctions or failures could result in Schneider 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 governed by national and supranational regulations and standards. Maintaining compliance to new or more stringent standards or regulations could result in capital investment.

Risks identified by Schneider Electric in regard to product, project, system quality, and offer reliability can be:

- Design quality concerns
- Manufacturing and Logistic issues
- Deficient product safety
- Software quality
- Brand labelling, Supplier & Supply mismanagement

The above-mentioned risks could have a significant impact on the financial performance of the Group. The business reputation of Schneider Electric could also be negatively impacted. Indeed, the Group has been impacted by several recalls. With the quality transformation, Schneider Electric has established the visionary goal to eliminate product recalls by 2025 (SSE #15).

2.6.3 Group quality policy

In its Trust Charter, Schneider clearly outlines its commitments to strive for high quality.

The Quality Policy of the Group is guided by the following principles:

- 1 Customer First:** Quality is the safety of customers. Schneider Electric prioritizes their interests and anticipates customer needs through customer journeys and customer personas deployment everywhere in the Group.
- 2 Offer Quality:** Schneider Electric innovates with agility, discipline, and good business sense throughout the offer’s lifecycle, from creation to supply, all the way through manufacturing, delivering, and operations and until services. Schneider Electric delivers safe, reliable, and cybersecure offers, for products, systems, and software, to secure customers’ business continuity.

2 Driving responsible business with Trust

- 3 Intelligence:** Schneider Electric runs strong analytics to convert its process performance and customer experience data into actionable information, enabling us to better fulfil customer needs, prevent complaints, and improve customer satisfaction all touch points.
- 4 People:** Quality is every employee's responsibility. Schneider Electric puts customer first by empowering them to stop work whenever they have a concern and removes internal barriers to achieve customer-centric solutions.
- 5 Ultimate experience:** Customer experience is recognized in the Group as a strong competitive advantage, to earn trust from customers and develop business in a sustainable manner. Therefore, the group deeply analyzes customer experience to prioritize improvement efforts and investments.

It is the policy of Schneider to only propose products, solutions, and services which are safe when properly used for their intended purpose or for other reasonably foreseeable purposes contributing to the sustainability ambitions of the Group. It is the obligation of Schneider to notify customers of safety issues caused by its offer that may result in bodily injury or property damage, and include instructions for immediate remedial actions, even after the end of the useful life of the offer.

Schneider Electric benefits from a full set of quality directives that require the application of systematic processes to properly address potential offer safety issues discovered inside or outside Schneider. These processes are to be used for all offers sold or manufactured by Schneider Electric. They are:

- **Quality Directive “Managing Customer Safety Risks”.** This directive requires the application of Schneider Electric’s systematic processes to properly address potential offer safety risks of bodily injury or property damage, discovered inside or outside Schneider Electric. These processes are to be used for all offers sold or manufactured by Schneider Electric.
- **Quality Procedure “Offer Safety Review”.** The overall objective of offer safety is to reduce the risk arising from the use of Schneider’s products, solutions, or services throughout their life cycle. Offer safety reviews are conducted by Offer Safety Review Committees and are used to focus attention on safety and help ensure that offers are safe when properly installed (based on safety manual), maintained and used for their intended purpose and other reasonably foreseeable use or misuse.

2.6.4 Governance

The Group policy is realized through a robust Quality Management System, which is improved continuously to fulfill expectations of all relevant parties. It is in full alignment with the Group’s Trust Charter, Schneider Electric’s Code of Conduct, as well as in compliance with and certification to ISO 9001 standard. 231 Schneider Electric manufacturing sites have achieved their ISO 9001 certification.

At Schneider Electric, the customer satisfaction and quality network covers all layers, functions, global supply chain, operations, and lines of businesses. Within presence of quality throughout the Group, Schneider seeks to create a culture of quality and spread the customer-first mindset everywhere.

Schneider has strengthened the governance committee with a new accelerated operating rhythm wherein the new Head of Customer Satisfaction & Quality (CS&Q), together with the Executive Committee, reviews the status of quality across the company and guide the quality transformation journey.

The quality transformation is further informed with first-hand experience gained from over 50 quality-focused Gemba walks through Schneider operations worldwide. During the Gemba walks, the new Head of CS&Q personally compares the current standard to actual conditions and to industry best practice to identify necessary corrections and opportunities for improvement.

2.6.5 Actions and impacts

To accelerate and focus the company-wide transformation of quality, the Group has invested in strengthening and reorganizing the quality function, beginning with a new Head of CS&Q bringing to the Group best practices that produce world-class quality in Automotive and Aerospace industries. The Group further enabled and accelerated the change through a revised organizational structure and investing in new capability.

Quality System

Building on the foundation of the existing quality system, the Group has identified opportunities to simplify the existing processes and procedures, while adopting the highest applicable standards in every category. To ensure processes are completely implemented and procedures followed with discipline, the Group aims to greatly strengthen quality internal auditing program.

Quality Planning

The Group continues its ReeD program (Reliability End To End by Design), to secure fundamentals and ensure full integration of new customer expectations (from Quality to Reliability). Designed with R&D at its heart, with huge interactions with all functions and businesses of Schneider Electric:

- By ensuring that new offer development is focused on customer promises.
- By animating mitigation plan until deviation is fixed.
- By ensuring Excellence in Offer Life Cycle changes.
- By transitioning from product quality to systems reliability.
- By combining people’s competency with robust digital processes.
- By leveraging more digital tools to detect issues early and reduce the number of bugs seen by customers.
- Reinforce risk analysis to ensure proper usage of systems, software, and products to prevent associated issues and risks.

It is the obsession of the Group to ensure that “Reliability” is a signature value of Schneider Electric branding. Accordingly, the program is being further strengthened with dedicated resources and the introduction of new processes and methods supporting increases in Reliability and Robustness. The new processes and methods are being animated through capability-building “design fundamentals” training and practices.

Quality Assurance

Schneider strengthened its use of Failure Modes and Effects Analysis extending coverage, deepening the analysis, and creating a laser focus on severe failure modes, ensuring risk-mitigating controls are in place, and successfully reducing the risk on over 600 processes.

Through the process improvement efforts, the Group recognizes the opportunity to integrate and strengthen existing industrialization procedures with “Advanced Product Quality Planning” (APQP) which seeks to introduce new products with outstanding quality. As APQP matures it would enable the Group to bring together the Design, Industrialization, Manufacturing, and Service teams to co-create solutions that are more reliable, robust, manufacturable and serviceable, contributing to the sustainability goals of the group.

Quality Control

Within operations, the Group pursues a twin strategy of “back to basics” while it accelerates and leverages its digitization. The “quality basics” were developed and are being deployed or strengthened across the group. To introduce the quality basics special radical change events (kaikaku) were held to immediately implement the basics. The radical change events serve to build quality capability in participants and organizations, further strengthening the Group quality culture.

Accelerated implementation of digital solutions for real time process control and statistical process control, traceability, and other digital capabilities to over 300 manufacturing lines. Establishing the digital foundation encourages innovative thinking and ways the Group can unleash its digital potential. Globally the Group identified over 100 applications for Artificial Intelligence (AI) and Machine Learning, successfully adding AI to manufacturing processes to improve first-time quality and successfully applying vision and machine learning to improve quality control.

Quality Improvement

Schneider Electric’s “Issue to Prevention” process continues to deliver valuable insights to root causes of problems and their corresponding improvement opportunities. The process was further strengthened through the implementation and verification of corrective and preventive actions, and by creating a mechanism to share learning horizontally across the Group.

Schneider 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 the customers’ best interest. As part of the Trust pillar of Schneider Sustainability Essentials 2021–2025, Schneider has set the visionary objective to eliminate recalls by 2025 (SSE #15), which is an enhancement of the previous program to “reduce scrap from safety units recalled” originally set.

Trust

SSE #15



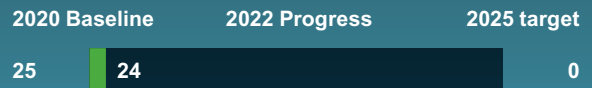
Zero product recalls by 2025

In 2022 the Group recalled 24 products as approved by the Offer Safety Alert Committee, vs 14 in 2021. In addition to Safety, recalls have large environmental footprints consisting of re-production of the recalled units and multiplications of packaging and transportation.

The increase of Offer Safety Alerts in 2022 is consistent with the increase of detection policy close to defect “Point of Creation”, reducing the magnitude of impact for customers and for the environment.

For each alert, Schneider reaches out to customers impacted by the recall to arrange for product replacement. Investigation will be conducted on products returned to Schneider’s premises to determine the final root cause of the safety issue. The returned product thereafter will be assessed on its reusability and parts which could not be reused will be scrapped according to the local environmental regulations.

It is the ambition of the Group to eliminate recalls through the adoption and rigorous execution of a quality system consisting of the highest available standards.



2 Driving responsible business with Trust

2.7 Digital trust and security

2.7.1 Cybersecurity context

Schneider Electric commits to provide solutions to achieve a greener low-emissions future, a shift mostly driven by digitalization and fueled by innovation. While hyperconnectivity and subsequent digital enablers provide transformative business and operational value, they also expand cybersecurity threats.

On top of that the Group operates in over 100 countries, sources goods and services from five continents and manages more than 50,000 unique suppliers. All of this increases the cyber complexity under which our companies operate and introduces sources of risks.

Cybersecurity is an essential business imperative for Schneider Electric. This means that the Group takes a risk-informed approach, managing cyber risks thoroughly to better protect its supply chain, working to shape a company-wide cybersecurity culture and finally partnering with experts to reach the highest cyber standards.

2.7.2 Risks and opportunities

Schneider Electric's strategy aims:

1. to protect its customers assets and operations
2. to mitigate the possibility of having its operational continuity disrupted by an attack by identifying and prioritizing high-value digital assets within the company's operations and enforcing a certification discipline across its major sites and assets
3. to comply with global and local regulations where the company operates
4. to prevent voluntary and involuntary loss or exposure of its intellectual property.

In this journey, Schneider Electric seeks to learn and mature its posture. Hence, cyber events are continuously monitored, detected, responded to, and learned from. The Group measures its improvement thanks to date-based reality checks, internal and external reviews, cyber crisis drills, and vulnerability assessments to its acquired companies and entities acquired which are under control form a business standpoint but whose IT management systems are out of our control.

Schneider Electric believes that cybersecurity is everyone's responsibility, hence at Group level, clear expectations shape both individual and collective secure behaviors, not only to protect the Group but the society at large. Online training on cybersecurity is mandatory for all employees. This training helps employees to identify the cyber threats they may face and understand how to protect themselves. At the end of 2022, 99% of Schneider Electric employees had completed this training. Certain employee categories received mandatory training for risks linked to their activity. Hence there are trainings for:

- HR teams as they are confronted daily to data
- 33,000 shopfloor employees are concerned, as well as the 84,000 white collars of the Group.
- Employees that are directly facing customers, approximately 20,000 employees, need to validate a "cyber badge" as they access customer sites
- Teams in charge of R&D are bound to train as they deal with intellectual property on a daily basis.

Finally, as cybersecurity is a collective play, Schneider Electric works collaboratively with the ecosystem sitting along its value chain (suppliers, authorities, customers, especially the ones in critical infrastructure etc.) to build trust, as it has an ambition to raise the defense level of the industry at large.

2.7.3 Group Policy

Cybersecurity policies are foundational to the Group's security posture as they are compulsory for all stakeholders, they set management's tone and provide guidance towards secure behaviors (people), practices (processes) and environment (technology) throughout the company.

The company's overarching General Information Security Policy and all supporting security policies are in line with broadly recognized standards and regulations such as ISO27001, NIST, ISA/IEC62443, and General Data Protection Regulation (GDPR). Schneider Electric's current policy framework governs and regulates security behaviors, and encompasses products, solutions, services, and sites. These guidelines apply to all employees and contractors, and relevant populations are regularly trained on them.



Our public security-related policies can be found in the Cybersecurity and Data Protection page on www.se.com

2.7.4 Governance

Cybersecurity and data protection are integral to the Group's corporate business strategy and digital transformation journey, and at the core of the Trust Charter. In addition to corporate commitment, executives play a crucial role through the sponsorship of the Executive Committee and oversight from the Board of Directors.

A central body governs the companywide cybersecurity portfolio, coordinating the execution of strategic and operational initiatives, and orchestrating a broader community of security practitioners distributed across businesses and territories. The community includes:

- Digital and operational Security Leaders appointed to manage security risks within their domain (Sales, R&D, Supply Chain, Finance, HR, AI, Digital Offers...). They prepare for and respond to an incident by coordinating the investigation, containment, and remediation.
- Industrial and R&D Site Leaders nominated to act as cybersecurity experts in all industrial and R&D sites. They carry a strong knowledge of OT assets and technologies as well as their plant's network infrastructure.

For all security practices and initiatives, monthly updates on projects and report on metrics are orchestrated centrally to allow continuous improvement on all capabilities.

The company relies on an open and transparent culture where employees are encouraged to self-report any possible issue (intrusion, errors, vulnerabilities etc.). Schneider Electric has adopted a "see something, say something" approach to encourage escalation to facilitate more rapid detection of exposure and breaches via "people sensors".

2.7.5 Actions and impact

Schneider Electric seeks to align with broadly recognized standards and has received several recognitions for its performance (available on dedicated se.com page⁽¹⁾).



ISO 27001 demonstrates rigorous information security methodologies, reducing risks, and safeguarding against security breaches within Schneider Electric.

See the certification



ISA/IEC 62443-4-1 certified Secure Development Lifecycle (SDL) process testifies that Schneider products and systems development practices are in line across all software and system development lifecycles.

See the certification



CREST Certification for Penetration testing acknowledges Schneider Electric's product security teams for their skills and proficiency when it comes to testing the resilience and security of the company's products and systems.

See the certification



CyberVadis is a third-party cybersecurity risk assessment platform. Schneider Electric was certified mature based on international information security standards such as ISO 2700x, NIST Cybersecurity Framework, Cybersecurity for ICS, PCI, DSS, and GDPR.

See the certification

Schneider Electric also works collaboratively with cross-industry organizations to secure and strengthen digital trust.

As a result the Group became:

- A founding member of the ISA Global Cybersecurity Alliance and a member of both the Paris Call and Cybersecurity Coalition.
- A signatory of the Cybersecurity Tech Accord, and now works with its partners towards addressing supply chain security.
- An active contributor to the World Economic Forum, sitting at the advisory board of Oil and Gas group to strengthen resilience across the industry, leveraging collective intelligence and expertise. Public reports (available on Schneider's website⁽¹⁾) are an output of this strong collaboration, as well as tighter connections with leaders from other companies.

Finally, as part of the Trust pillar of its 2021–2025 sustainability strategy, Schneider Electric commits to remain in the top 25% in external ratings for Cybersecurity performance (SSE #16).

Trust

SSE #16

In the Top 25% in external ratings for Cybersecurity performance

Schneider Electric continuously and consistently monitors its posture with the support of cyber scoring agencies. This enables the Group to identify and address vulnerabilities and weaknesses (along with Intelligence-driven detections) around main risk categories such as Compromised Systems, Diligence, User Behavior and Public Disclosures. Addressing findings that can negatively impact overall cybersecurity rating and benchmarking Schneider's performance against is supporting the Group's maturity journey on cybersecurity, from a performance, risk, and communication perspective.

Monitoring performance enables the Group to measure its improvement: from a baseline of 520 in January 2018, we scored 810 for the year 2022. Schneider Electric's external rating since 2018 has risen by +56%.

2020 Baseline	2022 Progress	2025 target
Top 25%	Top 25%	Top 25%

2.7.6 Data privacy and protection

Schneider Electric implemented the General Data Protection Regulation (GDPR) requirements and launched specific training to manage the major challenges of this regulation. This training is mandatory for Schneider Electric employees in Europe and key functions.

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 has established 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.

A governance ecosystem is in place including a Group Data Protection Officer (DPO), a DPO network, an implementation team, Data Privacy & Protection Champions and Steercos.

Schneider Electric is rolling out its Global Data Privacy & Protection compliance approach beyond GDPR in China, the USA, and India and is globalizing its standards to address new regulatory challenges like PIPL and CPRA. A new data protection addendum has been deployed, including the new Standard Contractual Clauses of the European Commission.

(1) <https://www.se.com/ww/en/about-us/cybersecurity-data-protection>

2 Driving responsible business with Trust

2.8 Human rights

2.8.1 Context

Human Rights issues have been increasing in terms of risk exposure and geopolitical influence. New challenges are emerging, due to social, economic, and digital disruptions, such as forced labor, living wages, migrant workers or artificial intelligence.

As a global company operating in over 100 countries, Human Rights have been a main priority for a long time. Schneider Electric's ambition goes beyond compliance with existing regulations. Its ambition is to ensure that Human Rights are not infringed upon and to play an influential role with external stakeholders by promoting health and safety, diversity, inclusion, equity, and decent work for all.

2.8.2 Risks and opportunities

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 2022, Schneider reviewed and updated its "duty of vigilance risk matrix" which highlights the risks the Group poses on its ecosystem including its sites, suppliers, contractors, and local communities for more information, please refer to the 2022 Universal Registration Document.

This review of risk covers fundamental Human Rights. This includes some rights that may be threatened as a result of the evolution of the geopolitical context: increased flow of migrant workers and threats of modern slavery⁽¹⁾ as a consequence of regional conflict and wars, pressure on working hours and individual income as a result of tension in the supply chain and accelerated inflation.

In front of these risks, the Group engaged into several programs that span across its supply chain and its workforce. A core commitment regarding Human Rights is the transformation program related to Decent Work launched in 2021. This program is based on 10 fundamental Human Rights pillars, with the aim of ensuring dignity for all and protecting workers' rights. The program benchmarks current standards around worker rights to ensure that fair policies and practices are followed. This was rolled out to all the Group's employees in 2022, and has started to be rolled out for the Group's strategic suppliers (see page 66).

The Group has also engaged into Duty of Vigilance program. As part of this program, Schneider Electric is performing audits of risky suppliers to identify potential gaps and suggests areas for improvement.


2.8.3 Group Human Rights Policy

Schneider Electric's human rights approach is articulated around three principles.

1. Schneider is committed to fully respecting and applying laws and regulations in all countries where it operates.
2. Schneider is committed to fostering and promoting human rights throughout all its operational sites and subsidiaries worldwide.
3. Schneider 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.

Schneider Electric's Global Human Rights Policy⁽²⁾ is applicable to all Schneider 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.

At the end of 2022, Schneider published the second version of its Global Human Rights Policy. The Company intends to increase its commitments by making clear its position on new challenges such as migrant workers and artificial intelligence. It confirms the Group's engagement to strive for the respect of all internationally recognized Human Rights and to ensure that Human Rights are respected for everyone, everywhere, at all times. The new policy includes eight new topics: respect and dignity, human rights in cyberspace, migrant workers, conflicts minerals, intergenerational solidarity, human rights activities within the Group's supply chain, civic space and human rights defenders, and access to a healthy environment. Full deployment including the creation of an e-learning is planned for 2023.

 Find Schneider's Global Human Rights Policy on www.se.com

Alignment with international standards and frameworks

Schneider Electric adheres to the following principles or guidelines:

- The international human rights principles encompassed in the Universal Declaration of Human Rights (as part of the International Bill 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.
- The ILO Declaration on Fundamental Principles and Rights at Work.
- The UN Guiding Principles on Business and Human Rights (UNGPs) 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.

The procedures implemented by Schneider Electric, notably its vigilance plan and Ethics and Compliance program, ensure that the Group adhere to the EU Taxonomy "minimum safeguards" requirements referred to in Article 18 of Regulation (EU) 2020/852.

(1) Report: Global Estimates of Modern Slavery: Forced Labour and Forced Marriage (ilo.org)

(2) Human Rights Policy Institutional Document | Schneider Electric (se.com)

Specific policies

In addition to its Trust Charter and the Global Human Rights Policy, Schneider Electric has implemented specific global policies to provide guidance in the following areas:

Human resources

Policies	Policy description	Reference in this URD and online
Diversity & Inclusion	Applies to the entire Company and covers all facets of diversity, as Schneider Electric wants to reflect the communities in which the Group operates. This policy is based on respect and dignity, which are the foundations of fairness and equity.	Pages 202 to 208 of the 2022 Universal Registration Document Consult and download the Policy: https://www.se.com/ww/en/about-us/diversity-and-inclusion/
Family Leave	Provides a framework so that every employee, in every country, can take leave specifically to enjoy some of life's special moments with their families.	Page 217 of the 2022 Universal Registration Document
Anti-Harassment	States Schneider Electric's commitments to have zero-tolerance for any kind of harassment or offensive behavior.	Pages 203 of the 2022 Universal Registration Document Consult and download the Policy: https://download.schneider-electric.com/files?p_Doc_Ref=GAHP
Flexibility at Work	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.	Page 204 of the 2022 Universal Registration Document
Employee Benefits	Defines the global principles, standards, and governance for the provision of employee benefits at Schneider Electric.	Pages 215 to 217 of the 2022 Universal Registration Document

Health and safety

Policies	Policy description	Reference in this URD and online
Health & Safety	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 is the subject of an annual "Global Health & Safety Day".	Pages 127 to 130 of the 2022 Universal Registration Document Consult and download the Policy: https://download.schneider-electric.com/files?p_Doc_Ref=SE-Health-Safety-Policy
Travel	Defines the rules applicable to travelers, including the safety guidelines, procedures, and processes to ensure the safety of Schneider business travelers at all times.	
Security	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.	Page 303 of the 2022 Universal Registration Document

2 Driving responsible business with Trust

2.8.4 Governance

The strategic part of the Human Rights policy as well as the measurement and its full deployment is led by the Corporate Citizenship Department, composed of Human Rights experts supported by Human Resources, Global Supply Chain Departments as well as the countries, the internal audit team and the compliance functions.

This policy is validated by the Chief Strategy and Sustainability officer, Chief Governance officer and Secretary General, the Chief Human Resources officer and the Executive Vice President Global Supply Chain.

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 UNGPs. 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 best practices with regards to on-site auditing and monitoring of suppliers' activity, including forced-labor issues.

The Group also took part in the Global Compact LEAD working group "Decent Work in Global Supply Chain". Lastly, 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.

2.8.5 Controls, actions and impacts

Internal

Schneider Electric entities and subsidiaries are monitored through the implementation of Key Internal Controls. These controls are designed in co-ordination with the Internal Audit team and consist of 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 "5 Great People making Schneider Electric a great company", page 198 of the 2022 Universal Registration Document.

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, how to overcome bias and how to develop an inclusive culture. For more details, see page 211 of the 2022 Universal Registration Document.

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 alert all relevant employees. 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 page 127 of the 2022 Universal Registration Document.

Suppliers

Human rights are included in the approach to select new suppliers. Schneider Electric uses a qualification process called Schneider Supplier Quality Management (SSQM) to select new suppliers. This 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. Strategic suppliers are also assessed through EcoVadis, a third party that leverages ISO 26000 standard, and includes Labor and Human rights as one of the four pillars in its methodology. Other actions are implemented through the Group's vigilance plan.

Lastly, Schneider Electric launched in 2022 a Decent Work Program (SSI #6) for the Group's strategic suppliers (see more details in the 2022 Universal Registration Document).



Consult and download Schneider Electric's Supplier Code of Conduct from the Suppliers page on www.se.com

Contractors

Schneider Electric has developed specific actions to mitigate human rights risks related to project execution environment. These apply anywhere co-ordination with project contractors is necessary.

The Group is working to evolve the project decision-making process to incorporate a risk assessment covering ESG topics including human rights. The aim is to better calibrate the mitigation measures and anticipate their implementation earlier in the project process. Pilots have been launched in 2022.

Schneider Electric is also conducting specific on-site audits for contractors included into the Vigilance Supplier Audit program. At the end of 2022, 17 subcontractors had been audited. For more details, see page 135 of the 2022 Universal Registration Document.

Communities

The risks for these locations were assessed for the first time in 2020 in the vigilance risk matrix. In 2021 Schneider Electric deepened the analysis with a specific segmentation to select potential risks that may have an impact on local communities. For more details, see page 146 of the 2022 Universal Registration Document.

2.9 Employee health and safety

2.9.1 Context

The world in which Schneider Electric operates is changing and many aspects of this change accelerated during the COVID-19 pandemic. Health and Safety is a value Schneider Electric will not compromise, which was demonstrated by Health and Safety being one of the five Schneider Electric Trust Charter pillars and by setting ambitious 2025 Health & Safety Targets.

The advances in digitization have made the world a smaller place, and it is now so much easier for H&S teams across the world to work together efficiently, to implement global solutions, including virtual audits, remote Factory Acceptance Testing, live performance dashboards and working from home.

In a fast-changing environment, where so many communication opportunities are available to everyone, Schneider Electric H&S team is making the most of all the new technologies and innovative ideas, to convey its messages to all employees.

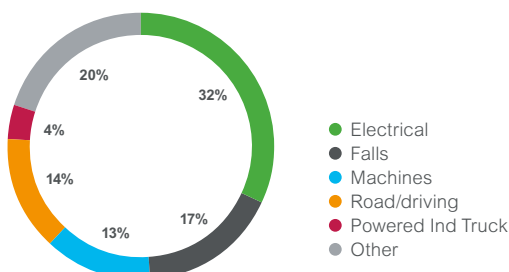
New technology also exists to identify 'at risk situations', and to warn employees about risks so they can take action to mitigate them. Schneider Electric is constantly exploring how these technologies can make the work environment safer. Schneider Electric has embedded new digital technologies in many products so customers can benefit from improved safety while operating their electrical equipment.

2.9.2 Risks and opportunities

Key Health & Safety risks include human injury connected with a workplace accident, and non-compliance with regulations. These risks can potentially impact productivity, customer confidence, company image or financial penalties through legal proceedings. At the same time, the effort taken to manage risks can create new business opportunities through greater trust.

Strategic action plans, based on previous incidents and results of risk analysis are performed each year. 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. The plans are built on the previous Top 5 Hazards, which include driving, electrical, falls, powered industrial trucks (PIT), and fixed powered machines (FPM).

Injuries based on the Top 5 Hazards since 2018



With regards to compliance, all Schneider Electric sites prepare a legal register, which identifies improvement opportunities and is audited as part of the ISO 45001, external certification.

2.9.3 Group policy

Safety is a key pillar of the latest Schneider Electric Trust Charter, is reviewed each year and is fully aligned with ISO 45001 and is available publicly.

Schneider Electric is committed to invest in its people and its workplace as stated in its Group Safety and Occupational Health Policy.

Schneider cares for all, including colleagues, customers, contractors, and partners, and wants everyone returning home safe & well every day.

Each employee is responsible for safety and plays a key role in identifying and mitigating hazards. This practice applies at Schneider Electric sites, at customer sites and while driving or traveling.

The Group values engagement at all levels and:

- Expects each Manager to role model Safety as defined in the Global Safety Strategy (see details below).
- Empowers employees to Act Like Owners, by having an active role with their personal Health and Safety.
- Seeks the views of all employees, their representatives and those working on the Group's behalf, through consultation, including their participation in reporting and resolving safety improvement opportunities.
- Sustains relationships with Suppliers, Contractors and Customers under the condition that Safety commitments are agreed and met.

The Group provides a safe work environment for all and:

- Invests in resources and training to support Schneider's Safety & Occupational Health vision and goals.
- Complies to external legal requirements and internal directives.
- Embeds safety into its business practices and is an integral part of all major decisions, from acquisition, product development, the launch of a business and change management.
- Is determined to eliminate hazards and reduce risks.

The Group communicates in an open and transparent manner and:

- Continually improves its Safety & Occupational Health Systems by benchmarking, adopting best available techniques and through continuous learning.
- Captures, analyzes and communicates safety improvement opportunities, near-misses, and incidents in a systematic manner.
- Creates global action plans and share with all potentially impacted employees to prevent (re)occurrence.
- Sets Safety & Occupational Health goals and objectives, monitor performance, and reports progress internally and externally.



Consult and download Schneider's Health & Safety Policy on www.se.com

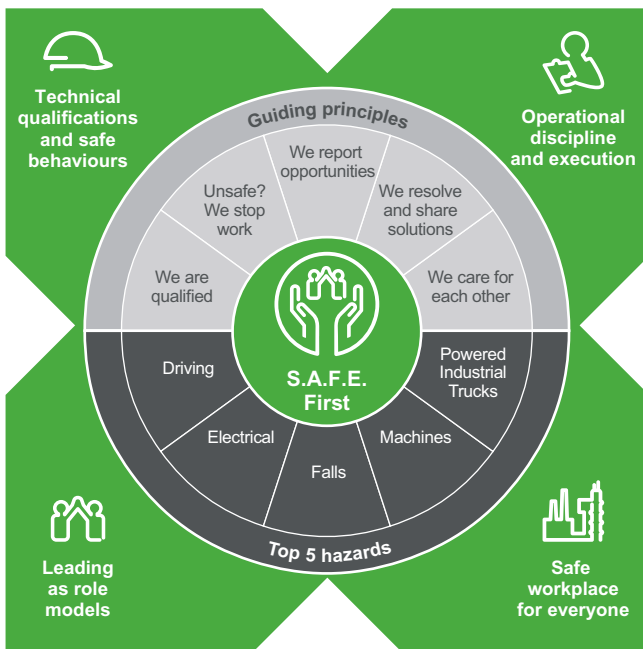
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2.9.4 Strategy and action plan

The Schneider Electric H&S Strategy has been developed to deploy the Schneider Electric Health and Safety Policy.

The fundamentals of the Strategy are:

- “S.A.F.E. First” at its core, developed as a personal reminder to pause and reflect on safety before beginning any task.
- Top five hazards, which have been identified and controlled to prevent serious accidents.
- Five guiding principles, which have been defined to set the expected H&S behaviors.
- Four strategic priorities, which have been identified as strong levers to deliver the Schneider Electric Policy.



Each year a global action plan is generated by the H&S corporate team based on previous years’ performance and 2025 vision. In 2023 the plan will cover the implementation of a new H&S software solution, a safe driving initiative, a program on high-risk activity and H&S training for front line managers.

A local action plan, managed by each region, complements the global plan and includes the improvements identified by the Environment Health and Safety Assessment deployment, the IMS implementation and the Safety Culture assessment. In 2022 the Safety Culture assessment of Industrial and field service employees had a high engagement rate and employees responded positively to their sites Safety Culture. In 2023 the Safety Culture assessment will be extended to all Schneider Electric employees.

Communication is important to ensure that standards are known and implemented to provide a safe workplace for everyone and make safety performance visible, so that leaders can take action to continuously improve risk prevention. Each quarter, Schneider Electric focuses on key safety subjects (Quarterly H&S Spotlights) to raise awareness of both workplace and human factors. The campaign, promoting the importance of safety globally, is supported by training materials, posters, employee videos and a quarterly video message from Schneider Electric’s top leaders.

Schneider Electric engages employees by using the internal social media tool, Yammer, to post H&S updates, interact with the community and collect feedback from employees. Schneider also encourages employees to report safety opportunities, which are translated into risk reduction actions to engage employees in the H&S program. In 2023, following the good employee engagement (1.5 safety opportunities reported per employee), the focus is now on the completion of improvement actions connected with the safety opportunities.

2.9.5 Governance

Schneider Electric has a strong H&S governance in place with several instances of control to ensure the H&S strategy is fully deployed.

Steering Committees

Quarterly H&S Report to Executive level:

A report is created each quarter by the Global H&S VP and presented to the Executive level. The report includes H&S performance versus targets and H&S program deployment update.

Monthly Global H&S Steering Committee

Each month the Global H&S team share H&S performance versus targets and H&S program deployment, with the Regional and Organizational H&S VP’s.

Audits & Engagement

Integrated Management System (IMS) – ISO 45001: The key elements of certification to ISO 45001 includes annual site management review and internal site audit program, and external audit program at site and corporate level. This certification is in place for 211 locations, including 176 manufacturing and logistics sites and the headquarter.

Annual Environmental Health and Safety Assessments (EHSA): To ensure successful implementation of the strategy, annual EHSA are performed in industrial and customer facing sites worldwide, by the site Safety team and validated by the regional H&S specialist. This assessment is a global process which measures compliance against H&S directives and identifies improvement opportunities and recognizes excellence. The EHSA digital Tool has been deployed in manufacturing and logistics locations in 2022. 96% of sites have carried out a self-assessment and for 84% of sites the assessment has been validated by regional H&S expert.

2.9.6 H&S Performance Results


In 2020, Schneider set a 5-year safety target to reduce the Medical Incident Rate (MIR) to 0.38 by 2025, from a 0.79 baseline in 2019. The Medical Incident Rate (MIR) is the number of work-related medical incidents (including injuries and occupational illnesses) multiplied by one million hours (average hours of 500 employees working for one calendar year) divided by the total hours worked. Work related injuries and occupational illnesses requiring medical treatment are included. Medical Incidents, where the Injured Party requires hospital treatment for 24hrs, are classified as Serious.



The MIR performance has reduced to 0.58 in 2022, which represents a 51% progress of the 2021–2025 program. 2022 was the best performance ever showing a MIR reduction of 11% compared to 2021, this translates to 171 medical incidents, of which 9 were classified as serious without any fatal accidents.

As a result of all the H&S programs deployed over the last 8 years, 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. The frequency of incidents (Medical Incident Rate, MIR) has reduced by 69% and the severity of incidents (Lost Time Incident Rate, LTIR) by 66%.

Trust

SSE #14



0.38 or below Medical Incident Rate

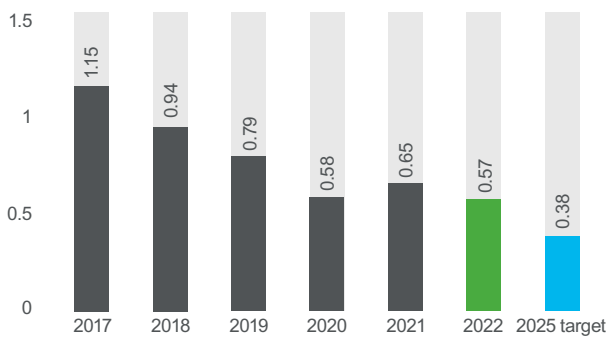
We believe that all accidents are preventable, and use the MIR indicator to measure progress made against this target. The Schneider Electric 2025 target of 0.38 MIR represents 1 accident per 1,450 employees per year, which is a big step towards Schneider Electric's ambition of 0 accidents. Every accident that Schneider Electric avoids, prevents pain and suffering that a Schneider Electric employee and their friends and family would have experienced.

2019 Baseline	2022 Progress	2025 target
0.79	0.58	0.38

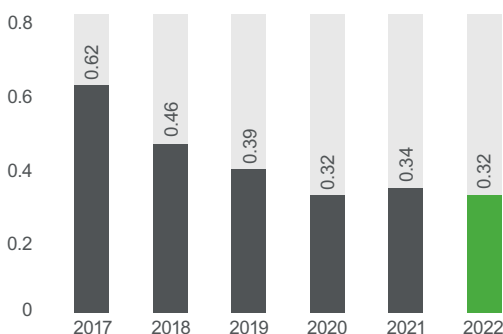


Employee safety participation trend

MIR historical trend



LTIR historical trend



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2.9.7 Recognition and awards

Schneider Electric was the recipient of several awards for occupational health and safety programs in 2022. This includes 137 Occupational Excellence Achievement Awards from the National Safety Council (NSC) for safety performance that was 50% or better than their industry peer group.

Schneider Electric's Safety VR Program was awarded the Singapore International Chamber of Commerce awards for Collaborative Innovation.

Schneider Electric UK&I received three RoSPA Awards (The Royal Society H&S Performance Awards) during 2022: RoSPA Gold Medal (5 consecutive Golds) Award, RoSPA Fleet Safety Gold Medal (6 consecutive Golds) Award, and RoSPA Winner in the Fleet Safety Trophy.

In 2022, a Schneider Electric employee, from Australia, was awarded 2021 Safety Representative of the year.

2.9.8 Future evolution of safety at Schneider Electric

Safety is a never-ending journey towards excellence. Schneider Electric's vision is for all employees and contractors to work in a safe and healthy workplace, so they can perform to their full potential, positively impacting safety for its customers, and therefore always returning home safely to their family.

This translates into the following health and safety three-year improvement plan:

- To strengthen H&S knowledge, skills, and abilities of all employees and contractors.
- To equip all leaders to role model H&S at every opportunity and encourage employees to speak up and engage in safety program.
- To accelerate transformation with digitization, data analytics and promote local innovation to accelerate H&S maturity.
- To develop and implement effective controls for high-risk activities and to sustain a safe workplace for everyone.
- To positively impact all stakeholders through effective communications.

2.10 Vigilance plan

2.10.1 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 also strives to have a positive impact on the planet and the environment by contributing to finding solutions to limit climate change, and by trying to be more efficient with natural resources.

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

- A risk analysis specific to vigilance risks that Schneider Electric poses to the ecosystem and environment (ie externalities)
- 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 analysis and describes the actions that mitigate these risks. Readers are also directed to other sections of the report for relevant and detailed 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 at se.com.



Consult and download Schneider Electric's Vigilance report on www.se.com

2.10.2 Group policy

Duty of Vigilance is a notion that has been evolving significantly over the recent years. In 2017, a French law was introduced, that applies to large multinational companies. In 2023, a similar law will be implemented by Germany and Norway. In 2023 also, a draft for a European directive on vigilance will be presented to the European Parliament for a probable vote in the same year, and a transposition in local laws for each EU member state starting in 2024.

The objective of Schneider Electric is not only to respect these national laws but also to be at the forefront of the notion of vigilance, and to implement the actions that will contribute to significantly reduce the risk for its ecosystem, whether these actions are part of a law, or part of Schneider Electric's own ambition.

2.10.3 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 its inception, 15 Committee meetings have been held (five in 2017, and two per year in 2018, 2019, 2020, 2021 and 2022). 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:

Global Duty of Vigilance Group coordinator
 Duty of vigilance coordinator for German law deployment
 Senior Vice-President (SVP), Sustainability
 SVP, Corporate Citizenship
 SVP, Global Safety and Environment
 SVP, Global Procurement
 SVP Sustainable Supply Chain & Safety
 SVP, Global Customer Projects
 SVP, Human Resources
 SVP, Ethics and Compliance

Experts:

Environment Performance Measurement
 Sustainable Procurement
 Human Rights

2.10.4 Vigilance risk assessment**Methodology**

Schneider Electric has developed a specific vigilance risk matrix, using a methodology consistent with other risk evaluations maintained at Group level but focused specifically on adverse impacts Schneider has or may have on its environment and ecosystem. The methodology is based on interviews with internal experts from areas such as Health & Safety, Social Relations, and Data Privacy. In 2021, Schneider expanded the scope of the risk mapping to local communities living close to Schneider locations and customer project sites. In 2022, Schneider initiated specific workshops that include members of the European Work Council. The conclusions of the workshops will be integrated into the 2023 risk evaluation. This process will gradually include other stakeholders, both internal and external.

The scope of work covers Schneider Electric and its subsidiaries, joint ventures, suppliers, and subcontractors. A review of the downstream supply chain is carried out for a sample of large customer projects.

Risk categories

Four risk categories have been identified and for a more 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.

Overall, these risk areas cover more than 60 natures of risk and were selected from a saliency perspective. However, to simplify the reading, they have been grouped into the following sections that are synthesized as below.

Human rights:

- Decent workplace
- Health and safety

Environment:

- Pollution and specific substances management
- Waste and circularity
- Energy, CO₂, and GHG

Business conduct:

- Ethical business conduct
- Alert system, protection, and non-retaliation

Offer safety and cybersecurity:

- Offer safety
- Cybersecurity and data privacy

Risk location

The Group has focused on four areas where risks may occur:

- **Schneider Electric sites:** these have been segmented based on categories that present a specific level of risk. For example, office buildings, R&D laboratories and production factories each carry a different level of risk.
- **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 of purchase. 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, such as building a large electrical system at a customer's site, Schneider Electric works with contractors, leveraging their expertise (civil work, electrical contracting, etc.). This "off-site" project work bears specific risks 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 project sites. Communities have been assessed against three risk categories: human rights, environment, and business ethics.

Risk evaluation and scale

The evaluation combines the probability of occurrence of the risk, with the seriousness of potential impacts. The risk level displayed in the matrix is an evaluation before impact of mitigation actions ("gross risk"). After taking into consideration the impact of these mitigation actions, the level of risk may be significantly reduced. However, this "net risk" is not reported in the matrix. Risks are assessed on the following scale:

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

In this 2022 risk assessment, no "very high" risks were identified.

Key findings

The overall risk mapping exercise across Schneider's value chain is detailed in the matrix below, and can be summarized as follows:

Medium to high risk: Suppliers

Schneider uses a large panel of suppliers across different geographies in the world: more than 53,000 in the first tier, and several million at the level of tier 2 and above.

- **Human Rights** have been identified as a key risk, especially in countries where labor laws and social protection are below average standards. The areas of concern are mostly around safety at work, decent workplace and labor standards. The most frequent issues detected by Schneider's audits are related to decent working hours, paid leave and proper resting time;
- **CO₂ emissions** coming from the transformation of raw materials into components, and then the transportation of these components, have been identified as an area of risk. This risk is quantified in the Scope 3 "upstream" analysis of the company's carbon footprint;
- **A few very specific pollution risks** are linked with some categories of purchases, due to the nature of substances used (solvents, Greenhouse gases, etc...).

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Medium to high risk: Contractors

Among Schneider's 53,000 tier 1 suppliers, 9,900 are off-site contractors (or otherwise called solutions suppliers), working on the construction sites for customer projects. Key risks identified are:

- **Health and Safety** has been identified as a high risk, mostly linked to the physical injuries that can happen during construction, or when doing services and maintenance operations. Some of the risks are specific to the presence of electrical equipment, and some other risks are more general to a construction site.
- **Business Ethics** is also identified as a risk due to the contractual nature of this activity. Specifically, corruption, conflict of interest and integrity are the most salient subjects.
- **Human Rights** is an area of concern, as these contractors often resort to temporary manpower, contracted for the duration of the construction at conditions that may not respect decent work standards. In several countries, this manpower is also coming from other countries of origin, therefore at risk of being forced labor or in the difficult condition of migrant workers.

Low to medium risk: Schneider entities and sites

Schneider Electric is operating in 100+ countries, with 162 production factories, 84 distribution centers, and about 800 commercial offices and R&D laboratories. The risk evaluation for these locations has been assessed from low to medium, with the exception of cybersecurity, which is considered high (see below).

- **Health and Safety** risks mostly concern production sites, especially when the components or equipment manufactured are heavy (medium voltage activities) or when electrical tests are being performed (project execution centers). The risk is also concentrated on the service teams, as their activity is performed on customer sites, and in the frequent presence of powered electrical systems.
- **Human rights** concerns are linked to working hours and business pressure, these two subjects also being linked to social dialogue. Following the challenge of COVID-19, supply chain disruptions have left little room for teams to rest, therefore increasing the overall fatigue, and its consequences on mental health.

Specific situation of cybersecurity on Schneider Electric sites and systems: as Schneider is a supplier of connected components and software for complex, digital solutions, the company is a potential target for cyberattacks aimed at reaching its customer's systems. Therefore, Schneider considers this risk as high, and top of the agenda for its support to customers.

Low to medium risk: local communities

The ongoing risk evaluation for communities living around Schneider Electric sites (factories, offices) demonstrates that the level of risk is mostly low to medium, as Schneider Electric operations are usually located in large, well-structured urban areas. A very limited number of production sites may be an exception to this, and they are the subject of a specific review.

As regards customer projects, the review of a sample of large projects shows that in most instances, impacts on local communities are limited. However, in a few specific cases, interactions with communities are significant, and require greater attention. As these projects are usually very different from one another, a "customized" approach is necessary, both for risk evaluation, and selection of mitigation actions.

Special mention of Carbon emissions for customers (scope 3)

Since the beginning of the vigilance plan in 2017, the focus has been on Schneider operations, on the upstream supply chain and the transformation programs associated (supplier vigilance, contractors, The Zero Carbon Project, Decent Work, etc.). The downstream part of the supply chain has not yet been the subject of an evaluation from a Human Rights perspective. However it has been analyzed from the perspective of climate and CO₂ emissions. Scope 3 carbon emissions have been quantified, and several major action plans are deployed as part of Schneider's Net-Zero Commitment. Schneider considers that acting on carbon and climate are key responsibilities of the company. The Duty of Vigilance section does not provide details of these measures. For more information, please see page 148 of the 2022 Universal Registration Document.

Comparison of the 2022 analysis with 2021:

The following items have evolved:

- Psycho-social risks are increasing. Although this is difficult to quantify, the impact of a complex business environment and the pressure it entails is having consequences on employee well-being and mental health, This subject is carefully monitored at global and local level;
- Business Ethics is also at risk due to the highly competitive pressure commercial teams are facing;

Given the increasing complexity of regulatory environment, combined with the increased sophistication of the Group's software and systems, the subject of data privacy (employees and customers) is also the subject of specific attention;

Schneider is using an independent database and risk assessment methodology for its suppliers from the Responsible Business Alliance (RBA). In 2022, RBA reviewed some of the parameters used in its database. Some of the adjustments are merely "technical", and some others reflect a slight degradation of risk parameters for specific categories of suppliers. The consequence for Schneider is that the number of "risky suppliers" increased from 1,300 to 3,000. In response, Schneider's on-site supplier audit program remains focused on the top 1,300 risky suppliers. The 1,700 remaining suppliers are covered by the digital self-assessment tool; which allows to monitor suppliers that may become eligible for an on-site audit (see more details in the section "Vigilance plan for suppliers" later in this report).

2023 German Law on Supply Chain Due Diligence: Schneider Electric has significant operations in Germany and is subject to the new vigilance law that came into force in January 2023. The specific requirements of this law are being integrated into the global Vigilance Plan.

Schneider Electric 2022 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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

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2.10.5 Actions and impacts

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

Key Topics	Risk Categories	Policies implemented and Mitigation Actions
Schneider Electric sites		
Human rights	Decent workplace	See section "2.8 Human Rights" (i) and section "2.9 Employee health and safety" (ii) for more details on the deployment of health, safety, and human rights actions on Schneider Electric sites. It covers, notably: <ul style="list-style-type: none"> • Schneider Electric's employees' safety; • Human rights and people development policies; • Well-being programs.
	Health and Safety	
Environment	Pollution and specific substances management	See section "2.3 Leading on decarbonization" of the 2022 Universal Registration Document, for more details on the deployment of environmental actions on Schneider's sites. It covers, notably: <ul style="list-style-type: none"> • Certification of its sites to ISO standards; • Schneider Electric specific programs to reduce CO₂ emissions; • Reduction of SF6 emissions; • Schneider Energy Action program for energy efficiency; • Reduction of waste and increased circularity.
	Waste and circularity	
	Energy CO ₂ and GHG	
Business Ethics	Ethical Business Conduct	See section "2.2 Ethics and Compliance" (i) and section "2.3 Zero-tolerance for corruption" (ii) for more details on the deployment of business ethics actions on Schneider Electric sites. It covers, notably: <ul style="list-style-type: none"> • Internal and external alert systems; • Third-party relationship management; • Specific anti-corruption actions.
	Alert system, protection and non-retaliation	
Offer safety	Offer safety	See section "2.6 High standards for the quality and safety of our products" for more details on the deployment of offer safety actions. It covers, notably: <ul style="list-style-type: none"> • Sustainability Quality Excellence; • Reliability.
Cybersecurity and Data privacy	Cybersecurity	See section "2.7 Digital trust and security" for more details on the deployment of data privacy and cybersecurity actions. It covers, notably: <ul style="list-style-type: none"> • Cybersecurity by design approach; • Personal data protection; • Training and awareness on cybersecurity.
	Data privacy	
Suppliers		
Suppliers	Supplier vigilance	See section "2.12 Sustainable relationships with suppliers" for more details on the deployment of actions towards Schneider Electric's suppliers. It covers notably: <ul style="list-style-type: none"> • Continuous Improvement process based on ISO 26000 standards; • Decent Work program for strategic suppliers; • Vigilance plan for suppliers; • Zero Carbon Project.
Subcontractors		
Sub-contractors	Subcontractors vigilance	See section "2.11 Relationships with project execution contractors" for more details on the deployment of actions towards Schneider Electric's subcontractors (or solution suppliers). It covers notably: <ul style="list-style-type: none"> • Integration of ESG into the project decision making; • Vigilance plan for project contractors.
Local Communities		
Local communities	Around Schneider Electric sites	See section "2.13 Vigilance with local communities" for more details on the deployment of health, safety, and human rights actions around Schneider Electric and customer projects sites. It covers, notably: <ul style="list-style-type: none"> • Risk mitigation around Schneider Electric sites; • Risk mitigation around customer project sites.
	Around customer projects sites	

2.11 Relationships with project execution contractors

2.11.1 Context

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 building of such systems can be complex and typically involves 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, bringing their added value. Each project is unique in its size, duration, and location.

Therefore, relationships with contractors are specific to a contract, and not necessarily recurrent. In 2022, Schneider Electric worked with approximately 10,000 solution suppliers in the Group's portfolio (with a total spend of approximately €1 billion please note that not all of them may be simultaneously active during a year).

2.11.2 Risks and opportunities

Human Rights: as project sites are located in countries where Schneider Electric may not be present, and involve independent subcontractors, there is a risk that the standard policies recommended by Schneider Electric in terms of health and safety, as well as decent workplace, may not be properly implemented. The main risks are physical accidents and injuries, or the improper treatment of employees (wages and salaries, resting time), especially temporary and/or foreign employees.

Business Ethics: Projects that are conducted in countries where business ethics standards are insufficient may be subject to ethical risks such as corruption, bribery, or pressures of a similar nature.

Cybersecurity: Some subcontractors may have digital interactions with the end customer and Schneider Electric at the same time. Therefore, their level of cybersecurity and data protection may create some risks for the project and the final customer.

A rigorous management of subcontractors supports a reduction in risks of incidents or accidents on site, and therefore protects workers, the communities living around the project site, and the final customer's employees and assets.

2.11.3 Group policy and governance

In 2021, to further anticipate and reinforce its risk mitigation measures, the Group introduced an evolution of its project decision-making process. The aim is to include a risk assessment of human rights and environmental impacts at all key milestones of the process, and to select the mitigation measures that will enable Schneider Electric to reduce these risks. During the execution of the project, a regular review of the efficiency and effectiveness of these measures will be conducted. This process evolution has been implemented in pilot mode to project reviews in 2022, on a selection of projects based on their size. The process will be gradually enlarged based on the pilot's result.

The overall governance for this topic is under the responsibility of the Duty of Vigilance steering committee. The implementation of actions is a joint responsibility between procurement teams and global customer projects teams.

2.11.4 Actions and impacts

Out of the 10,000 solutions suppliers, Schneider Electric has identified about 130 solution suppliers categorized as "high risk". Since 2018, around 80 of those suppliers have been audited, with 17 audits performed in 2022 leading to Schneider raising 190 non-conformances. Out of these non-conformances, 7 were assessed as "top priority" for two suppliers.

The most recurring non-conformances with high-risk solution contractors are related to labor, in particular terms of working contract which needs to be provided in writing and in workers' native language, and working hours which need to be better controlled not to exceeding standard.

As a consequence of 2022 audits, it has been decided to stop business with one solution supplier.

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

Actions following non-conformances 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 has 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 have been adapted to ensure vigilance topics are considered early in the project stage.

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2.12 Sustainable relationships with suppliers

2.12.1 Context

Schneider Electric is the most local of global companies, with a presence in more than 100+ countries and a revenue and employee footprint almost evenly distributed across major geographies. While this provides a balanced market position, it also results in a supply base that is almost evenly distributed across the world. In 2022, Schneider Electric sourced goods and services from more than 53,000 suppliers, across more than 60 categories amounting to approximately €16 billion. This diverse supply base represents a unique combination of mature companies operating on a global scale, to small & medium scale enterprises serving local or niche markets and categories which require simple assembly to complex manufacturing activities. Deeply committed to advance all UN SDGs, and delivering solutions for sustainability and efficiency, Schneider Electric is in a unique position to influence and support its supply chain partners to progress and embrace more sustainable social and environmental practices.

2.12.2 Risks and opportunities

Owing to the location, size and nature of the Group's operations, its operating environment is directly impacted by climate change, resource scarcity and human rights issues across its global supply base. While the impact of Schneider's own operations is relatively limited, the footprint of its wider supply chain is more significant and affected by the evolving trends. As an example, GHG emissions from its upstream supply chain is estimated to be 25 times higher than its operations emissions.

By taking a combined approach to proactively managing upstream supplier risks through Schneider Electric's Vigilance plan, while also driving ambitious Sustainable Development programs and processes, Schneider Electric secures its business resilience and increases its attractiveness to customers, investors or new talents.

Key risks identified by the Vigilance risk assessment include human rights (in particular safety at work, decent workplace and labor standards), CO₂ emissions (especially coming from the transformation of raw materials into components and their transport), and pollution risks linked with some specific purchases categories.

2.12.3 Group policy and governance

Our global procurement mission aims to strongly align with our company strategy of delivering customer value through transformation of energy management. We will do this by contributing to top line and bottom line growth, while establishing a leadership position in sustainable sourcing. Our key priorities of Quality, Innovation, Cost, Cash and Sustainability are strongly supported by our people, our Tailored, Connected, Sustainable Supply Chain and Digitization. As a key part of our end-to-end supply chain, we count on our suppliers to be strong contributors across all aspects of performance.

Schneider Electric embeds sustainability at every stage of supplier lifecycle. It starts with the mission of the global procurement organization, which embodies sustainability in its core. In addition to top line growth and bottom-line impact, sustainability in sourcing operations is one of the three key enablers for procurement function and firmly institutionalized.

In order to sensitize all current and potential suppliers about expectations and various stages of collaboration with Schneider Electric, a Guide Book is documented, initially launched in 2016 and updated regularly. The document 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 and subsequently dwells on various stages for approval, qualification, and performance evaluation.



Consult and download Schneider's Supplier Guidebook on the Suppliers page on www.se.com

Supplier collaboration steps

Schneider Electric deploys a three-step process comprising of Supplier Approval Module (SAM), Supplier Qualification Module (SQM) and Supplier Performance Module (SPM), to qualify new and legacy suppliers for continued business association, where Sustainability performance is a key evaluation criteria.

Supplier Approval Module (SAM)

The journey of a new supplier starts with the SAM. This module has a dedicated evaluation on labor, ethics, environment, and occupational health & safety, in addition to other elements. It is a questionnaire-based evaluation combined with on-site audits by Schneider Electric auditors. For all new suppliers, it is mandatory to undergo this evaluation and only approved partners can proceed to next stage of functional and technical audits required for business qualification. Legacy suppliers are also required to periodically renew the approval module.

Supplier Risk Management (SRiM)

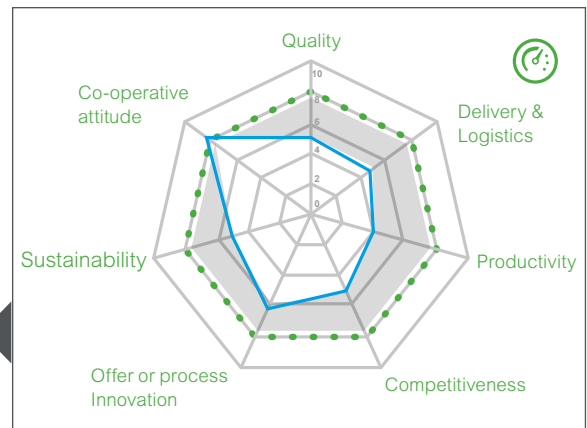
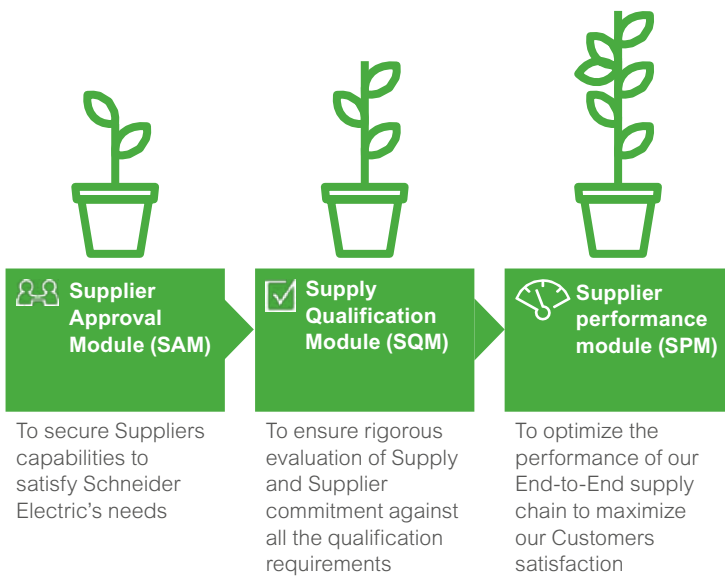
The SAM assessment results have an impact on the overall risk profile of the supplier managed by the SRiM process. Suppliers with low and medium risk are favored for business association, and those with high risk are requested to work on risk mitigation plan.

Supplier Qualification Module (SQM)

Post the successful approval module the suppliers undergo SQM, which evaluates the technical feasibility with respect to the supplies, and after successful completion the supplier can begin the commercial association by supplying products to Schneider Electric.

Supplier Performance Module (SPM)

During the commercial stage the performance of supplier is constantly evaluated by the SPM. Different functional teams evaluate different performance parameters, including sustainability as one of the pillars and the overall performance has an impact on the nature of business relationship (strategic or non-strategic).



●●● Best in class level
○ Current level
 Development Area

Gaps in performance must be tackled by suppliers themselves or through development programs initiated by Schneider Electric (Quality, Logistics, Lean...)

For Indirect Procurement; Quality, Delivery & Logistics are merged into 1 dimension: Service Level

For more details please visit se.com/ww/en/about-us/suppliers.

Schneider Supplier Portal—Supplier Relationship Management (SSP-SRM)

The results of approval and performance evaluation are available in real time on the Schneider Electric supplier portal (SSP-SRM) and are accessible to global supply chain community, making supplier interactions/decisions more fluid and preventing any supplier with poor sustainability performance from entering into the supply base.

The supplier performance is 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. All business reviews with suppliers and internal functional business reviews with department Executives cover the sustainability performance as a key criteria of evaluation.

General Procurement Terms and Conditions

All Schneider Electric suppliers must abide by the General Procurement Terms and Conditions: each supplier undertakes to apply the principles and guidelines of the ISO 26000, the rules defined in the ISO 14001 standard.

Suppliers also commit to respect all national legislation / regulations, REACH regulation, 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.

Consult and download Schneider General Procurement Terms and Conditions from the Suppliers page on www.se.com

Supplier Code of Conduct

The foundation of Schneider Electric's sustainability ambition is its own Supplier Code of Conduct. It is the mother document of all supplier relationships and lists out the basic expectations with its suppliers across, but not limited to, environment, human rights and decent work, fair business practices, sustainability procurements, occupation health and safety. The document also provides access to remedy by means of Trust Line, which is the ethics hotline of Schneider Electric. Any partner can access this help line to raise concern associated with ethical or sustainability standards with respect to business association. The Supplier Code of Conduct is also included in General Terms & Conditions, and in all other contractual documents.

Consult and download Schneider Supplier Code of Conduct from the Suppliers page on www.se.com

2.12.4 Sustainable Procurement framework and strategy

Schneider Electric has deployed a Sustainable Procurement Framework, which institutionalizes strong governance mechanism to proactively screen, identify and mitigate sustainability risk from suppliers and embed preventive controls into the procurement processes and integrate in the day-to-day operations. This ensures sustainability is embedded in the routine operational activities of all procurement team working around the world.

The framework also identifies thematic areas across ESG spectrum, where Schneider Electric has material impact and can play an industry transforming role. Collaborating and engaging with supply partners to develop maturity on climate action, circularity, human rights and challenging status-quo allows to unlock newer areas of growth. The Group's ambitious sustainability roadmap leads its partners to define the next wave of evolution of industry, making them fore-runners who shape the future. This pursuit of sustainability helps identify new and several hidden avenues of efficiency, operational improvement and creating and capturing new markets, which provide competitive advantage and positively correlate with financial performance. All engagements within Schneider Electric and its supply base establish that sustainability is good for business and has to be looked at as an opportunity.

2 Driving responsible business with Trust

Sustainable Procurement Framework 2021–2025

Vision: Collaborate with global supplier network for an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives.							
Environment				Social			Governance <ul style="list-style-type: none"> • Supplier Approval Module (SAM) & Quality Mgt (SSQM) • Sustainable Development, Environment, Ethics & Compliance Terms & Conditions • Quarterly Business Review • Trust Line • Sustainability in all our Procurement Excellence System
The Zero Carbon Project Reduce CO ₂ emissions from top 1000 suppliers' operations by 50% (SSI #3)	Green Materials Increase green material content in our products to 50% (SSI #4)	Sustainable Packaging 100% packaging uses recycled cardboard & no single-use plastic (SSI #5)	REACH/RoHS Continued adherence and compliance to regulations governing hazardous materials and conflict minerals	Conflict Mineral/Cobalt 100% strategic suppliers provide decent work to their employees (SSI #6)	Decent Work Deploy a "social excellence" program through multiple tier of suppliers (SSE #12)		
ISO26000: Improve sustainability profile of suppliers through leading ESG practices (strategic suppliers)							
Duty of Vigilance: 4,000 suppliers assessed under Vigilance Program (SSE #17)							
Supplier Code of Conduct: Summarizes the most fundamental requirements from Schneider Electric towards its Suppliers							

2.12.5 Vigilance plan for suppliers

Supplier risk categories and audit plan

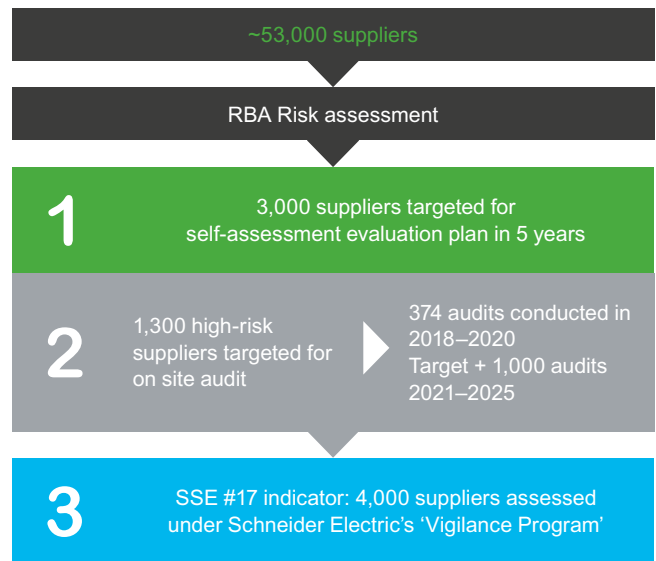
In order to evaluate and mitigate the sustainability risk from its global suppliers, Schneider Electric conducts a risk evaluation of its entire supply base on an annual basis. This evaluation covers sustainability risks and specific parameters such as the type of industrial process used by the suppliers, their technology, and the geographic location. 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). Schneider Electric's entire network of about 53,000 tier 1 suppliers is processed through this methodology and is refreshed every year with the new supplier baseline in order to identify high risk suppliers.

Overall plan

The audit plan started in 2018. 2020 was the third year of implementation and Schneider Electric completed 3 years schedule with 374 audits.

From 2021 to 2025, Schneider Electric has defined new objectives as part of its sustainability strategy: expanding from the previous plan, the Group set an objective to conduct 1,000 on-site audits of high-risk suppliers and deploy 3,000 self-assessment audits for other suppliers not in the high-risk category. This audit plan is integrated into the Schneider Sustainability Essentials (SSE #17) and progress is externally assured and published each year.

For the Group's 2022 plan, about 1,300 "high risk" suppliers have been identified; this number varies depending on the year.



On-site audits

Schneider Electric's on-site audit questionnaire and audit methodology are fully aligned with the RBA framework. The RBA framework is linked to the Duty of Vigilance risk matrix categories as follow:

- Human Rights and decent workplace: 36 questions
- Health and safety: 40 questions
- Environment: 21 questions
- Offer Safety: non-applicable in RBA framework. More details about Schneider's quality strategy are provided in section "2.6 High standards for the quality and safety of our products" page 47.
- Business Conduct: 11 questions
- Cybersecurity: non-applicable in RBA framework. More details about Schneider's end-to-end cybersecurity approach are provided in section "2.7 Digital trust and security" page 50.

In 2022, despite COVID-19 travel restrictions during the first part of the year, notably in Asia, the Group conducted 223 initial on-site audits with suppliers (audits conducted for the first time with a supplier). These audits allow Schneider Electric to identify non-conformances and request the supplier to implement corrective actions. Re-audits were then conducted to review the corrective actions implemented to remediate non-conformances identified during the initial audit and validate the closure.

Information and findings regarding on-site audits with new suppliers are described below.

Most non-conformance in 2022 were related to health and safety, labor standards and management systems (32%, 27%, and 23% respectively). Graph 3 provides the breakdown of non-conformances by topic and graph 4 by geography.

For the most serious non-conformances, each case is escalated is to the Chief Procurement Officer level. An analysis of the 172 "top priorities" raised in 2022 shows the following issues are the most recurring:

- Labor standards (47% of top priority 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 (44% 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
- Environment and management systems (9% of top priorities): lack of administrative compliance, management tools, and systems; and insufficient waste management and pollution prevention systems.

As of end of 2022, Schneider Electric has closed 90% of 2021 and 28% of 2022 non-conformances (all types). 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 the Chief Procurement Officer may lead to the end of the business relationship. In 2022, two relationships with suppliers were terminated, including a contractor for project execution.


In 2022, Schneider Electric implemented a program to review a selected number of audits that were carried out in previous years to review whether the non-conformances resolution measures were still in place and durable. So far, no major drift has been identified, confirming the efficiency of the program.

Self-assessments

In 2021, a specific self-assessment questionnaire was developed, building on the experiences of on-site audits performed during previous years. Among the questions asked, the core ones aim to check whether the suppliers are compliant on mandatory subjects of labor, human rights, environment, and health and safety. The two main goals of this assessment are to help the supplier to reflect on its compliance to vigilance standards, and for Schneider Electric to identify whether on-site audits may be necessary.

Trust

SSE #17



3
ENVIRONMENTAL
PROTECTION

8
DECENT WORK AND
COMMUNITY DEVELOPMENT

16
PLACEMENT AND
EMPLOYMENT

17
PROTECTION
OF THE ENVIRONMENT

4,000 suppliers assessed under our 'Vigilance Program'

Overall, the resolution of non-conformances identified since the program's inception in 2017 has supported the improvement of the working conditions for 250,000 employees.

- Decent Work: during an audit, Schneider Electric identified a medium size company active in plastic molding that did not correctly pay overtime to workers. The overtime was measured, but not paid in full as it should have been. The supplier acknowledged the situation and proceeded to recalculate the amounts due. Two months after the audit, the situation was corrected. After the re-audit, Schneider Electric validated the resolution, and the non-conformance was closed. The supplier now precisely tracks the working hours and makes payment of overtime at the legal rate.
- Health & Safety: during an audit, Schneider Electric's auditor noticed that the fire alarm/fire detection system was not operative. An analysis of the root cause showed that the emergency activation point was blocked. The supplier worked with its safety contractor to analyze the root cause, and subsequently implement remediation actions. A comprehensive maintenance plan was implemented following this event. After two months, a reaudit was carried out to verify compliance and Schneider Electric decided to close the nonconformance.

2020 Baseline	2022 Progress	2025 target
374	<div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 100%; height: 20px; background-color: #1a3d4d; margin-right: 5px;"></div> <div style="width: 100%; height: 20px; background-color: #008000; margin-right: 5px;"></div> <div style="width: 100%; height: 20px; background-color: #1a3d4d; margin-right: 5px;"></div> </div>	4,000
	2,083	

2 Driving responsible business with Trust

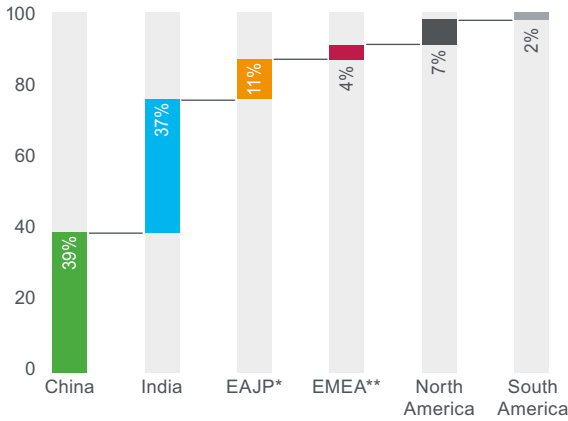
During 2021, 624 suppliers submitted answers, and 657 in 2022. Procurement teams reviewed the answers and identified a few suppliers where on-site audits were conducted to ensure suppliers have implemented corrective actions.

In order to reinforce the co-ordination 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 nature of risks, so they can integrate these topics early in the discussions with suppliers. At the

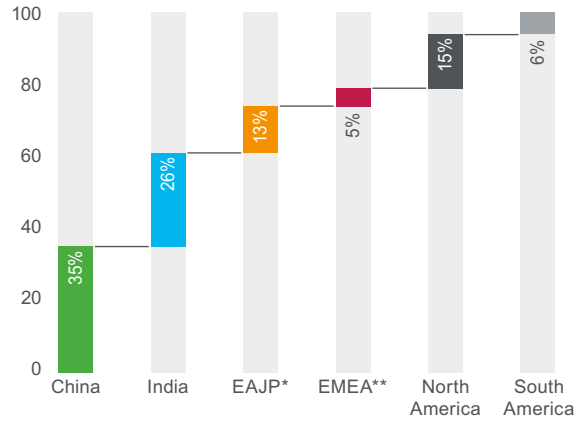
end of 2022, approximately 800 employees have taken this training. These trainings combine in-class experience with e-learning sessions.

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 2022, approximately 1,000 supplier team members had attended these events. These sessions include in-class face-to-face workshops and digital webinars.

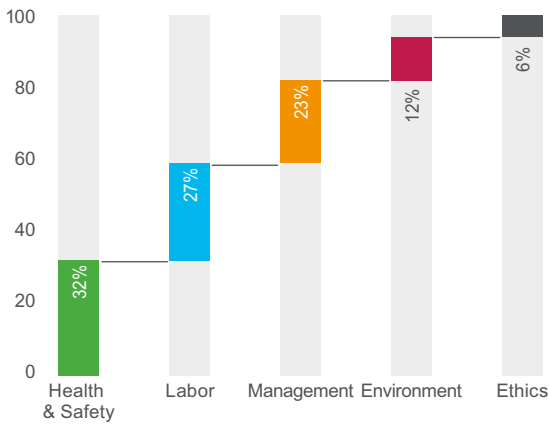
% Risky suppliers identified in 2022 by geography – Graph 1



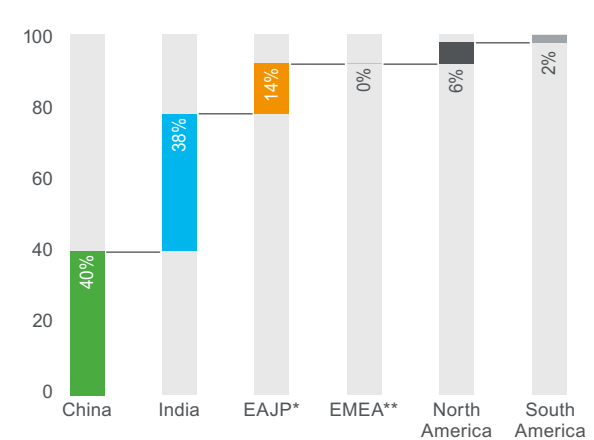
% Audits carried out in 2022 by geography – Graph 2



% Non-conformances in 2022 by topic – Graph 3



% Non-conformances in 2022 by geography – Graph 4



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

Impact

From the beginning of the program in 2017 to the end of 2022, about 800 suppliers had been audited on site, and 10,000+ non-conformances were raised, and subsequently remediated. Most were related to health and safety and labor issues. Among the most serious ones are issues of fire safety, protection of workers from accidents and injuries, respect of a decent working time including proper resting periods and payment of overtime.

Schneider Electric is well on track to reach the new target. The 223 on site audits performed in 2022 have allowed Schneider to raise 2,700+ non-conformances. Out of these non-conformances, 170+ 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.

2.12.6 Promotion of a continuous improvement process based on the ISO 26000 standard for strategic suppliers

Sustainable development is one of the pillars to measure supplier performance, allowing the highest-performing suppliers to become and remain “strategic” suppliers. Performance resulting from the EcoVadis / ISO26000 evaluation is a key element of the sustainable development strategy and SRiM process. The results of the assessment are an integral part of the business reviews scheduled between buyers and suppliers on a quarterly to yearly basis. The goal is to share with suppliers all improvement plans to put in place before next assessment, in order to improve all aspects of their sustainability posture, based on facts and clear recommendations.

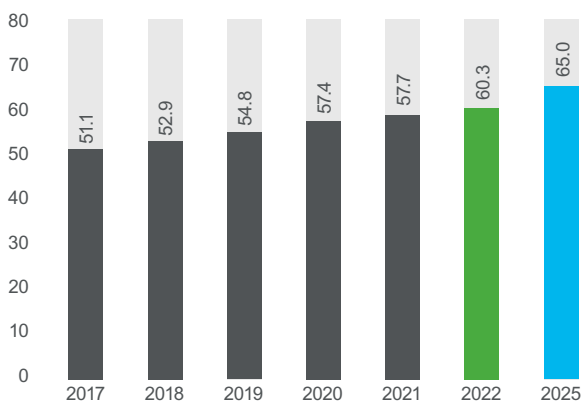
The Group has set out to engage all its strategic suppliers in a process of continuous improvement in sustainability. At the end of 2022, strategic suppliers represented c. 55% of Schneider Electric’s purchases volume. Strategic suppliers who have passed the third-party evaluation process cover 70%+ of total strategic purchasing volume.

In 2018, the Group took on the ambitious target of achieving +5 points out of 100 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 +5.5 points. At the end of 2020, +6.3 points were achieved, with an average of 57.4 points.

The new ambition for 2021 – 2025 is to raise the bar even higher to achieve an average of 65 points within 5 years.

2021 end of year result was +1.3 points with an average of 58.7 points, and , the target set at +1.6 points was achieved, so to reach 60.3/100 average score. Overall, since end 2017 the average ISO26000 score of Schneider’s strategic suppliers has increased by more than 9 points.

ISO 26000 Program Progress



● Average EcoVadis score
● Target

Note that average score of companies assessed by EcoVadis more than 100,000 companies is approximately 45 points. It means Schneider’ strategic suppliers sustainability position is much more mature than the global average.

2.12.7 Conflict Minerals program

In August 2012, the US Securities 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 of 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.
- Participating in smelter outreach program.

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.

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At the end of 2022, 88% of the smelters and refiners identified in Schneider Electric's supply chain were designated as compliant with a recognized third-party validation scheme or actively engaging in same approach (equivalent to approximately 67% of the relevant spend being compliant). The reduction of 14% points is due to the ongoing war in Ukraine and the campaign is still ongoing, and the Group is still working on eliminating all unwanted smelters from its supply chain. At the time of the creation of this report the due diligence process is still ongoing and the campaign will close at the end of February 2023. Schneider Electric is actively working with its suppliers and closely monitors its supply chain to comply with the Conflict Minerals regulations and meet the Customers' expectations as much as possible. Based on current knowledge, 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, nor supported illegally operating or sanctioned entities.



Consult the page dedicated to Suppliers on www.se.com

Cobalt and Mica program

Mid-2020, Schneider Electric added cobalt to its Conflict Minerals Compliance program and added Mica in 2021, shifting to Extended Minerals Program. Cobalt and Mica 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, and are often characterized by widespread human rights abuses and violations of national or international law.

The program is focusing on the responsible sourcing of cobalt used as a key element for lithium-ion batteries in Schneider Electric's supply chain. With 64% data collected (that is relevant to 90% of the spend of selected suppliers), 100% of the smelters and refiners identified in the Group's supply chain were designated as compliant with a recognized third-party validation scheme or actively engaging in same approach. Therefore, the Group has no reason to believe that any Cobalt or Mica the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries, nor supported illegally operating or sanctioned entities.

2.12.8 REACH and RoHS

Schneider Electric is rolling out several eco-responsible initiatives with its suppliers.

For example, Schneider 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 to all suppliers, regardless of their geographic origin. To support the REACH and RoHS projects, Schneider 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, the Group put in place a review process for this data to guarantee its quality. Through 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.

Another example is Schneider's commitment to supporting the small and medium enterprises (SME) network. This support is enabled by working 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.

2.12.9 The Zero Carbon Project (SSI #3)

In 2022 Schneider Electric's new Net-Zero commitment was validated by the Science Based Targets initiative. The Group aims to reduce its scope 3 emissions by 25% by 2030 and by 90% by 2050 against a 2021 baseline. This means that all Schneider factories and transportation, and those of its suppliers in the entire upstream value chain need to transition towards operating without using any fossil fuel and run only on clean energy. To achieve this ambitious target, as a first step Schneider has launched The Zero Carbon Project, which aims to cut 50% of operational carbon emissions from its top 1,000 suppliers by 2025 (SSI #3). At the end of 2022 SSI #3 achieved a remarkable 10% performance and has laid the ground to accelerate decarbonization in the coming years.



Consult our webpage dedicated to The Zero Carbon Project from the Sustainability section on www.se.com

2.12.10 Green materials (SSI #4) and sustainable packaging (SSI #5)

Green Materials (SSI #4)

Similarly, an initiative has been launched to increase the proportion of green material in Schneider products to 50% by 2025 (SSI #4).

The scope of this initiative currently includes about 30% of Schneider's procurement volume:

- thermoplastics (direct and indirect purchase);
- steel (direct purchase); and
- aluminum (direct purchase).

Other kinds of materials such as steel purchased as fabricated components, other non-ferrous metals (such as copper, silver or brass), and thermoset, both direct and indirect procurement, will be considered for the next phases. At the end of 2022, 18% of materials in scope were qualified as "Green", following specific criteria.

For thermoplastics, the 2022 performance was achieved mainly by embedding recycled plastics in products and by obtaining supplier proof for both recycled and green flame retardant.

For steel, good progress was made, notably due to the certification of large steel suppliers to Responsible Steel in 2022, as well as sourcing from suppliers using Electric Arc Furnaces.

For aluminum a similar approach to the one for steel will be applied, focusing on building trust and transparency with suppliers.

Sustainable Packaging (SSI #5)

Resource efficiency and conservation are the underlying principles that guide all actions at Schneider. During the period of 2018 – 2020 the Company implemented an initiative to successfully move to 99% of cardboard and pallets used in the transport of goods to be sourced from recycled or certified sources.

In 2021, this ambition was extended to use recycled cardboard in all primary and secondary packaging and remove all single use plastic from Schneider packaging by 2025 (SSI #5). To achieve this transformation, a two-pronged approach is deployed. On the one hand, a cross functional team is deployed to review the packaging design and explore and authorize the use of alternate materials for packaging; on the other hand, various procurement teams engage with suppliers across regions to ensure the deployment of the roadmap by the suppliers to meet the prescribed requirements.

To ensure streamlined actions, dedicated categories of packaging material were identified to be included in the transformation. As a result of concerted efforts by various teams, over 45% of the packaging spend in scope was attributed to sustainable packaging and the end of 2022, vs 21% end 2021.

2.12.11 Decent work

Context

Supply chains power the economic engine of the world. On the one hand they help companies leverage the global capabilities and benefit from collective genius; on the other hand, they help economies progress and engage in global commerce. However, the benefits of this global integration are often unequally distributed. One of the areas where this is prominent is working conditions and rights available to the workers in their workplace.

Working condition crisis

Studies and research across the world have shown that mere involvement in global commerce is not sufficient to uplift underprivileged populations. According to the United Nations, over 700 million workers lived in extreme or moderate poverty in 2018 and as per estimates by civil society organizations, more than 50 million people are trapped in modern day slavery worldwide, with more than 70% being women and children. The COVID-19 onslaught had a catastrophic impact on employment conditions. A survey by the United Nations Global Compact revealed that global labor income declined by an average of 10% in the first three quarters of 2020 compared with 2019. Widespread job losses and loss of earning members increase insecurity, making workers vulnerable to poor and exploitative working conditions. The scale of this challenge is too great to be handled by governments alone. Corporations need to take responsibility and do their part in ensuring that worker rights are respected universally.

Decent Work Program

The extent and severity of the crisis requires a systematic, broad based, ecosystem approach and not simple rectification of observed malpractices. The focus needs to be opening dialogue and normalizing universal worker rights irrespective of the geography or the context of employment.

The Decent Work Program focuses on engaging suppliers to protect worker rights, going beyond the regulatory requirements and prevailing normative practices. The initiative is aimed at implementing preventive controls that act as an additional buffer against any potential violations and reduce the likelihood of any malpractices. Gradually, such actions need to become the new norm for evaluating performance of the supply chain.

The key requirements of the initiative are based on the principles of decent work, promulgated by the International Labour Organization (ILO), and also leverage concurrent issues, to make it comprehensive. The details of the 10 pillars forming the foundation of the program are outlined on the next page.

Implementation

The scope of the program includes strategic suppliers across direct (also known as production) and indirect (known as non-production) procurement.

The initiative adopts the approach of a development program, acknowledging that the program criteria may be new for many suppliers and Schneider Electric will need to support them by handholding, capacity building, and constant engagement for implementation. To facilitate the execution by suppliers in a gradual way, the program is split in two stages.

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The evaluation of supplier performance will be carried out through an online questionnaire that is rolled out via SSP-SRM – Schneider’s supplier relationship portal. A specifically trained team of associates from the Global Procurement Services (GPS) lead the launch of the initiative. The suppliers are required to respond to the questions and upload evidence to support the responses. All responses and accompanying evidence are evaluated to meet the minimum criteria of decent work. In cases where the supplier actions do not meet the minimum requirements, feedback is given, and corrective actions need to be implemented by the suppliers in a timely manner. Upon rectification, the information needs to be resubmitted along with the evidence for the re-evaluation.

To formally record suppliers’ commitment to the Decent Work Program, a participation confirmation survey is sent to the suppliers. Once the supplier responds in the affirmative, the decent work program stage 1 survey is sent to them for participation.

During the year, 765 suppliers were invited to participate in the Decent Work Program and by the end of 2022, more than 525 suppliers agreed to join the program, and engagements are underway to onboard other eligible suppliers. Owing to the dynamic nature of the supplier categorization, Schneider Electric will review the list of eligible suppliers on an annual basis and ensure inclusion of relevant suppliers in the program. In addition to English, the program requirements were also translated into Mandarin, including trainings to ensure adequate coverage for suppliers.

2.12.12 Supplier diversity program in the United States

Schneider Electric’s US supplier diversity program strives to identify, include, and engage qualified diverse suppliers to support the company’s goals and foster equal opportunities.

Schneider Electric US is in constant pursuit of qualified businesses that are certified as one, or more, of the following business classifications and provide quality products and services at competitive prices:

- Small Business Enterprise (SBE);
- Veteran (VET);
- Minority-Owned Enterprise (MBE);
- Women-Owned Enterprise (WBE);
- Historically Underutilized Business Zones (HUBZone).
- LGBTQ+-Owned Enterprises (LGBTBE)

As of end of December 2022, the Group is on target to spend more than 4% of its total US Procurement spend with uniquely diverse businesses. This represents an increase of nearly 0.5% vs. 2021. Schneider Electric is aware of the work it has to do in this area and is committed to growing its program within, and outside, the US to bring more opportunities to the diverse business community.

In 2022, Schneider Electric enhanced its Supplier Diversity program in the following directions:

- Expanded relationships with supplier diversity partner organizations
- Performed data cleansing exercises quarterly to reflect the diversity more accurately in its supply chain
- Updated policies, procedures and web site content to more fully articulate its efforts in supplier diversity
- Conducted robust training across the North America organization for both procurement and other employees who have authority to purchase good/services on behalf of the company

Trust

SSI #6





100% of our strategic suppliers provide decent work to their employees

During the year Schneider Electric conducted four dedicated sessions for procurement teams worldwide, to introduce the program, its objective and requirements of implementation. These sessions were attended by more than 225 procurement staff. 23 sessions were organized during the year to sensitize and equip the suppliers about the rationale, structure and implementation requirements of the program. These sessions included focused group trainings as well as one to one dedicated trainings for the suppliers and were attended by more than 350 supplier participants. As of end of 2022, 473 suppliers have been invited to respond to the decent work program stage 1 questionnaire, 104 suppliers have responded to the survey and 13 suppliers were assessed as compliant post the evaluation of their responses and validation of required documentation.

2022 Baseline	2022 Progress	2025 target
1%	1%	100%

Key pillars of the Decent Work program include:	
1. Employment opportunities	Employment opportunities should be available to all eligible, in a transparent, well-informed manner, and without any charges, as a right. In case of any expense incurred by the worker towards obtaining employment, the same should be reimbursed by the employer. The work should respect and uphold the dignity of employees and proactively create an environment to address and resolve modern slavery, forced labor, and bonded labor. There should be a process to ensure no child is employed.
2. Adequate earnings and productive work	Employment should be a source of economic independence and dignified living. The gradual decline of industrial wages and the COVID-19 crisis have severely impacted the economic outlook of the workforce, globally. Companies should review wage policies to ensure the affordability of a dignified living by the workers. Additionally, employment should equip the workforce to improve current skill sets and knowledge for future employability.
3. Decent working hours	Excessive working hours is a legal violation, often accepted as “necessary”. It is generally connected with low industrial wages and used as an excuse to not provide appropriate wages. Companies should review and remediate excessive hours and should align with the legal and/or international requirements.
4. Stability and security of work	Employment should be a source of economic stability and peace of mind. Uncertainty of job security increases stress and makes the workforce vulnerable to abuse and hazardous working conditions. The problem has been exacerbated due to COVID-19-related job losses.
5. Social dialogue and workplace relations	Employees should have the right to engage with management and collectively put across their concerns and demands. Collective bargaining encourages workers to raise concerns in a timely manner, acts as a barometer and early warning system to assess worker satisfaction and reduces worker vulnerability.
6. Fair treatment in employment	Employment should be based on merit and the ability to do the job, and fair treatment should be extended to all employees. Differences in lifestyle, choices, etc., often become a source of discrimination, victimization, and harassment. This curbs freedom of expression, hiding preferences, and creates mental health challenges. Companies should ensure a workplace that accepts diversity and provides an inclusive work environment.
7. Safe work	Employment should result in economic independence and augment the ability to exercise a healthy and prosperous life. It should not result in ill-health, risk to well-being, or be a source of injury/misery.
8. Social protection	Industrial wages are often not sufficient to provide adequate living standards. The problem is exacerbated in cases of health emergencies. Social protection, provided by employers/governments, provide a much-needed safety net from economic shock, descent into poverty, and vulnerability. Companies should ensure that all employees have access to the social security safety net.
9. Purchasing practices	Purchasing practices and requirements significantly impact working conditions. They influence the working culture of the supplier organization to meet customer requirements. The power of procurement can be a strong driver for positive change to include decent work conditions as a pre-requisite among the supply chain partners, when balanced with other commercial criteria.
10. Balancing work and family life	Family responsibilities disproportionately impact genders and result in unequal participation in economic activities. Workplaces should strive to create a level playing field and provide all possible opportunities to employees to participate in economic activities without compromising the family responsibilities, which may require periods away from work (e.g., maternity, family care, flexible hours, adequate child care). Work environment should act as a leveler/equalizer and not augment the disparity.

2 Driving responsible business with Trust

2.13 Vigilance with local communities

2.13.1 Context

In 2020, Schneider Electric extended the scope of its vigilance risk analysis to communities in geographic proximity of Schneider's local operations. As a result of this proximity, people's conditions of living could be affected by the Group's activity. Schneider's local operations are of two types:

- Local facilities, such as a factory or an office building.
- Local project sites where Schneider is operating as a contractor or subcontractor for a customer.

2.13.2 Risks and opportunities

The risk overview exercise has been carried out for the top 30 Schneider Electric sites throughout the world and a selection of 40 customer projects and is still in pilot mode. The main risks that have been explored were related to the impact of Schneider Electric's activities on the local infrastructures such as transportation and mobility, access to energy or water, access to staple-good and utilities, safety, and protection against ethical breaches.

Opportunities have also been identified in the form of improvement of infrastructures, better access to education, support to socio-cultural local projects, and improvement of local employment.

2.13.3 Governance

The overall governance is under the responsibility of the Duty of Vigilance steering committee, throughout the pilot phase. In the next phase, the steering committee will bring in additional stakeholders to implement the actions that will be decided.

This subject is governed by Schneider Electric's Human Rights policy as well as the ambition set forth in the Group's vigilance plan. At a later stage, some specific policy may be drafted to further structure the framework.

2.13.4 Communities living around Schneider's sites

Vigilance risk assessment for Schneider Electric's 30 largest sites

The overall result shows that the level of risk to local communities living around Schneider Electric sites is "low" in most cases. This is mainly due to the fact that the Company is usually located in large, urban, or peri-urban areas, crowded with many similar or larger companies. In the case of factories, they are mostly located in already existing dedicated industrial areas, with stable infrastructures and transportation networks, and Schneider Electric's presence does not have an impact on these areas.

Among the top 30 sites, the Group only identified a very limited number that may have a "moderate" impact on local communities and found no site where Schneider Electric could have a "high" or "very high" impact.

It is to be noted that although Schneider Electric speaks about risks, the notion of impact can also be positive, as it is part of Schneider Electric's policy to include local parameters in its sourcing policy: providing employment; including a percentage of local companies and contractors for services (catering, maintenance, etc.).

2.13.5 Communities living around customers' project sites

In 2021, Schneider Electric extended its risks assessment to cover local communities residing close to the sites where the Group is implementing projects for customers. These projects can be, for example, the building of an electrical switchgear station to distribute electricity, either to the grid or to private large users (factories, professional buildings, etc.). Depending on the profile of the end-customer, these projects necessitate the on-site coordination of several types of contractors: civil engineering, industrial process experts, electricity specialists, communication infrastructure experts. Relations with local communities, when relevant, are usually handled by the main contractor, or by the end-customer.

To identify the main sites presenting potential risks, Schneider Electric has pre-selected customer projects based on the combination of two criteria: country risk and customer activity. Country risk is a compound of several external publicly available indicators (transparency, human rights, etc.). Customer activity is based on the industrial process specific to the end-customer. For illustration, the top five risks are ranked as follows:

Top country risk	Top customer activity risk
Chad	Mining, minerals and metals
Mauritania	Oil, gas and petrochemicals
Angola	Power and grid
Nigeria	Life sciences
Tanzania	Water

Based on the combination of these criteria, a sample of 40 projects have been selected for review.

Evaluating the impact for selected sites

Projects reviewed can be grouped into three categories, each reflecting the type of involvement of Schneider Electric, and the mitigation capabilities of Schneider.

- **Type 1:** Schneider Electric provides switchgear and/or industrial equipment, is also the main contractor for the project, and is present on site. Mitigation actions can be decided and implemented by Schneider.
- **Type 2:** Schneider Electric provides switchgear and/or industrial equipment, but it is not the main contractor. Mitigation capabilities are limited.
- **Type 3:** Schneider Electric provides software and control, and is mostly working remotely, being present on site only for final testing and commissioning. Mitigation capabilities are very low.

Among the projects reviewed, two were of type 1, six of type 2, and six of type 3.

- A study of the two projects of type 1 shows the following risks and benefits to local populations:
 - Temporary/brief disturbance in transportation and mobility due to large materials and equipment delivery.
 - Temporary and planned power outages.
 - No environmental or pollution risk.
 - Local security implemented by final customer, with no or little impact on the neighboring communities.
 - The project is a source of employment for local companies.

For type 1 projects that have been reviewed, Schneider Electric and the contractors under its responsibility were not found to create major or significant risks for communities. Some points of improvements that would contribute positively to the communities were identified, such as for example: additional focus on local education and technical training, awareness of energy-related subjects, or more emphasis on local hiring. Globally, a more structured communication and pattern of interaction with communities or their representatives would bring value.

- Among the 12 projects of type 2 and 3, six are projects with significant impact on the local communities (petrochem, etc.) and six have limited impact (desert or remote location). For the projects with significant impact, relations with local communities are handled by the end-user or the main contractor. Given the small size of Schneider Electric's contribution to the overall project investment, the capacity of Schneider to be a significant contributor to the mitigation measures is very limited. Specific policies, adapted to these project profiles, are currently under review.

3 Leading on decarbonization

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Context and the Group's commitments

As the United Nations Environment Programme (UNEP) points out in its Emissions Gap Report 2022, the window to limit the global temperatures rise to 1.5°C is closing. The world is not on track to reach the Paris Agreement goals, and global temperatures could reach a 2.8°C average increase by the end of the century. Urgent action and a system-wide transformation are needed to deliver the enormous cuts in emissions necessary to limit GHG emissions by 2030.

The number of companies pledging to align their business strategies to a 1.5°C (or well below 2°C) trajectory has increased. Since 2018, more than 2,000 companies have set science-based reduction targets approved by the Science Based Targets initiative (SBTi). To determine science-based targets and align with Net-Zero ambitions, the SBTi released the SBTi "Corporate Net-Zero Standard" at the end of 2021. Schneider Electric was one of the first companies to have its Net-Zero targets validated by the SBTi with this new standard in August 2022. But pledges are not enough – and Schneider Electric is committed to action, acknowledging that the world needs to move from pledges to progress.

As an Impact Company, the Group's climate strategy addresses all its stakeholders, from employees to supply chain partners, customers, as well as local communities and institutions, and shows that there are ways for companies to "do good while doing well and vice-versa". First, the Group takes responsibility for its carbon footprint, across its operations and full value-chain. Second, it adapts and improves the solutions and products it offers to its customers to help them in their decarbonization journey.

Concrete actions for the 2021-2025 period are monitored and shared transparently in Schneider Sustainability Impact, and Essentials. They are overseen by various dedicated Committees up to the Board of Directors. In the longer term, the Group is committed to be Net-Zero in its operations by 2030, and across its entire value chain by 2050. It has made specific commitments for energy efficiency, electrification, and renewable electricity under the EP100, EV100, and RE100 initiatives of the Climate Group. Schneider Electric also aims to deliver to its customers 800 million tonnes of saved and avoided CO₂ emissions between 2018 and 2025 thanks to EcoStruxure™ solutions.

“The fight against climate change is driving a profound transformation of our economic and energy systems. Schneider Electric is one of the world's first companies to validate science-based Net-Zero targets and so far, we've made good progress in meeting them. Yet this requires faster and more concerted action, and we're ready to engage with all our stakeholders and lead the way.”

Xavier Denoly, SVP Sustainable Development

Progress of our Climate commitments

Schneider Sustainability	#	2021-2025 programs	Baseline ⁽¹⁾	2022 progress ⁽²⁾	2025 Target
Impact (SSI)	1.	Grow Schneider Impact revenues ⁽³⁾	2019: 70%	<div style="width: 72%;"><div style="width: 72%;"></div></div> 72%	80%
	2.	Help our customers save and avoid millions of tonnes of CO ₂ emissions	2020: 263M	<div style="width: 440M;"><div style="width: 440M;"></div></div> 440M	800M
	3.	Reduce CO ₂ emissions from top 1,000 suppliers' operations	2020: 0%	<div style="width: 10%;"><div style="width: 10%;"></div></div> 10%	50%
Essentials (SSE)	1.	Decarbonize our operations with Zero-CO ₂ sites	2020: 30	<div style="width: 77%;"><div style="width: 77%;"></div></div> 77	150
	2.	Substitute relevant offers with SF ₆ -Free medium voltage technologies	2020: 26%	<div style="width: 41.5%;"><div style="width: 41.5%;"></div></div> 41.5%	100%
	3.	Source electricity from renewables	2020: 80%	<div style="width: 85%;"><div style="width: 85%;"></div></div> 85%	90%
	4.	Improve CO ₂ efficiency in transportation	2020: 0%	<div style="width: -7.7%;"><div style="width: -7.7%;"></div></div> -7.7%	15%

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.
 (3) Per Schneider Electric definition and methodology. Note that for the reporting requirements under the European Taxonomy Regulation, please refer to pages 253 to 263 of the 2022 Universal Registration Document.

2022 Highlights



Schneider Electric is on the CDP Climate Change A-List for the 12th year in a row.



Guidehouse Insights released its 2022 Power Purchase Agreement (PPA) Marketplace Solution Providers leaderboard, which ranked Schneider Electric in first place.



Altivar variable speed drives named The Most Climate-positive Carbon Handprint Product and RM AirSeT medium-voltage switchgear received an honorary certificate for High Potential Carbon Handprint Innovation.

Long-term roadmap

2025 → 2030 → 2040 → 2050

- Carbon neutral operations
- 25% absolute GHG emissions reduction across the entire value chain from a 2021 baseline
- "Net-Zero ready" operations
- Carbon neutral across the entire value chain (Scopes 1, 2, and 3), including carbon offsets
- Net-Zero CO₂ emissions across the entire value chain

3 Leading on decarbonization

3.1 Climate risks, opportunities and impact management

Schneider Electric's Net-Zero Commitment is part of a broader awareness of the climate-related risks, opportunities, and associated sustainability and resilience measures that any company must undertake. The Group is assessing its risks and opportunities following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2022, it conducted a forward-looking climate scenario analysis, expanded its climate-related risk governance and defined its strategy to address climate-related risks and opportunities.

Risks are identified and assessed with specific internal and external metrics, but also with interviews with experts and leaders, run by the Internal Audit Department and the Group Risk Management Department, to update the list of general risks at Group level each year. The risk assessments cover market risks, acute physical risks, chronic physical risks, legal risks, current and emerging regulations as well as reputational risks. In 2022, around 40 of the Group's top managers were interviewed in addition to Board members.

Climate-related risks are included in Schneider Electric's Enterprise Risk Management framework built around 3 lines of defense and an independent control:

- businesses and operations manage risks while achieving organizational objectives;
- risk domain leaders act as risk overseers, set guardrails and review the risk management systems;
- the Group risk management is accountable for the overall risk governance with oversight by the Board of Directors.

Internal Audit acts as an independent assurance to advise on the adequacy and effectiveness of governance and risk management.

Schneider places dependency analysis at the heart of its risk management and performs a forward-looking climate risk and vulnerability assessment to identify and price the materiality of physical and transition climate risks that may affect its own operations and sites, its extended value chain (upstream and downstream), and overall economic activities in the short-term, medium-term and long-term, using scenario analysis.

The Group has developed a scenario-based analysis of climate physical and transition risks, applying climate-related risk scenarios entailing different emission pathways between 1.5°C and >4°C temperature rise by 2100, with a digital-twin of the company including financial projection, market breakdown, supply chain, and carbon footprint to quantify financially the physical and transition risks for the Group. Five emissions pathways have been considered: SSP5-8.5, SSP3-7.0, SSP2-4.5, SSP1-2.6 and SSP1-1.9 by 2050, 2070 and 2100.

3.1.1 Climate-driven opportunities

The climate crisis calls for significant action and innovation across businesses, industries, and governments. Increasing awareness of the risks posed by climate change has led thousands of businesses to make commitments to act on decarbonization, energy efficiency, electrification, renewable energy procurement, and more. More than 4,000 companies have either set or made a commitment to set targets in line with the Science-Based Targets initiative. However, only a fraction manage to reduce their carbon footprint in line with 1.5°C to 2°C scenarios.

2022 saw an unprecedented number of changes in climate or Corporate Sustainability Reporting (CSR) regulations – from the CSR Directive (CSRD) in Europe and the implementation of the climate objectives of the European Taxonomy Regulation, to the Securities Exchange Commission (SEC) Climate Disclosures consultation in the US and the Business Responsibility and Sustainability Reporting (BRSR) in India.

Schneider Electric is uniquely positioned to seize opportunities from the growing demand for greener, low-carbon products and services, and to help its suppliers and customers in their decarbonization journey. The Group promotes a three-step approach with its ecosystem: strategize, electrify, and decarbonize.

The Group sees the energy and climate transition as an opportunity for companies that are "part of the solution" to grow their revenues. Schneider's Energy Management and Industrial Automation solutions help customers use their energy and resources more efficiently, and reduce their CO₂ emissions. Furthermore, smart grid technologies unlock the potential to electrify and, optimize energy usage, powered by renewable electricity.

Following internal research, the Group sees an acceleration in the dominant roles of:

- electrification: the world is becoming more electric, with demand growing potentially up to 3x by 2050;
- 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, notably around efficiency in energy, resource use, and circularity, as well as increased resiliency and security.

All these findings, and their potential financial impact on Schneider business has helped the Group fine-tune key development areas that will allow it to actively contribute to the low-carbon transition, enabling it to develop its portfolio of sustainability-related products and solutions.

In 2022, 72% of the Group's revenues qualified as "Impact", meaning revenues from products and solutions that generate energy or resource efficiency to customers. The Group aims to grow its Impact revenues to 80% by 2025 (SSI #1). Additionally, more than 90% of Schneider's innovation projects contribute to solutions relating to climate change mitigation and environment protection.

3.1.2 Climate-related risks

Reputation risk

As Schneider Electric has been working to reduce its own GHG emissions for over 15 years and has a proven track record of success with its past commitments related to reducing its own emissions, the Group does not anticipate significant reputational risk. Yet, the risk from the Group's actual or perceived failure to achieve its environmental targets, or commitments could negatively impact its reputation or otherwise materially harm its business. This risk is also tied to growing and moving environmental regulations.

Risk monitoring and management

The Group monitors and manages its reputation risk by:

- continuously monitoring its sustainability performance and revising its strategy to adapt to regulations, and customer demand;
- consistently and transparently presenting its sustainability performance to its stakeholders, across all environmental, social, and governance topics;
- considering the possible financial impacts of future CO₂ costs on its activities, by taking into consideration both operational and supply chain footprints. Given the relatively low level of the Group's Scopes 1 & 2 carbon emissions, carbon pricing has indirect rather than direct impacts, resulting in increased supply chain costs or product costs;
- working collaboratively with relevant stakeholders to develop and strengthen regulatory frameworks, advance standards to create common methodologies to measure the environmental footprint of products, and to improve corporate carbon accounting.

Supply chain disruption

Schneider Electric has over 200 industrial and logistics sites globally and is exposed to the physical effects of climate change in the form of more frequent and severe acute weather events. This could result in damage to assets, disruption to business operations, and human consequences. Extreme weather events do not only threaten Schneider's assets and properties but also the overall supply chain. Shortages or logistic bottlenecks in the upstream and downstream supply chain can translate directly into revenue losses, higher costs, and increased working capital requirements. Delays in production and delivery can impact customer experience.

Risk monitoring and management

To understand the risk exposure of Schneider's sites and extended supply chain and identify mitigation and adaptation actions, the Group performed a physical climate risks and vulnerability assessment. In this assessment, the Group developed a digital-twin of the company including geographic location and dependency of key facilities, and quantified for each site the exposure of both assets and business operations to acute and chronic climate-related perils, calculating the exposure of the Group's economic activities in the short, medium (2030) and long term (2050) under different scenarios from the Intergovernmental Panel on Climate Change (IPCC), from 1.5°C to >4°C temperature rise by 2100.

The Group monitors events across 10,000 nodes (such as ports and critical supplier locations) to shorten reaction time should events occur, and thereby minimize business impact. In addition, an analysis of criticality of industrial sites is performed by independent experts, covering areas including interdependency analyses, alternative supply, and time to recover in case of damage. At present, the impact of natural hazards is not material to the Group's financial statements. Indeed, the magnitude of impact, whether on physical or supply chain risks, is considered "medium to low", and likelihood "as likely as not", however the Group is proactively monitoring this risk. The Group's Supply Chain uses a resiliency index that includes natural and climate-related hazards to assess and mitigate business interruption risks.

To mitigate and adapt to these risks, the Group launched the "Power of Two in Manufacturing", a project to bolster greater supply chain resiliency. The project aims at ensuring that no product is manufactured in a single location, or with only one supplier for any critical parts or components. More information on Schneider's measures to adapt to climate change are provided in the next section.

Finally, the Group's Property Damage and Business Interruption program, aligned with ISO 22301 standard, maps substantive risks on the business and ensures crisis management, from the initial phase following an incident all the way to the recovery of critical activities.

Adaptation measures

Schneider Electric's approach to climate change adaptation consists of several resilience initiatives. Weather risks are part of the Group's Business Continuity & Risk Management program, leading to preventive investment to secure assets and mitigate material climate risks.

Firstly, Schneider's management method consists of risks quotations. Climate-related physical risks including floods are part of the risk assessments and standard practice reviews made by independent global risk experts (GRC), thereby defining potential financial impacts as well as the cost of response.

3 Leading on decarbonization

GRC measures and weighs (external and independent standard measurement):

- passive (exogenous) threats relating to floods, hurricanes (windstorms), earthquakes, construction, occupancy, other;
- active (endogenous) risks relating to physical protection, human exposure, natural hazards, business continuity plan.

All industrial and logistics sites worldwide are evaluated every three years. Risk profiles of each site are regularly updated, and recommendations are made to mitigate and adapt to identified risks.

The Group deploys protection measures to mitigate or avoid the risks. Action plans are being developed for its sites potentially exposed to floods. Plans may include installing flood gates or moving equipment to a higher level, production increase or reduction, delivery increase, checking external areas for possible objects that could float, and so on. As of 2022, eight Schneider sites are protected by levees.

The cost of management can be approximated by that of insurance plans. The cost (including tax) of the Group's main global insurance programs, excluding premiums paid to captives, totaled around €28 million in 2022.

In addition, the supply chain strategy called STRIVE, launched in 2021, includes an increased focus on resilience to ensure supply chain flexibility is continually improved. More than 80% of selected CapEx is engaged in the "Power of Two in Manufacturing" project, whereby the Group is proactively working to qualify alternate factories for same products and suppliers for all critical parts and components to improve continuity of supply. By doing so, the Group can dual-source critical components from partners in different geographies to help ensure availability regardless of business disruptions that may occur, such as natural disasters. As a result of the STRIVE strategy, 84% of top manufacturing risks are secured with strategic stocks, and 51% of top supply risks are secured under a specific multi-sourcing project.

For example, in the Philippines, the Group identified products at risk based on revenues, and then conducted a study to assess whether it should implement its Power of Two resilience strategy. The industrial planning team investigated associated existing technological challenges and budgeting. The site then worked with partners in the region (for example, in Vietnam) and invested in tools and equipment to mitigate potential business interruptions and secure the cost of goods sold (and therefore revenues), with the objective of securing around 35% of its sales through a business continuity plan by 2024.

3.1.3 Governance

Overall, the different governance bodies involved in the definition and monitoring of the sustainability commitments and programs are responsible for 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 the digital platform, EcoStruxure™ Resource Advisor. Each program of the Schneider Sustainability Impact (SSI) has a dedicated pilot in charge of driving the transformation and is sponsored at the Senior Vice-President and Executive levels to ensure management control and oversight.

The sustainability strategy, including climate, is overseen by the Board of Directors with the assistance of the Human Resources and Corporate Social Responsibility (HR & CSR) Committee. Schneider was one of the first companies to address this topic at the Board level with the creation of the HR & CSR Committee in 2014. The Group further addressed the topic by deciding that the annual variable compensation of the Chief Executive Officer and of the more than 64,000 employees (who benefit from a variable compensation), includes ESG criteria, part of which relates to climate. The long-term incentive plan is also correlated with ESG criteria (for more details on compensation, please refer to section 2.5.4, page 218 of the 2022 Universal Registration Document).

Several other governance bodies are involved in this matter: the Executive Committee and its Function Committee, the Stakeholder Committee and the Sustainability department. At Group level, the Chief Strategy & Sustainability Officer, who is part of the Executive Committee, helps determine and enforce the Group's environmental goals and underlying transformations. Three Committees involving Group Executive Vice-Presidents and Senior Vice-Presidents are dedicated to oversee the implementation of the Group's decarbonization roadmap, respectively focusing on the supply chain, low-carbon product design, and the decarbonization of Schneider's operational emissions.

Schneider Electric's Chief Strategy and Sustainability Officer is the head of the Global Environment team, leading the overall environmental vision, strategy, and program execution, including climate. The Global Environment team participates in the Group Enterprise Risk Management (ERM) program, which identifies, assesses, and prioritizes risks and, through regular reporting and discussion, assists senior management and the Board with governance of risk. The team gathers input from climate experts across the company to support this reporting.

In addition, environmental transformations are driven by a network of leading experts in various environmental fields (eco-design, energy efficiency, circular economy, CO₂, etc.). On an annual basis, a process identifies and recognizes those individuals who own a specific expertise that 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.

3.1.4 Climate scenarios embedded in the Group's strategy

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 three years ago, by setting up a dedicated organization, the Strategy Prospective & External Affairs team. This team is in charge of climate and environment scenario analysis, and reports to the Chief Strategy & Sustainability Officer.

Several scenarios to 2050 were developed in 2019. Those included critical reviews of the geopolitical landscape, commodity and resource availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways, and technology developments, among others, with quantified consequences, taking into consideration ten regions and a number of sectors individually, framing the business landscape in which Schneider operates.

In 2020, those scenarios were further updated. Beyond long-term impact analysis, the COVID-19 short-term impact assessment has also been reviewed in detail, including the importance and feasibility of climate-compatible recovery plans.

Finally, in 2021, Schneider published a set of scenarios exploring the feasibility of a 1.5°C trajectory. The scenarios developed by Schneider demonstrate that a net-zero carbon future, aligned with IPCC's 1.5°C scenarios, is still possible.

Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, BNEF, and the IRENA, among others. Both short- and long-term analysis are shared internally and used to inform strategic priorities across businesses and operations.



More about Schneider Electric's climate scenarios can be found on www.se.com



3 Leading on decarbonization

3.2 Schneider Electric’s Greenhouse Gas footprint

Schneider Electric calculates its end-to-end carbon footprint (Scopes 1, 2, and 3) annually in line with the Greenhouse Gas Protocol Standards, and obtained a “reasonable” assurance from an independent third-party verifier on Scopes 1 & 2 reported Greenhouse Gas (GHG) emissions, and a “limited” assurance on Scope 3 reported GHG emissions.

The charts below represents Schneider’s 2022 carbon footprint for Scopes 1, 2, and 3, including all GHG emissions, from the upstream activity of all its suppliers to the use and end-of-life of its products sold to customers.

Suppliers Scope 3 upstream		Schneider’s Operations Scopes 1 & 2		Customers Scope 3 downstream	
14%		<1%		86%	
Purchased goods and services	7.6 MtCO ₂ e	Energy consumption in sites	0.17 MtCO ₂ e	Use of sold products	47.3 MtCO ₂ e
Freight	0.7 MtCO ₂ e	Company cars	0.06 MtCO ₂ e	End-of-life (mostly SF ₆)	4.6 MtCO ₂ e
Other	0.4 MtCO ₂ e	SF ₆ leakage	<0.01 MtCO ₂ e	Freight	0.4 MtCO ₂ e

Emissions from Scopes 1 & 2 are primarily from the use of electricity, gas, and fuel for the company fleet (respectively 43%, 23%, and 24% of total Scopes 1 & 2). Scope 3 emissions represent more than 99% of the Group’s carbon footprint, of which:

- 77% are due to the use phase of products:** these emissions correspond to the electricity consumption of Schneider’s products throughout their lifecycle, through heat dissipation (Joule effect). This value is based on a lifecycle approach, leveraging the Product Environmental Profiles (PEP) of products. This number is calculated following the GHG Protocol Scope 3 guidelines for category 11, use of sold products. It is not the volume of CO₂ emitted in the reporting year from the use of products sold and in use by customers. It is a forward-looking view and an estimate of emissions resulting from the use of products sold in the reporting year, during their full useful life. It is worth noting that the Group’s products have long lifetime, which can be up to 30 years in calculations.
- 12% result from the purchase of goods and services:** the calculations are based on the purchasing database combining spending and volumes (e.g., tonnes). The methodology considers the wide heterogeneity of the Group’s procurement portfolio: raw materials, electronic and electrical products, printed circuit board assembly, fabricated components, along with purchases that are not directly related to production (e.g., services such as insurance and banking services). As per the principles of carbon accounting, calculations are based on physical quantities as much as possible, using the tonnes of metals and plastics purchased for instance.
- 8% are from the products’ end-of-life, and more specifically end-of-life treatment of SF₆:** the calculation is based on the SF₆ gas used by Schneider in products sold in 2022, and that may be released at the end of product life. An assumption is made on the release in the atmosphere of SF₆ at product decommissioning, based on Schneider’s research, considering that some SF₆ in equipment is being recycled, while the majority is not recycled.

Coverage of reported emissions is 99% for energy, fugitive SF₆ 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 on 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 emission categories are not considered relevant for its activities.



2022 CO₂ footprint reduction performance

Over the last five years, since 2017, emissions from Schneider Electric's operations (Scopes 1 & 2) have decreased by 67% absolute, while the emissions from the value chain, both upstream and downstream, have been more challenging to control.

On operations, direct emissions from Scope 1 have decreased by 36% since 2017, thanks to efforts focused on energy efficiency and electrification of the Group's onsite processes and company cars. In addition, targeted efforts to reduce SF₆ have yielded great results. On Scope 2, emissions have decreased by 79% between 2017 and 2022. On Scopes 1 & 2 combined, the emission reduction has historically been driven by energy efficiency, leveraging the Group's portfolio of EcoStruxure solutions.

Between 2021 and 2022, the emission reduction (-22%) had three main drivers:

- consumption behavior changes linked to the energy crisis (with electricity consumption at sites decreasing by 5% and gas consumption by 20% as compared to 2021);
- energy efficiency (SSE #5): 6.6% in 2021, 7.8% in 2022. An additional modeled savings of 10GWh compared to 2021;
- the switch to more renewable electricity consumed by the Group's facilities, whether directly, via onsite renewable energy or green tariffs from the utilities serving Schneider's operations, or indirectly, via unbundled and bundled market mechanisms.

On Scope 3, emissions have decreased by 12% between 2021 and 2022. This is the result of two opposite evolutions in upstream and downstream emissions:

- the emissions from the supply chain upstream emissions, have increased by 5%. This increase is mainly due to the increased volume of purchased goods and services driven by the growth of the Group's activity, despite the efforts to support suppliers' decarbonization with the Zero Carbon Project, and to source green materials. Indeed, the outcome of these programs are not yet reflected into the Group's corporate carbon accounting due to necessary methodology and emission factors updates that are not yet implemented. The Group is working on the reconciliation of the data in 2023.

- the Group's downstream emissions, mostly emissions from the use of sold products, have decreased by 14% between 2021 and 2022. This is mainly due to external factors and the decarbonization of the grids that the Group's consumers rely on. The emissions under the "use of sold products" category correspond to the lifetime emissions from the use of products sold by Schneider during the year of reporting. These emissions are attributable to electricity consumption of products, either due to internal consumption or due to heat dissipation (Joule effect). When calculating these emissions, the Group has to factor the useful life of the products and the projected carbon intensity of the grids where its consumers are located over that lifetime. The Group has historically based the emission factor of the grids where its customers are located on a scenario from the International Energy Agency (IEA) that models the future decarbonization of the grids. Previously, the emission factors of the grids were based on the Reference Technology Scenario of the "Energy Technology Perspectives 2017" (IEA, 2017).

For the 2022 carbon footprint, the GHG emissions from electricity have been updated with the most recent scenario, to better reflect the current stated policies of countries (Stated Policies Scenario from the "World Energy Outlook 2022" (IEA, 2022), which is based on current policies, as well as policies announced by governments at the time of publication). This update of the emission factors of the electricity grids, where customers are located, is the major driver for the significant reduction in the emissions from category 11 between 2021 and 2022: -15% as compared to the reported emissions in 2021 for this category. To better illustrate the evolution of the emissions from this category under the evolution of Schneider Electric's activities, the 2021 emissions from category 11 have been re-calculated using the same scenario for the evolution of the carbon intensity of the grids. With this recalculation, the difference between 2021 and 2022 is a 3% emissions reduction.

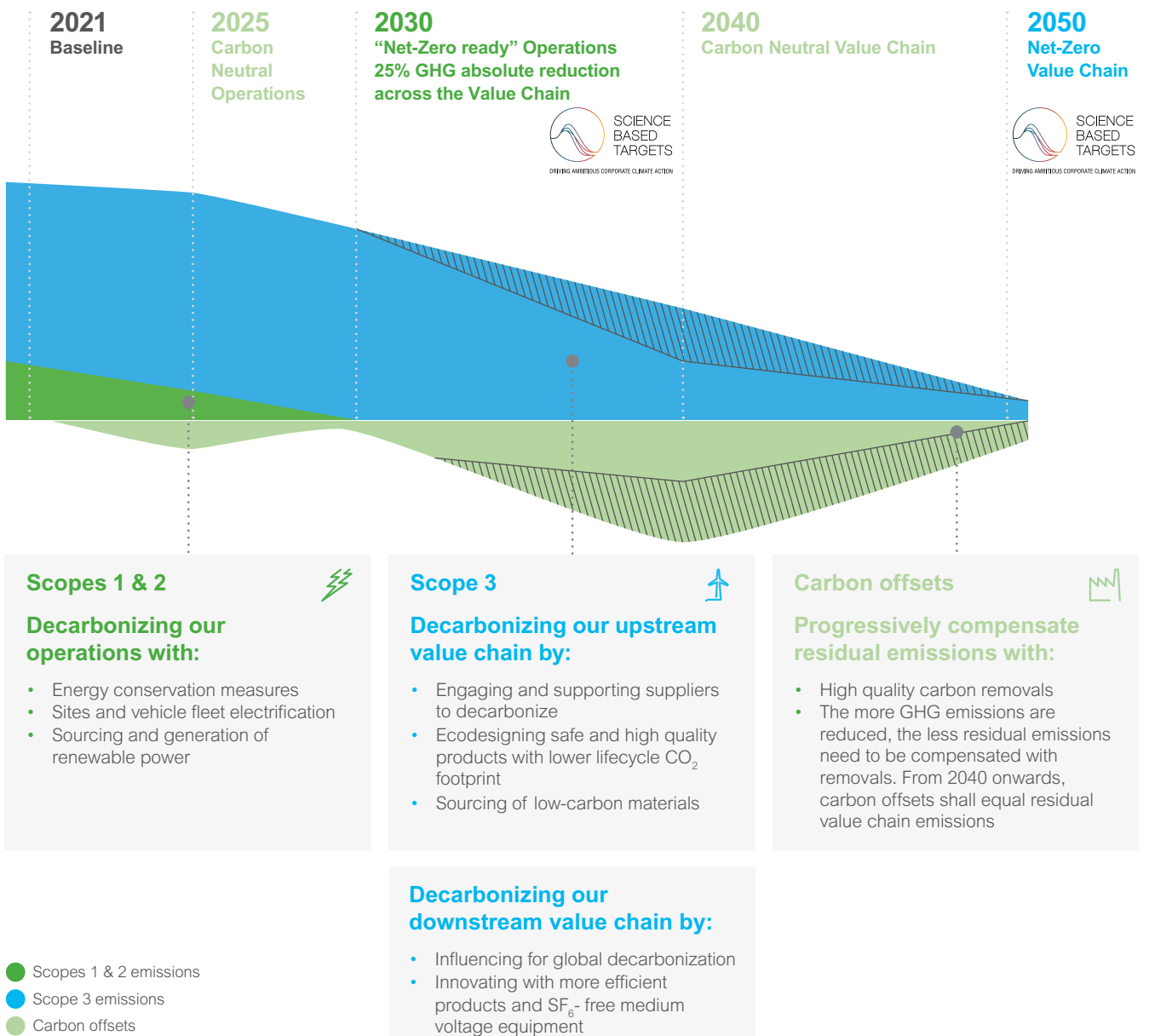
- The rate at which Schneider can implement emission reductions is dependent on many factors that can fluctuate over time, ranging from the Group's business growth and its geographic distribution, its supplier mix and their own decarbonization journey, to the rate of decarbonization of the grids that power the products the Group sells.
- The Group will work to develop increasingly robust and precise activity data and use more granular or higher quality emission factor datasets. The quality and granularity of the emission factor datasets are critical to support greater accuracy and reliability of GHG measurement and reporting. For example, on supply chain emissions, the Group is engaged with the Pathfinder Framework, a guidance for the calculation and exchange of product-level carbon emissions data across value chains.

3 Leading on decarbonization

3.3 Schneider Electric’s Net-Zero Commitment

In August 2022, Schneider Electric was one of the first companies to see its Greenhouse Gas (GHG) reduction targets validated by the Science Based Targets initiative (SBTi), aligned with its “Corporate Net-Zero Standard” published in October 2021. As part of its Net-Zero Commitment, the Group has defined mid- and long-term targets. Ultimately, the Group is committed to be Net-Zero across its entire value chain by 2050, which means that the Group aims to reduce its 2021 footprint by an absolute 90% by 2050 and neutralize residual emissions with high quality and durability carbon removal credits.

The four milestones towards Schneider’s Net-Zero Commitment are presented below together with the key decarbonization levers, and are detailed in the subsequent sections of this chapter. Please note that this graph is intended to provide a simple visualization of the Group’s roadmap, so the proportions between Scopes 1, 2, and 3 have been adjusted to facilitate readability. It is not representative of year over year targets. Yet, what is important to note is that between 2040 and 2050, the above and below the line are symmetrical, meaning the emissions that are not reduced need to be compensated, and by 2050 at the latest removed.



By 2030, reduce value chain emissions by 25% and be “Net-Zero ready” in operations

Schneider Electric commits to reduce its absolute Scope 3 GHG emissions across its entire value chain by 25% from a 2021 base year. This encompasses all Scope 3 emissions, in particular upstream emissions from purchased goods and services, as well as downstream emissions from the use of electricity by its sold products.

Schneider is already carrying out concrete actions to engage its value chain in decarbonization under its Climate and Resources commitments:

- engage 1,000 top suppliers to reduce their operational CO₂ emissions by 50% with The Zero Carbon Project (SSI #3);
- increase green material content in products to 50% (steel, aluminum, and plastics) by 2025, favoring bio-sourced, recycled, and sustainable options (SSI #4), and improve the end-to-end lifecycle environmental footprint of its offers with EcoDesign Way™;
- have 100% of primary and secondary packaging free from single-use plastic and made from recycled cardboard (SSI #5);
- propose SF₆-free alternatives for all medium voltage technologies by 2025 (SSE #2);
- increase CO₂ efficiency in transportation of goods by 15% by 2025 (SSE #4), and replace at least 5% of conventional jet fuel use with sustainable aviation fuel by 2030 (WEF First Movers Coalition);
- reduce CO₂ emissions from waste management, and reach 200 “Waste-to-Resource” sites (SSE #9).

Having “Net-Zero ready” operations means the Group plans to reduce absolute emissions from Scopes 1 & 2 by 76% from a 2021 base year (equivalent to a 90% reduction compared to 2017) and neutralize residual emissions from its operations with carbon removal credits of growing quality and durability (see details thereafter).

To deliver on this operational target, the Group has launched several transformations:

- reach 150 Zero-CO₂ sites by 2025 (SSE #1);
- source 90% of electricity from renewables by 2025 (SSE #3), and 100% by 2030 (RE100);
- increase energy efficiency in its sites by 15% by 2025 (SSE #5), and double energy productivity by 2030 compared to 2005 (EP100);
- shift one-third of corporate vehicle fleet to electric vehicles by 2025 (SSE #7), and 100% by 2030 (EV100).

By 2050, reach Net-Zero CO₂ emissions across the entire value chain

To reach its Net-Zero Commitment, the Group will reduce its absolute Scopes 1, 2, and 3 GHG emissions by at least 90% from a 2021 base year, and compensate residual emissions with carbon offsets, in line with the SBTi “Corporate Net-Zero Standard”.

Schneider Electric has already implemented a solid foundation of initiatives, which will be reinforced and completed by additional actions. Considering the company profile in terms of GHG emissions, meeting the targets will require to engage even more with customers and suppliers on decarbonization, leveraging the Group’s portfolio of solutions to grow the energy efficiency of the global economy, the electrification of the energy mix, and the sourcing of renewable electricity.

In addition to that, the growing share of circularity services in the revenue of the company, along with the greater environmental value added by the Group’s Green Premium™ offers, are enablers to lead to the decoupling of company activity from absolute emissions.

Reach carbon-neutral operations and a carbon-neutral value chain in 2025 and 2040 respectively

To achieve carbon neutral operations by 2025, Schneider Electric will compensate residual Scopes 1 & 2 GHG emissions with quality carbon offsets. Similarly, by 2040, the Group aims to compensate its end-to-end carbon footprint.

Since 2011, Schneider has invested in the Livelihood Carbon Fund (LCF) and renewed its engagement with the LCF2 and LCF3 funds. These funds invest into three kinds of projects combining climate change resilience with strong social and economic impact:

1. agroforestry and regenerative agriculture (which combines productivity and biodiversity restoration);
2. reforestation and restoration of key natural ecosystems, including mangrove restoration (mangroves are powerful carbon sequestration agents and natural barriers to coastal areas);
3. rural energy (the fuel-efficient cookstoves distributed by Livelihoods decreases wood consumption by half, preserves forests, and mitigates climate change).

The return of the fund is measured in carbon credits from the highest available standards (VERRA and Gold Standard). To date, those credits have not been used to compensate the Group’s GHG emissions, but some have been used to compensate emissions from the Schneider Electric Paris Marathon.

To fulfill Schneider’s Net-Zero targets, solely carbon removal will be used to “net” the company’s emissions. At this stage, the current market maturity, lack of standard definition regarding quality and durability of carbon removals make it challenging to define the nature and composition of the company’s carbon removal portfolio.

3 Leading on decarbonization

3.4 Investing to achieve the Group's climate strategy and vision

Schneider Electric has defined short and medium-term financial investments priorities in order to set the course towards its SBTi validated Net-Zero Commitment, and more broadly to meet its long-term commitments for climate, and to preserve natural resources.

These investments mainly relate to the following areas:

1. The evolution of the Group's portfolio towards a greater proportion of Digital and Services, expanding the Group's portfolio of connected solutions for efficiency and sustainability. Those investments typically vary year on year.
2. Research and Development (R&D) to design products that use fewer virgin resources, bring additional CO₂ or resource efficiency for customers, have longer lifespans and lower end-of-life impacts, such as SF₆-free products. 5.4% of turnover (about €1.8 billion) was invested in 2022, and the Group expects a step-up in strategic R&D investments over the coming years.
3. The decarbonization of the Group's own operations, by investing progressively in energy efficiency, site electrification, renewable energies, and electric vehicles. In 2022, the Group has estimated the remaining cumulative investments needed until 2030 at about €200 million.
4. The decarbonization of the Group's upstream supply chain and decoupling business growth from virgin resource consumption, by improving traceability, and controlling that Schneider Electric's ESG expectations, including for climate (SSI #3) or resources (SSI #4 and #5), are met by its suppliers, while securing business resilience. Long-term investments required are under assessment.

Mergers and acquisitions

In 2022, Schneider Electric acquired the remaining minority shares of AVEVA, which will allow the Group to accelerate its software strategy, building a single data-hub to bring together the digital industry twin and the energy twin of its customer's enterprise, for holistic efficiency across domains, and across the lifecycle of assets and installations. The Group also performed early-stage acquisitions with EnergySage, Autogrid, EV Connect, and QMerit, and all of them are part of the new energy landscape, maximizing digitization and energy efficiency. Such investments can typically greatly vary year on year.

Redesigned investment tools and processes to embed low-carbon and resource criteria

In order to track and steer its low-carbon investments, the Group's investment monitoring and approval tool was redesigned in 2022 in order to:

- prioritize low-carbon investments, with a dedicated validation workflow;
- monitor investments to decarbonize its own operations, notably for Zero-CO₂ sites (SSE #1).

This process will improve both qualitative and quantitative information on individual low-carbon investments, thereby facilitating decision-making.

Investments in R&D

About 99% of the Group's carbon footprint are either related to upstream emissions from the transportation and transformation of raw materials by its suppliers, or to downstream emissions from product use or end-of-life that all depend on product design and R&D investments.

Schneider has been embedding environmental considerations into product design for more than 15 years, since the creation of its internal Green Premium™ label. In 2022, the Group revamped its EcoDesignWay™ process to better manage the environmental impact throughout the lifecycle of products, and to coordinate efforts across the value chain. In addition to that, Schneider is reinforcing its process at an early stage of product development, so that all future generations of products achieve substantial carbon footprint savings, meaning that any new product developed by the Group will result less greenhouse gases than the previous generation.

Schneider has been stepping up its investment in R&D, both in value and as a percentage of Group revenues, investing about 4.8% of its turnover in R&D between 2012 and 2016, 5.1% between 2017 and 2021, 5.4% in 2022 and, as outlined during its 2021 Capital Markets Day, expects a step-up in strategic R&D investments over the coming years with a strong focus on ensuring return on investment. In 2022, this represented an investment in R&D of approximately €1.8 billion. The Group estimates that about 90% of its innovation is either strictly green or neutral according to its Impact revenues methodology. More details on Schneider's Impact revenues and EU Taxonomy indicators is provided in Chapter 2.1.9 of the 2022 Universal Registration Document.

An example of investment priority is on SF₆-free products, in line with Schneider Electric's target to substitute 100% of relevant offers with SF₆-free medium voltage technologies by 2025 (SSE #2). For SF₆-free products, more than €100M have already been invested in both R&D and CapEx in factories, and a total future spend (2023-2027) close to €100M more is already planned.

Decarbonizing operations

For the past years, the Group has invested between €5 million and €15 million each year in energy efficiency, deploying its own solutions in its sites, which enabled equivalent savings on energy costs, and a reduction of 67% of Scopes 1 & 2 CO₂ emissions compared to 2017. The last miles in Schneider's journey to be "Net-Zero ready" in 2030, achieving 90% CO₂ reductions vs. 2017 will be the hardest.

To support this objective, an estimated €200 million will be invested by 2030, in technologies such as heat pumps to substitute comfort gas or to install electric vehicle chargers. Such investments are usually not linear year on year as large projects may take a few years to design and implement, and opportunities at a given time depend on the local economic and regulatory context.

3.5 Decarbonizing the Group's operations by 2030

Emissions from operations are the Scopes 1 & 2 of the Group's carbon footprint, representing 229,348 tonnes of CO₂e in 2022, and 0.4% of the company's GHG footprint. Direct Scope 1 emissions result mostly from the natural gas consumption of sites that are not yet electrified, from the fuel used by company cars as well as a small amount from SF₆ leakages in a limited number of manufacturing plants. Indirect Scope 2 emissions result primarily from the electricity consumption of sites (manufacturing and offices).

To deliver its "Net-Zero ready" target on these emissions by 2030, the Group leverages its Power and Building EcoStruxure™ IoT architectures, to monitor and optimize energy consumption, manage assets and grid infrastructure, manage distributed renewable energy resources and electricity load, and power electric vehicles.

Schneider set best-in-class operational ambitions engaging with the Climate Group on their EP100, EV100 and RE100 programs. The Group's approach has three pillars:

- save: foster energy conservation and avoid SF₆ leakages;
- electrify: switch from gas or car fuel to electricity;
- decarbonize electricity: use renewable energy, either from onsite generation, or through external procurement of renewable power.

This strategy has delivered an absolute reduction of 469,731 tonnes of CO₂e emissions on Scopes 1 & 2 (compared to 2017), which is a 67% decrease, as presented in the chart below, and a 64,703 tCO₂ reduction versus 2021.

3.5.1 Group energy policy and management system

Group Energy Policy

The Group's Energy Policy requires sites to implement the following actions:

- improve energy efficiency, sustainably decoupling energy consumption from activity growth;
- decarbonize energy consumption;
- adopt Schneider's own Energy Management and Automation EcoStruxure™ solutions, wherever feasible, to showcase the Group's solutions for customers and business partners, and help them embark on an energy excellence journey.

Progress against these goals is tracked in the Group's Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs. Relevant SSI and SSE targets are SSE #1, SSE #3, SSE #4, SSE #5, and SSE #7.

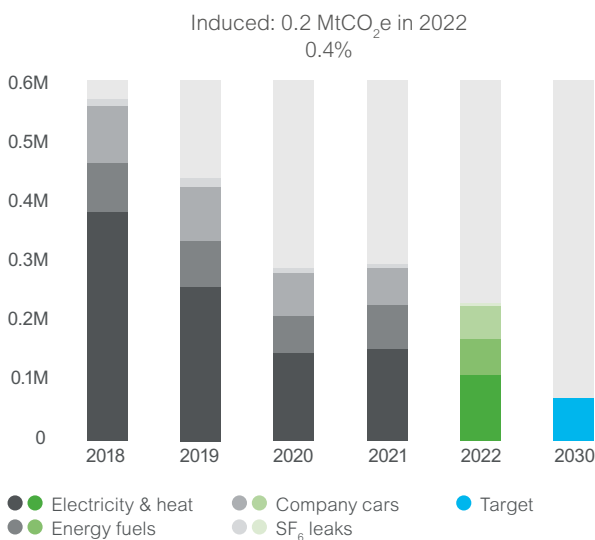
ISO 50001 Energy Management System

The Group certifies all sites consuming over 5GWh with ISO 50001. As of end 2022, 132 Schneider Electric sites are ISO 50001 certified as part of the Group's Integrated Management System to drive energy excellence, focusing on the highest energy-consuming sites. ISO 50001 certification is complementary to ISO 14001 certification and enables the company to define and sustain robust energy governance. With the support of this certification, sites are able to understand and reduce their energy footprint.

Resource Advisor data management system

Global, regional, and site energy reporting is delivered with the EcoStruxure™ Resource Advisor software suite. EcoStruxure™ Resource Advisor provides a data visualization and analysis application that aggregates volumes of raw energy data into actionable information. EcoStruxure™ Resource Advisor is 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 expert services.

Schneider's Operations Scopes 1 & 2 annual GHG emissions (MTCO₂e)



-22%

GHG emissions reduction in Scopes 1 & 2 vs. 2021.

3 Leading on decarbonization

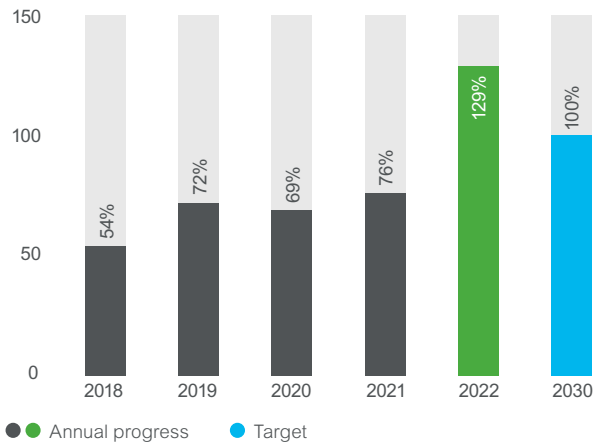
3.5.2 EP100: deliver efficiency from the inside out

Schneider Electric measures its energy program in a variety of ways. Two such ways are energy productivity and energy efficiency. On the one hand, energy productivity is the amount of output the Group produces vs. the amount of energy consumed (turnover/MWh), and the goal is to increase this value by both increasing the Group's business performance while simultaneously reducing the energy consumed in its operations. Energy efficiency, on the other hand, uses linear regression models to predict how much energy the Group would consume based on various inputs (production, weather, worked hours, etc.) vs. the actual energy consumed. The goal here is to reduce energy consumption compared to predicted value by driving energy efficiency in its operations.



Schneider Electric has been a member of Energy Productivity 100 (EP100), a Climate Group initiative, since 2017. Schneider's target is to double energy productivity by 2030 against the 2005 baseline, which means doubling the economic output from every unit of energy consumed within 25 years. In 2022, the Group achieved 129% energy productivity (against a 2030 target of 100%) compared to 2005. This huge jump compared to 2021 performance (76%) is a result of strong business performance and intensified energy savings efforts. Achieving its commitment 8 years early, Schneider demonstrates the feasibility of decoupling business growth from energy consumption. Simultaneously it tangibly illustrates Schneider products, solutions, and services are a core foundation to energy saving opportunities. The Group will re-evaluate its energy productivity program in 2023 to identify its next ambition.

Annual energy productivity progress (in %) against 2030 EP100 target (vs 2005)



Climate SSE #5



15% energy efficiency in our sites

A good example to illustrate the SSE #5 program is the Wuxi plant in China. Wuxi is an electronic manufacturing site that manages a large product mix. As one of the Group's Smart Operations showcase sites, the Wuxi campus embraces Schneider Electric's 4IR-based EcoStruxure™ technologies to rebuild its end-to-end value chain. Using the latest digital tools like automated supply chain management, 5G-supported flexible production, augmented reality, and digital twins, the site has achieved improved flexibility, efficiency, time-to-market, and sustainability. These implementations have earned the plant the following recognitions:

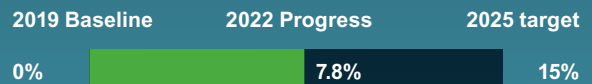
- 2021 End-to-End Advanced Manufacturing Lighthouse by World Economic Forum (WEF);
- Schneider Zero-CO₂ Site since 2021;
- 2021 Carbon neutral certification by Bureau Veritas;
- 2019 Green Factory by the Ministry of Industry and Information Technology of China.

The site has achieved the following results by implementing Schneider Electric EcoStruxure™ solutions in its site:

- **Building Operation (EBO):** EBO AI- box for Heating ventilation and air conditioning (HVAC) operation optimization reduced energy consumption of the HVAC system by 14% in 2022 compared to 2020;
- **Power Monitoring Expert (PME):** Optimizing with Power and Buildings has driven 721MWh energy reduction, and 38.4% water use reduction compared to 2020;
- **Microgrid Advisor (EMA):** 100% of site energy sourced from renewables, with onsite solar power and Power Purchase Agreements (PPAs).



Wuxi WEF Lighthouse factory in China



Despite being low consumers of energy compared with other industries, due to its discrete and assembly-based industrial processes, Schneider has had a clear obsession with efficiency since long before its EP100 commitment. The Schneider Energy Action program uses site energy experts along with Schneider’s Sustainability Business consulting team to report and analyze energy consumption, identify energy saving opportunities, and deploy actions. Since 2005, the Group has fixed annual objectives for energy efficiency each year. Schneider met or exceeded its energy efficiency goals during the previous four Company programs (2009–2011, 2012–2014, 2015–2017, and 2018–2020), by achieving 10%, 13%, 10%, and 10%, respectively. In 2021, the Group renewed its commitment to improve energy efficiency by another 15% between 2019 and 2025, tracked under SSE #5. 7.8% were achieved in 2022, totaling over 50% reductions between 2009 and 2022.

The Group measures energy efficiency in its 200+ largest energy-consuming sites, which account for 85% of the total energy consumption of the Group. At the end of 2022, this program enabled the following achievements:

- around €6 million and 75.7 million kWh were saved in 2022 compared to the 2019 baseline;
- around €5.8 million were invested, of which €5.5 million were capital expenses and €0.3 million were operating expenses.

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 its smart factories and distribution centers, the Group implements the three-layer 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 the Group to optimize operations and maintenance, for maximum uptime and longevity.

Five of Schneider’s Smart Factories have been designated as 4th Industrial Revolution (4IR) Advanced Lighthouses by the World Economic Forum (WEF), with the newest 2022 member Hyderabad in India joining four others in China, France, the US, and Indonesia. In 2022, the Le Vaudreuil plant in France joined the Lexington facility in the US as a Sustainability Lighthouse designated by the WEF. At the time, these two factories were among only six worldwide facilities receiving this new recognition by the WEF. With its Smart Factory and Distribution Center (DC) programs, the Group has deployed advanced manufacturing technologies in over 120 smart factories and DCs in the past 6 years.

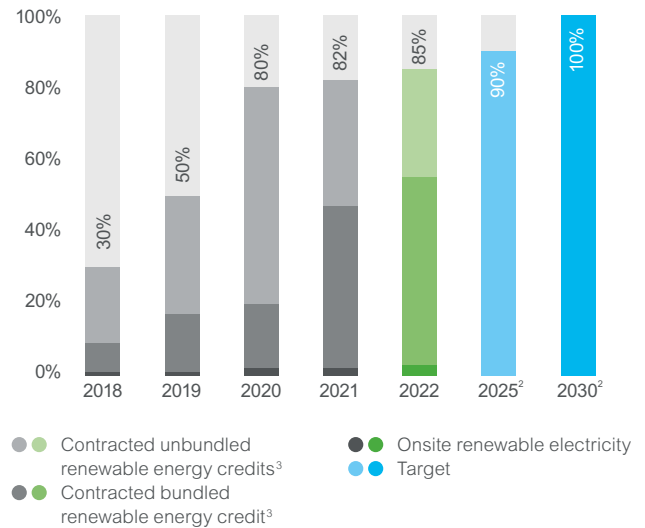
In offices, Schneider Electric’s EcoStruxure™ solutions Building and Workplace Advisor enable analytics of Building Management System data alongside space, utilization, and comfort metrics. These smart solutions enable the Group and site leaders to actively benchmark, and develop occupancy and facility 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 costs and improving employee experience and comfort.

3.5.3 RE100: switch to 100% renewable electricity by 2030

In 2022, electricity consumption in Schneider Electric’s sites generated 98,312 tonnes of CO₂e emissions, i.e. 59% of emissions from energy consumption at sites. In 2017, Schneider joined Renewable Energy 100 (RE100) and committed to sourcing 100% of its electricity from renewables by 2030, with an intermediary target of 90% by 2025 (SSE #3).



SSE #3: annual share of global renewable electricity¹ (in %)



- 1 Data represents renewable electricity consumption for ISO 14001 sites, in alignment with the scope of SSE #3.
- 2 Specific targets are not defined for the split between onsite renewable, bundled renewable, and unbundled renewable for 2025 or 2030. However, the Group is committed to reducing the amount of unbundled certificates and increasing the amount of onsite renewables and bundled certificates as it moves towards 2030.
- 3 Contracted unbundled renewable energy credits include options such as Energy Attribute Certificates (EACs) and unbundled Renewable Energy Certificates (RECs). Contracted bundled renewable energy credits include options such as “green tariffs”, power purchase agreements (PPAs), virtual PPAs (VPPAs), bundled RECs, etc.

Since 2017, Schneider Electric has accelerated renewable electricity sourcing and the installation of on-site solar panels, coupled with EcoStruxure™ metering and power architectures. As its program has progressed, the Group has progressively increased the share of renewable electricity coming from onsite renewable generation and bundled renewable electricity sourcing.

3 Leading on decarbonization

The Group will continue to focus on additionality where feasible and prioritize onsite sourcing of renewables or bundled renewable electricity opportunities. It will progressively reduce the reliance on unbundled certificates as it moves towards its 2030 goal of 100% renewable electricity. Critical to the success of this program is leveraging Schneider Electric's Sustainability Business (SB), an expert in sourcing renewable electricity with additionality benefits. SB helps Schneider and many customers source renewable electricity. Their expertise on renewable electricity markets around the world is key to finding solutions in less mature renewable markets as well as monitoring the evolution of marketing offerings, funding mechanisms, and sourcing requirements (e.g., RE100 2022 revised technical criteria).

3.5.4 EV100: shift 100% of company fleet to electric vehicles


Company cars generated 56,856 tonnes of CO₂e emissions in 2022, 25% of Schneider Electric's Scopes 1 & 2 emissions.


To reduce these emissions, Schneider looks at opportunities to reduce the use of cars for travel by improving the accessibility of sites, with commuting shuttles, secure bicycle storage, personal lockers and changing areas, as well as pedestrian-friendly access paths connecting to local routes. The Group also promotes flexible working arrangements to avoid unnecessary or avoidable trips thereby reducing travel-induced emissions by enabling employees to connect remotely, to work from home, and at customer sites.

Additionally, Schneider began its journey towards 100% electric cars by 2030 in 2019, with an intermediary target of one-third by 2025 (SSE #7). The Group demonstrates this commitment by being a member of Electric Vehicles 100 (EV100), a Climate Group initiative bringing together forward-looking companies committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030. At the end of 2022, electric vehicles represented 14% of the Group's corporate car fleet.

Climate

SSE #3





90% of electricity sourced from renewables

In 2022, 14 countries signed contracts to source 100% renewable electricity for Schneider operations in their country, and 203 ISO 14001 sites sourced 100% renewable electricity which accounted for 60% of the Group's measured electricity consumed. Additionally, there are 56 sites generating onsite renewable electricity, for a total of 23,000 MWh. Onsite generation and bundled certificates now account for 64% of the Group's total renewable electricity consumption, up from 58% in 2021.

2020 Baseline	2022 Progress	2025 target
80%	<div style="width: 85%; background-color: #4CAF50; height: 15px;"></div> 85%	90%



Resources

SSE #7





One-third of corporate vehicle fleet comprised of electric vehicles (100% by 2030)

The United Kingdom (UK) has significantly accelerated the deployment of electric vehicles, starting in 2019 with less than a 2% electrified fleet and achieving 41% at the end of 2022. The country has achieved this strong growth despite facing global challenges around supply chain shortages, increased vehicle costs and delays in infrastructure deployment. UK maintains its vision to roll out a green fleet in line with Schneider Electric's values, ensuring the deployment strategy is agile, and provides the right vehicle to each driver without penalizing the employee or the performance of the zone.

2020 Baseline	2022 Progress	2025 target
1%	<div style="width: 13.8%; background-color: #4CAF50; height: 15px;"></div> 13.8%	33%

3.5.5 Going further with Zero-CO₂ sites

The Group aims to eliminate fossil-based energy consumption from 150 of its sites by 2025 through electrification and sourcing renewable electricity, and biofuels.

In 2022, emissions from energy consumption at sites accounted for 167,715 tonnes of CO₂e, which is 73% of Scopes 1 & 2 emissions, of which 53,895 tonnes from natural gas consumption. The path towards “Net-Zero ready” operations by 2030 will require more than just powering sites with renewable electricity. While many applications can be electrified, some applications from industrial sites are more challenging to electrify with current technologies. As such, Schneider Electric has begun identifying applications at sites that currently have electrification alternatives as well as those which will require the use of fossil-free fuel solutions under the current circumstances.

As a general rule, a Zero-CO₂ site emits no greenhouse gases related to energy and monitors energy digitally, meaning:

- no fossil fuels from energy consumption (exceptionally up to 3% of a site’s total energy can be exempted from the fossil-free requirement, on a case-by-case basis, if the application does not have a feasible fossil-free alternative on the market. In 2022, 15 out of 77 Schneider’s Zero-CO₂ sites benefitted from this exception);
- digital energy monitoring;
- no SF₆ leaks;
- no CO₂ offsets.

Beyond using renewable electricity and fuels, it remains critical to continuously improve energy efficiency. That is why the program also requires digital energy monitoring. For large sites, this means installing meters to monitor the site’s significant energy uses and connecting them to systems like EcoStruxure™ Power Monitoring Expert, EcoStruxure™ Resource Advisor, or EcoStruxure™ Building Operation to ensure real-time monitoring of energy consumption, which allows for active energy management and efficiency improvement.

In 2022, thanks to the Zero-CO₂ sites, Schneider reduced 54,000 tonnes of CO₂.

Climate
SSE #1



150 Zero-CO₂ sites

AHM is a site located in Hungary, established in 1964. The site is part of Schneider Electric’s Global ETO Power System and manufactures medium voltage switchgears (PIX, MCSet). In 2022, as part of the company’s Zero-CO₂ sites commitment, the site worked to electrify and decarbonize a paint line, and oven renewal process for its equipment, which had been built over forty years earlier.

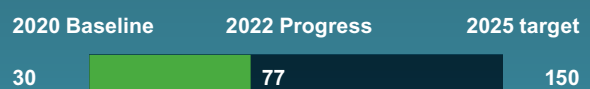
With the help of governmental subsidies and the Hungarian Investment Promotion Agency (HIPA), the site achieved three major successes:

- surface pre-treatment modernization which resulted in less usage of chemicals and decreased water consumption;
- automatized powder recovery unit which reduced painting powder consumption by 70%;
- 100% renewable electricity powered drying oven, which reduced the natural gas consumption of the entire paintline by 33%.

In 2023, the site will implement actions to fully power the paintline with 100% renewable electricity, reducing CO₂ by nearly 140 tonnes annually. This transformation to electrify its operations, combined with Schneider Electric Building and Power Management technologies, highlights one of the many actions the Group is taking in its commitment to decarbonize its operations. For the benefit of customers and the industrial community, that illustrates the importance of electrification and renewable sourcing, and demonstrates the real and tangible opportunities and solutions that exist today.



Renovated paint line in AHM site in Hungary



3 Leading on decarbonization

3.5.6 Reduce SF₆ leakage on sites

SF₆ is an excellent gas in terms of insulating properties, which is why it is commonly used in the electric power industry. Yet, SF₆ is a harmful greenhouse gas with a global warming potential 25,200 times higher than CO₂ over 100 years. While Schneider Electric's product portfolio is progressively moving away from SF₆, (see additional information in section 3.7.1, page 98) SF₆ is used in 13 of the Group's manufacturing sites. Handling this greenhouse gas can inevitably result in leakages despite having good practices in place. Converted into CO₂-equivalent, these leakages represented 4,777 tonnes of CO₂e in 2022, which is 2% of emissions from Scopes 1 & 2. The GHG emissions at end-of-life is 4,477,721 tonnes of CO₂e, which is 7.3% of total GHG emissions of 2022.

All the Group's manufacturing sites handling SF₆ gas in their processes are working hard to actively reduce SF₆ leaks and emissions during the different phases of their activities. A worldwide community of SF₆ experts shares best practices for processes, including procedures, equipment, and training.

In 2022, an advanced and digital system of emission monitoring has been designed, to be deployed at the Group's biggest manufacturing sites in 2023. This technology allows for continuous measurement of SF₆ concentration in enclosures around devices and piping networks. In the event of any deviations, an alarm notification is automatically sent to maintenance teams. Additionally, the seal testing processes of the products are mainly carried out with helium instead of SF₆. This method ensures that no emissions come from non-compliant enclosures during production.

Thanks to this global activity and to the commissioning of efficient equipment, the Group achieved 0.08% leakage rate globally in 2022, exceeding the 0.11% target set for 2022 and systematically decreasing from 0.26% since 2018. This SF₆ leakage reduction enabled the avoidance of 900 tonnes of CO₂ equivalent in 2022 versus 2021.


3.5.7 Energy sufficiency plan in Europe

In 2022, Europe faced an unprecedented energy crisis: risks on energy supply (mainly electricity and gas), along with escalating prices placed pressure on businesses and households. On companies especially, this had an impact on costs, profits, and – in some cases – business continuity.

Tackling Europe's energy security problem and the climate crisis are two sides of the same coin. Reducing both our use and dependence on fossil fuels, increasing electrification and the transition to renewable energy are now essential to tackling both the current energy crisis and reducing Europe's greenhouse gas emissions.

In this context, Schneider Electric implemented an energy sufficiency plan to adapt quickly to the fast-changing energy situation. Criticality assessments were conducted at Schneider's sites across Europe, assessing the potential likelihood that electricity or gas supplies may be cut. Business continuity plans were proactively put in place to ensure the Group is able to continue to serve customers through this time of uncertainty. Schneider adopted European Commission recommendations on energy consumption reduction as targets for sites in Europe: gas consumption by 15%, and electricity consumption by 10%.

From August to December 2022, Schneider Electric succeeded in reducing gas consumption by more than 32% and electricity consumption by more than 10% for its operations across Europe, as compared to the same period in 2021 and with no disruption to operations or service to customers.

 More about Schneider Electric's management of the energy crisis can be found on Schneider's blog.

Spotlight: sufficiency actions at "The Hive", Schneider Electric's Paris headquarters

Schneider Electric is responding to the energy crisis with a plan that supports France's EcoWatt charter and aims to reduce energy consumption by 10% and shed or shift loads to avoid demand peaks when required.

Enabled by integrated EcoStruxure solutions, the indoor temperature at this Schneider building has been reduced a few degrees, with ventilation and heating start times adjusted. In addition, hot water to washroom taps has been cut all year long. The kitchen lighting and ventilation schedule is optimized. Corridor lighting is reduced from 100% to between 40 and 70%, and car park lighting hours are reduced. All employees have been encouraged to take additional steps.

In total, electricity consumption has been reduced by almost 300 MWh per year. The facility can also automate responses to EcoWatt peak period alerts, reducing demand by more than 500 kW by controlling heating and ventilation, limiting or shifting EV charging, and more.



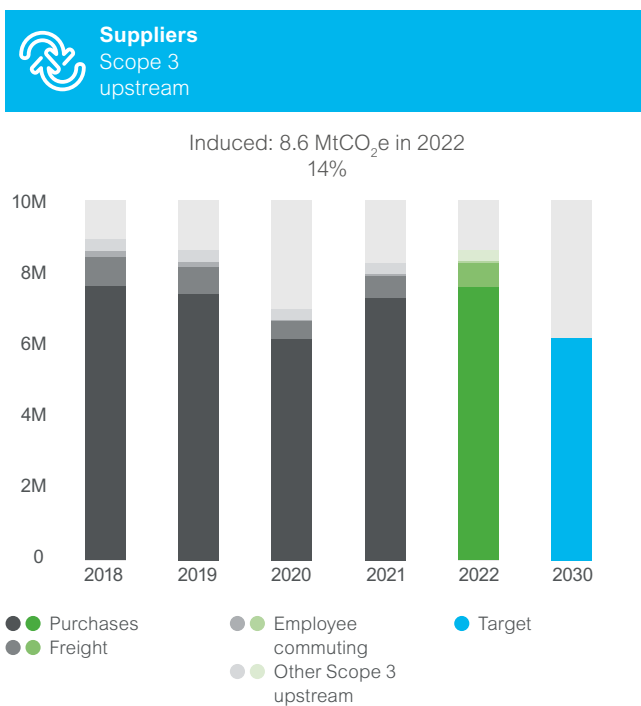
"The Hive", Schneider Electric's Paris headquarters

3.6 Decarbonizing the Group’s supply chain by 2050

In 2022, upstream emissions in Scope 3 accounted for 8.6 million tonnes of CO₂e, which is 14% of the total carbon footprint of the company. Purchases are the predominant source of emissions, and transportation of goods make a significant contribution as well.

Decarbonizing the world at scale requires immediate collective action. Schneider Electric is already taking concrete actions to meet its absolute 25% reduction across its value chain by 2030 and to be on track for its net-zero emissions by 2050. This includes:

- the Zero Carbon Project (SSI #3), which aims at halving emissions from operations of the top 1,000 suppliers;
- sourcing more and more green materials, including materials such as steel and plastics with lower carbon footprints (SSI #4);
- increasing the CO₂ efficiency of transportation of goods (SSE #4).



+4.6%

CO₂e emissions in Scope 3 upstream vs. 2021. Note that total Scope 3 GHG emissions decreased by 11.5% in 2022 vs. 2021.

3.6.1 The Zero Carbon Project

Carbon emissions from Schneider Electric’s procurement of goods and services (emissions from its suppliers up to the last tier) represented 7.6 million tonnes of CO₂e in 2022, which is 12% of its cradle-to-grave carbon footprint, and 88% of its cradle-to-gate industrial footprint. This is the largest contributor to the Group’s Scope 3 upstream emissions. The Zero Carbon Project (TZCP), launched in April 2021, is the first step of a journey to reduce the greenhouse gas (GHG) emissions from Schneider Electric’s suppliers.

The ambition of TZCP is to collaborate with 1,000 suppliers and reduce their operational (Scopes 1 & 2) GHG emissions by 50% by 2025 (SSI #3).

Participating suppliers are required to make public commitments for their reduction targets and share the emission reduction progress with Schneider. The participating companies in the program are based in more than 50 countries, represent 60 procurement categories and vary in terms of carbon maturity and size. To adapt to this diversity, the participating suppliers are allowed flexibility to customize their reduction plans by defining their own base year and baseline and adopting relevant reduction targets and time frames.

The fundamental actions that need to be implemented by suppliers, as part of this program include:

- quantifying their GHG emissions (Scopes 1 & 2 are mandatory and Scope 3 is optional for now);
- establishing an ambitious emission reduction target;
- implementing an action plan to achieve the target.

As of 2022, more than 1,000 suppliers have committed to participate in the program, achieving an overall operational emission (Scopes 1 & 2) reduction of 10%.

The GHG emission reduction reported in Schneider Sustainability Impact (SSI) #3, is measured as the average supplier carbon intensity reduction for the proportion of the reporting suppliers out of 1,000 suppliers. This normalization helps achieve a more reliable picture of the overall progress of all participating suppliers.

The extensive capacity building efforts towards the quantification of carbon footprint and decarbonization actions have resulted in:

- increased participation and quality of carbon accounting response from suppliers. As of December 2022, 946 suppliers out of 1,013 participating suppliers have calculated their CO₂e emissions. This is 6 times higher than at the end of 2021, when 126 suppliers reported their CO₂e calculations.
- strong supplier actions, resulting in ~10% GHG reduction for 1,000 suppliers vs. 1% reduction at the end of 2021. Schneider Electric remains committed to working together with its partners to strengthen their efforts for stronger decarbonization. The Group will continue to record its suppliers’ GHG declarations on an annual basis to ensure the most accurate and updated information is available for reporting performance.

3 Leading on decarbonization

Climate SSI #3







Reduce CO₂ emissions from top 1,000 suppliers' operations by 50%

To accelerate the decarbonization journey of Schneider Electric suppliers, partnership is at the heart of The Zero Carbon Project. This is especially important as over 70% of participating suppliers had no previous experience of GHG emission quantification. Schneider Electric deployed an extensive supplier support framework. This framework focuses on three focal areas:

1. Capacity building
2. Digital support
3. Expert consultation

Key figures In 2022:

- 946 suppliers computed their CO₂ footprint
- Accelerated decarbonization led by continuous deployment of:
 - Supplier Support Framework
 - iAccelerate Zero Carbon Day workshops
 - Dedicated 1:1 support led by Schneider's procurement team
 - More than 130 live trainings
- Supply Chain Renewable trainings
- "S3" digital tool (for SME) to be launched in 2023

2020 Baseline	2022 Progress	2025 target
0%	<div style="width: 10%; height: 20px; background-color: white; border: 1px solid black; margin: 0 auto;"></div> 10%	50%

Capacity building

One of the first barriers for suppliers to embark on their sustainability journey is measuring their carbon footprint and understanding what they can do to reduce their carbon footprint. Extending Schneider's spirit and effort of collaboration from the quantification of the GHG emissions to the implementation of decarbonization actions, an acceleration plan was developed and deployed with the suppliers. This acceleration plan identified various levers of emission reduction that can be implemented by the suppliers. Each lever was analyzed in detail and compared with the characteristics of the participating supply base to determine the reduction potential per lever. To increase the practicality of implementation, individual actions were identified for each lever.

More than 130 live, training, mentoring and experience sharing sessions were conducted for suppliers in a variety of settings (group; focused; 1-1). Building on the foundation of the end-to-end decarbonization training delivered in 2021, a common feedback received from suppliers was the need for guidance and implementation support for the first steps towards decarbonization. Schneider Electric defined a simple step-by-step roadmap of decarbonization, and explained each step in detail.

iAccelerate

To drive and scale up the adoption of emission reduction levers by suppliers, Schneider Electric adopted an innovative approach and curated a dedicated workshop under the aegis of "iAccelerate Zero Carbon Day". The India Middle East Africa (IMEA) and East Asia Japan (EAJ) regions of Schneider Electric, led by the local Procurement leadership teams successfully piloted its execution in Singapore and this is now being rolled out to other regions.

The fundamental idea behind iAccelerate workshop is that suppliers lack the practical knowledge to decarbonize, and if this information gap were filled, they would readily adopt emission reduction practices. To ensure this gap was bridged, a suitability analysis was conducted to identify the appropriate decarbonization levers and the specific actions that are feasible and applicable across various geographies. Specific diagnostic tools were then developed and shared with suppliers to analyze their own operations and identify their most relevant actions. These diagnostic tools included:

1. Low-hanging energy efficiency checklist
2. Solar energy suitability calculator
3. Digital emission calculator

In addition to the diagnostic, which was self-administered by the suppliers, subject matter experts were identified within the Schneider Electric ecosystem. The main task of these experts was to demystify and explain to the suppliers in very practical terms, for each action, what needs to be done, how it impacts their in-house processes and what are the overall benefits to the organization. In addition, service/solution providers were identified who can support suppliers in the execution of these actions. The Schneider Electric procurement team executed an expression of interest to identify the right companies and held screening discussion to ensure they were aligned with the idea and objective. This created a pool of service providers, in case they were needed.

Following this background preparation, the suppliers were engaged in an intensive five-week pre-workshop process to review the GHG emission data, results of diagnostics and commitment of the leadership to overall decarbonization. During the iAccelerate Zero Carbon Day, the supplier teams were able to listen to and understand subject matter experts who explained how individual actions can help their companies, and subsequently were able to visit the roadshow organized by the service/solution providers and engage on implementation modalities.

The purpose of the iAccelerate workshop is to provide an overview of actions and approaches to decarbonize and no commercial interests are associated. The suppliers are free to learn and discuss with the stakeholders, to treat it as an educational experience and then to explore the market to find the most suitable partner to engage for implementing decarbonization measures.

The power of peer-to-peer experience sharing was also harnessed. Separate sessions were organized with participating companies who are leading the decarbonization journey, to share their experiences and lessons learnt with other suppliers. We are thankful to Henkel AG and ArcelorMittal teams, who shared the actions and processes implemented in their companies and provided practical suggestions for enhancing decarbonization efforts.

A dedicated series on renewable energy procurement was organized, enabling experts from the cleantech domain to explain various renewable energy options including onsite/offsite installations and various market instruments that can be adopted, including suitability conditions.

The outcome of the iAccelerate event resulted in the strong acceleration in the decarbonization commitment from the supplier partners. As a result of the exercise, the emission reduction forecast for the two regions increased.

Digital support

To ensure that participating suppliers have access to all the latest knowledge, research, trainings, and tools for decarbonization, the Group developed a dedicated web portal on decarbonization, which is exclusively available to TZCP member companies. The portal hosts all the key trainings conducted so far. To automate the supplier emission calculation, a digital tool was developed and made available to suppliers. This tool removes the need to identify appropriate emission factors and manual calculations. The suppliers can simply collect and enter the usage data of various energy sources and the tool refers to the appropriate emission sources and gives the emission sources, standardizing and improving the quality of the data reported by suppliers.

Supply Chain Renewable Initiative

A dedicated program called “Supply Chain Renewable Initiative” (SCRI) is under implementation to help suppliers with low electricity demand to access renewable electricity.

Expert consultation

Suppliers can engage deeply with Schneider, and leverage its in-house expertise. Several visits of factories and offices were organized for suppliers to learn about operational decarbonization solutions. Specific knowledge-sharing was done on energy management, field services and automation.

In addition, Schneider leveraged its partnership with organizations delivering best-in-class trainings. The Group invited 500 suppliers who are CDP members to respond to the survey and use their resources. In Singapore, Schneider launched a SME kickstarter decarbonization program, leveraging incentives offered by the Government to SME to decarbonize.



Learn more about the Zero Carbon Project from the Sustainability section on www.se.com

3.6.2 Buying more Green Materials

Schneider Electric has committed to increasing the volume of green materials in products to 50% by 2025, for about 30% of its procurement volume, and is tracking quarterly progress as part of the Schneider Sustainability Impact program (SSI #4).

While this program does not focus solely on CO₂, but also mitigates other environmental impacts such as resources, biodiversity or toxicity, it will contribute to reducing the Group’s Scope 3 upstream emissions, in line with its Net-Zero Commitment. To achieve this ambition, Schneider is actively participating with industry leaders in dedicated working groups to become a change agent of the low-carbon economy while enhancing the traceability of materials. At the end of 2022, 18% of materials in scope were qualified as “Green”.



3 Leading on decarbonization

3.6.3 CO₂ efficiency in the transportation of goods

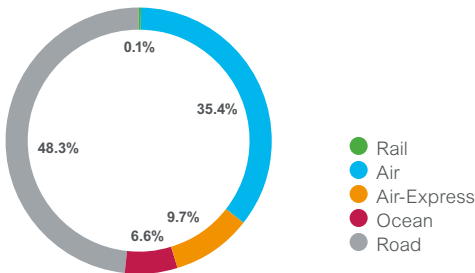
Schneider Electric uses a robust transport network to connect factories and distribution centers, and to deliver to customers. The related CO₂ emissions are part of the Scope 3 upstream emissions of the Group's carbon footprint, as this activity is performed by external transport suppliers.

In 2022, emissions from the transportation of goods represented 1.1 million tonnes of CO₂, which is 2% of the Scope 3 upstream emissions company-wide. The transportation that is directly paid by the Group (about 60% of the freight CO₂ emissions) is closely monitored, with primary data coming from detailed shipment information from the top 70% of transport suppliers. The CO₂ emissions are then calculated including the emissions from the full lifecycle of fuels, which means upstream emissions in the energy sector and the direct emissions at point of use.

From 2015 to 2017, CO₂ emissions intensity from transportation was reduced by 10%, and an additional decrease of 8.4% was achieved between 2018 and 2020. With its Schneider Sustainability Essentials (SSE) 2021-2025, the Group aims to further reduce CO₂ intensity in transportation by 15% compared to 2020 (SSE #4).

For 2022, continued shortages and supply chain challenges early in the year led to the use of more expedited modes of transport. Additionally, internal focus on building resilience within operations through increased regionalization of manufacturing resulted in an increased use of regional road freight and a decrease in international sea freight. Together, these factors shifted the transportation mode mix, resulting in a 7.7% increase in transport CO₂ emissions intensity compared to 2020. Looking forward, as operations normalize, there will be a continued focus internally to optimize the transportation mode mix towards lower CO₂ options.

2022 freight CO₂e emissions by mode (%)



Climate SSE #4

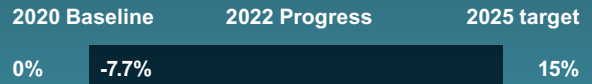


15% CO₂ efficiency in transportation

As part of its efforts to reduce the CO₂ intensity of transportation, Schneider Electric is focusing on both the optimization of its transport networks, modes, and utilization, and on piloting low-carbon transportation technologies such as electric vehicles.


For example, for one of the Group's critical transport lanes, from Singapore to France, a multi-modal solution was implemented to replace airfreight with a hybrid sea freight-airfreight solution. This achieved an estimated 47% annual reduction in CO₂ emissions for this flow. Additional multimodal opportunities have been deployed globally and new ones are being identified as the Group seeks to reduce the overall impact of airfreight emissions.

In Europe, an annual road freight optimization contest is held internally within plant and distribution center operations to reduce the total number of outbound road freight trips. This has led to a reduction in the number of trucks used by 419 and resulted in saving 347 tonnes of CO₂ across 14 sites in the past two years, with plans to expand this best practice globally to scale the CO₂ savings opportunity.



In 2022, Schneider joined the World Economic Forum (WEF) First Movers Coalition, a global initiative harnessing the purchasing power of companies to decarbonize seven “hard to abate” industrial sectors that currently account for 30% of global emissions: aluminum, aviation, chemicals, concrete, shipping, steel, and trucking; along with innovative Carbon Removal technologies.

The 50+ companies who make up the Coalition seek to send a powerful market signal to commercialize zero-carbon technologies. To jump-start the market, the coalition’s members commit in advance to purchasing a proportion of the industrial materials and long-distance transportation they need from suppliers using near-zero or zero-carbon solutions, despite the premium cost.

 More about the First Movers Coalition of the World Economic Forum can be found on the organization’s page



Schneider made an initial commitment to the aviation working group to replace at least 5% of conventional jet fuel use with Sustainable Aviation Fuel (SAF) by 2030. This commitment to the use of SAF, in conjunction with a focus on reducing company use of air freight, will have a significant impact on Schneider’s carbon footprint from the hard-to-abate aviation sector. Additionally, the Group further enhanced CO₂ reporting capabilities to not only report on freight CO₂ footprint, but to provide analytics to facilitate engagement internally, and with transport suppliers, on decarbonization initiatives.

Collaborative engagement with the Group’s transportation suppliers will continue, focusing on the pillars of optimizing existing transport footprint, as well as supporting and piloting advanced low carbon transportation technologies across all transport modes – air, sea, and overland freight.

Evidence of Schneider’s initiatives to mitigate the impact of transport-related CO₂ emissions include:

- ongoing reviews globally of lead-time requirements, allowing a shift to lower CO₂ emissions transport modes and introduction of multimodal solutions;
- network design optimization to move towards more direct flows or opportunities to source products closer to the customer;
- in all regions, pilot implementations of electric vehicles for final mile customer deliveries;
- in Asia, implementation of a rail solution from China to Singapore to replace existing air, sea, and road freight solutions;
- with the Group’s key transport providers, identifying opportunities to use sustainable fuel options where zero-emission options are not available.



3 Leading on decarbonization

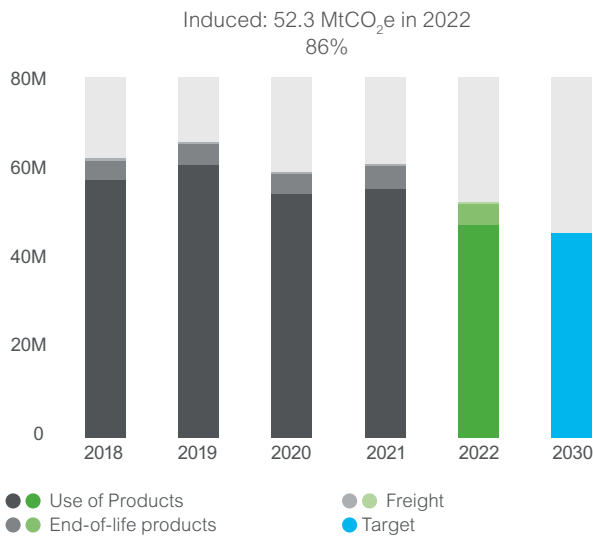
3.7 Decarbonizing the Group's downstream emissions

Downstream emissions are by far the largest category of emissions. They represent 86% of Schneider Electric's footprint, and largely come from the electricity consumption by the Group's customers during the use phase of the products.

Schneider's strategy to decarbonize its downstream emissions is articulated around 4 main pillars:

- innovating and eco-designing in product development: eco-design principles aim at reducing the environmental impact of products, including the product carbon footprint, for instance by increasing the energy efficiency of products in use phase;
- substituting all relevant offers with SF₆-free medium voltage technologies by 2025: since end-of-life emissions from sold products are predominantly due to their SF₆ content, this substitution will result in a significant drop in the downstream carbon footprint;
- using the Group's voice for influencing the transition towards a more electric, digital, and decarbonized world;
- supporting customers in their own decarbonization journey by providing products and services that drive significant decarbonization of their operations.

Customers Scope 3 downstream



-13.7%

CO₂e emissions reduction in Scope 3 downstream vs. 2021, mostly driven by an update of electricity emission factors projections.

3.7.1 Developing SF₆-free offers and SF₆ recovery services

The SF₆ gas has excellent insulating properties and has therefore been widely used for building switchgear – especially medium voltage gear – for the past 30 years, as it allows a reduction in the size of the electrical equipment. The electric power industry uses roughly 80% of all SF₆ produced worldwide, and the global installed base is still expected to grow by 75% by 2030.

SF₆-free AirSeT, a suite of award-winning medium voltage innovations

While helping ensure the safety and quality of certain medium voltage equipment, SF₆ gas has a Global Warming Potential (GWP) 25,200 times higher than CO₂, making it one of the highest greenhouse gases. Schneider is therefore innovating its offers to move away from SF₆ gas, as part of the SSE #2: 100% substitution with SF₆-free medium voltage technologies by 2025. In 2021, Schneider's promises to deliver new SF₆-free medium voltage switchgear became a reality with the installation of innovative products at several customer sites. 2021 was the year of the industrialization of several new product lines, free of SF₆, to prepare for the full commercial launch of this new generation of products. In 2022, Schneider unveiled the latest equipment in the SF₆-free medium voltage solutions contributing to the global fight against climate change, with GM AirSeT, a breakthrough primary gas-insulated technology for electrical networks and demanding applications in industrial buildings and critical infrastructure.

Schneider's technology has been piloted at numerous electric utilities, infrastructure and buildings, by customers such as GreenAlp in France, EEC Engie in New Caledonia, Renault Group in France, and Azienda Trasporti Milanese in Italy. AirSeT has also received multiple recognitions, most recently at the Greek Energy Mastering Awards 2022 and by the International Carbon Handprint Award at Climate Week NYC.

The average RM AirSeT switchgear installation removes the need for up to 3 kg of SF₆ gas, the equivalent of over 75 tonnes of CO₂.


SF₆ recovery services


In 2013, Schneider Electric started offering its customers a seamless service for the removal and/or recycling of obsolete equipment called "SF₆ recovery services". Today, recovery services are available in France and 10 other countries, and customer support is being developed to expand a model adaptable to different markets in different countries all over the world. The ambition is to offer recovery services to any SF₆ Schneider legacy by 2025.

The recovery service allows the Group's customers to dispose correctly of their machinery, against a green disposal certificate, thus granting them peace of mind. The service consists in collecting the equipment and, together with our partners, dismantling and reusing, recycling or disposing of all the components (such as metals or thermoplastics) appropriately. Specifically, SF₆ is extracted from machines and sent to a specialist company for regeneration and destruction.

Climate

SSE #2





100% substitution with SF₆-free medium voltage technologies

As part of its sustainability strategy, Renault Group is transforming its factory in Flins, France, into a Refactory: Europe's first circular economy factory dedicated to mobility.

Electrical distribution was identified as an area to deploy an innovative solution that reduces greenhouse gases; therefore Renault Group chose AirSeT MV switchgear that eliminates SF₆ and offers lower total cost of ownership.

AirSeT switchgear also addresses the Group's concern to maximize reliability, since the integrated smart sensors will allow Refactory to remotely monitor all operating parameters.

2020 Baseline	2022 Progress	2025 target
26%	<div style="width: 41.5%; height: 15px; background-color: #76b82a; margin: 0 auto;"></div> 41.5%	100%

3.7.2 Using the Group's voice to drive collective action

Getting to net-zero is going to take more than commitments, and technologies. Policies underpin the pace and the progress that the world will be able to make towards decarbonization. The Group will use its voice to speak out on public policy issues that Schneider Electric thinks can advance the world's carbon efforts:

- public policy initiatives that accelerate the electrification, digitization, and decarbonization of the economy;
- the removal of regulatory barriers to help catalyze markets to enable carbon-reduction technologies to scale more quickly;
- the use of market and pricing mechanisms so people and businesses can make more informed carbon decisions;
- the empowerment of consumers through transparency based on universal standards to inform purchasers about the carbon content of goods and services.


In 2022, Schneider Electric signed Corporate Knights' Action Declaration on Climate Policy Engagement together with more than 50 other companies to support climate action aligned with the Paris Agreement when engaging with policymakers, work with trade associations to advance alignment with the Paris Agreement and monitor and disclose climate policy alignment.

Schneider is engaged in sectoral and multi-stakeholder organizations that drive ecosystem change.

Electrification policies

Schneider advocates for strong climate and clean energy policies in many jurisdictions where it operates. The Group supports innovative technologies and projects that reduce carbon dioxide, modernize and digitize the grid, accelerate clean energy, and strengthen resilience to the impacts of a changing climate. In the USA, Schneider submitted comments to the U.S. Securities and Exchange Commission's proposal for The Enhancement and Standardization of Climate-Related Disclosures for Investors.

In Europe, Schneider engages actively with the European institutions advocating for rapid electrification and decarbonization of the grid. For example, in May 2022, it submitted its views about the REPowerEU plan of the European Commission, a strategy plan that aimed to fast forward the green transition. Schneider's own position paper highlighted ten ideas to move forward Europe policy framework into that direction.

 Discover the white paper "REPowerEU: Empowering energy consumers for a more sustainable and resilient Europe" on www.se.com

The Group engages with local governments on the electrification, digitization and decarbonization of the economies.

Carbon policies

Schneider Electric calls for policymakers to define robust and predictable carbon pricing for companies, enabling companies to integrate collaterals on climate into their strategy. A high and stable price for carbon will strengthen incentives to invest in sustainable technologies and to change behaviors.

Schneider supports the implementation of carbon pricing. Internally, the Group is incorporating an internal or shadow price for carbon to test its portfolio's resilience to climate scenarios. The Group internal shadow price is meant to uncover inefficiencies, incentivize low carbon innovation, and understand the potential impact of external carbon pricing on the profitability of a project, a new business model, or an investment. Schneider uses different carbon price scenarios, varying from EUR 50-130/ton (depending on time horizons) to inform the Group's climate strategy.

The internal carbon price is used to assess the performance and resiliency of operations. The cost of carbon is evaluated for industrial activities, taking into account CO₂ emissions from energy consumption and SF₆ leaks at industrial sites. CO₂ cost is also taken into consideration in industrial network modelling to account for future CO₂ prices in industrial decisions. This enables the measurement of the potential impact of CO₂ pricing on the Group's supply chain.

3 Leading on decarbonization

3.8 Enabling customers to decarbonize with EcoStruxure™

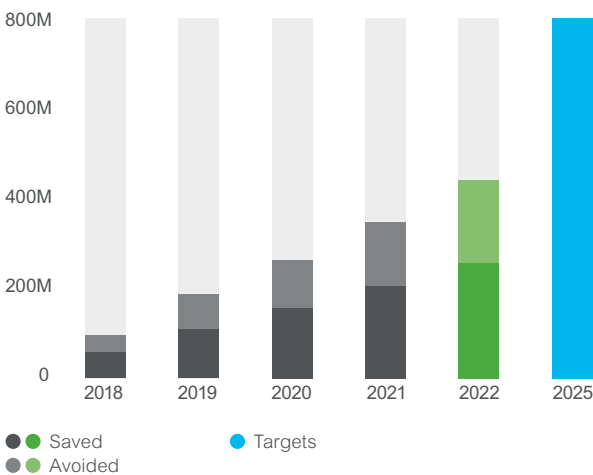
3.8.1 Schneider Electric helps customers decarbonize and aims to avoid 800 million tonnes of CO₂ emissions by 2025

Schneider Electric products and services can help customers decarbonize and reduce their environmental footprint, thanks to various value propositions that leverage the IoT-enabled architecture EcoStruxure™. Examples include:

- **energy Efficiency:** the Group helps companies become more efficient and reduce their CO₂ emissions, for instance with variable speed drives or energy performance contracting;
- **renewable power generation:** Power Purchase Agreements or microgrids lead to the consumption of less carbon-intensive electricity;
- **reduced GHG leakage:** SF₆-free equipment or SF₆ recovery services lead to reduced emissions;
- **materials efficiency:** circularity business models (e.g., refurbish) or lead battery recycling lead to reduced emissions for manufacturing virgin materials.

To demonstrate this positive impact, a new indicator was launched in 2018 which tracks how Schneider's offers enable its customers to save and avoid emissions. The Group has committed to reaching a cumulated 800 million tonnes of CO₂ of saved and avoided emissions by its customers between 2018 and 2025 (SSI #2). This commitment is one of the three performance indicators of the first ever convertible Sustainability-Linked Bond launched by the Group at the end of 2020. Overall, from 2018 to 2022, Schneider Electric helped customers save and avoid 440 million tonnes of CO₂e.

Cumulative saved & avoided CO₂e emissions since 2018 (MtCO₂e)



+93M tonnes

CO₂e emissions saved and avoided for our customers in 2022.

Climate
SSI #2

Deliver 800 million tonnes of saved and avoided CO₂ emissions to our customers (cumulated between 2018 and 2025)

Altivar variable speed drives were awarded as "Most Climate-Positive Carbon Handprint Product Award" at Climate Week 2022. By allowing motors to operate at the ideal speed for every load condition, Altivar variable speed drives can generate up to a 30% reduction in energy consumption in industrial processes.

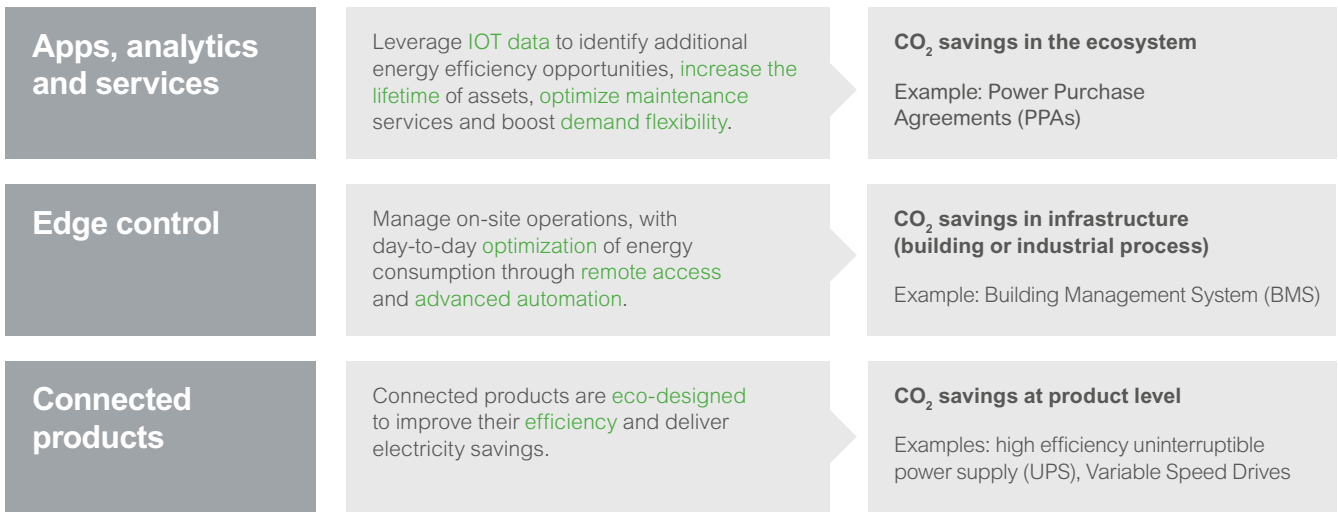
Consequently, it's estimated that over 180 million tonnes of CO₂ emissions could be saved or avoided during the service life of the drives sold by Schneider Electric during the 2018-2022 period.

2020 Baseline	2022 Progress	2025 target*
263M	440M	800M

* cumulated since 2018

To transparently measure these saved and avoided emissions, the Group developed a methodology that is publicly available on the Group's website. It was developed with Carbone 4, an expert CO₂ accounting consulting company. The methodology is designed to become a shared industry standard. Its principles are applicable across the capital goods and consumer durables sectors.

Attention was given to defining rigorous calculations, with conservative assumptions. The methodology was first published in July 2019 and was independently reviewed by the audit company EY with regards to its consistency, accuracy, understandability, neutrality, completeness, and relevance. The methodology has been assessed in view of the requirements of ISO 14067 and ISO 14021.



Saved and avoided CO₂ emissions arise from the difference between the induced emissions of Schneider Electric’s offer compared to the induced emissions of the reference situation. For both cases, induced emissions are evaluated on the expected lifetime of the offer and cover the full lifecycle (manufacturing, use and end-of-life). The reference situation is carefully defined, and transparently described, in order to reflect the most realistic market situation in the absence of the sale of the offer. Saved emissions are delivered on brownfield (retrofit) projects when emissions are actually reduced compared to a previous situation, whereas avoided emissions are defined with respect to greenfield sales (new infrastructures), where emissions are smaller than the reference situation, yet lead to an increase in emissions, due to the fact that there are new assets.

Schneider Electric’s saved and avoided methodology, “CO₂ Impact Methodology” is available for download on se.com. The detailed calculation rules and assumptions for each offer covered by the SSI #2, and the report of the independent review, are also available.

3.8.2 Delivering access to energy products and solutions

Schneider Electric’s products and solutions aim to address this “energy paradox”, balancing the need to reduce the planet’s carbon footprint while ensuring the inalienable human right to modern energy and digital access. The Group is committed to providing access to green electricity to 100 million people in underserved areas by 2030, both as a fundamental right and a means for social and economic development.



Read more about Schneider’s saved and avoided methodology on www.se.com

4 Being efficient with resources

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Context and the Group's commitment

Ecosystem services provided by nature such as food, clean water, medicine, and shelter are essential for humanity to thrive. Nevertheless, growing human activity puts an increasing pressure on the planet, using and consuming more resources than Earth can renew. The threat to our natural ecosystems is now greater than ever.

The world is facing a twin crisis of climate change and nature loss, which are inextricably linked and require a unified effort to be addressed. On the one hand, climate change is the third driver of biodiversity loss (IPBES 2019), and is projected to become the first in the years to come, unless we achieve the objectives of the Paris Agreement. On the other hand, nature has historically provided carbon sinks to help balance the growing carbon emissions created by human activity. These sinks are now disappearing rapidly, due to deforestation.

Schneider Electric's long-term commitment is to be efficient with resources, by behaving responsibly and making the most of technology, including digital technology to preserve our planet. Concretely, its strategy is to minimize the lifecycle environmental footprint of its products and solutions, while maximizing the environmental benefits they can bring. This strategy has three pillars: first, to be efficient with resources and responsibly source materials, second to protect, and restore biodiversity and third to innovate with circularity as the end game.

With Schneider Sustainability Impact and its concrete programs, the Group is constantly innovating, so its offers contribute to a more circular economy, in industrial processes, product design, and business model. In 2022, the proportion of sustainable packaging doubled, from 21% to 45%, and the Group joined The Copper Mark and Responsible Steel to accelerate responsible material sourcing for metals.

“2022 was a challenging year for supply chains with continuous disruptions. We have taken further actions to strengthen resilience for the short, medium, and long term – making significant capacity investments, accelerating regionalization, and simplifying flows. With our strategic supply chain partners, we are building additional resilience, improving energy efficiency, reducing carbon emissions, advancing circularity, and preserving local biodiversity.”

Mourad Tamoud, Chief Supply Chain Officer



Progress of our Resources commitments

Schneider Sustainability	#	2021–2025 programs	Baseline ⁽¹⁾	2022 progress ⁽²⁾	2025 Target
Impact (SSI)	4.	Increase green material content in our products	2020: 7%	<div style="width: 18%;"></div> 18%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	<div style="width: 45%;"></div> 45%	100%
Essentials (SSE)	5.	Improve energy efficiency in our sites	2019: 0%	<div style="width: 7.8%;"></div> 7.8%	15%
	6.	Grow our product revenues covered with Green Premium™	2020: 77%	<div style="width: 80%;"></div> 80%	80%
	7.	Switch our corporate vehicle fleet to electric vehicles	2020: 1%	<div style="width: 13.8%;"></div> 13.8%	33%
	8.	Deploy local biodiversity conservation and restoration programs in our sites	2020: 0%	<div style="width: 17.6%;"></div> 17.6%	100%
	9.	Give a second life to waste in “Waste-to-Resource” sites	2020: 120	<div style="width: 103%;"></div> 127	200
	10.	Avoid primary resource consumption through “take-back at end-of-use” since 2017 (metric tons)	2020: 157,588	<div style="width: 165%;"></div> 261,128	420,000
	11.	Deploy a water conservation strategy and action plan for sites in water-stressed areas	2020: 0%	<div style="width: 48%;"></div> 48%	100%

These programs contribute to UN SDGs



(1) The baseline year is indicated in front of each SSI baseline performance.
 (2) Each year, Schneider Electric obtains a “limited” level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a “reasonable” assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.

2022 Highlights



Schneider Electric’s Wisser range for homes is packaged with 100% materials free from single-use plastic and recycled cardboard.



Schneider Electric became a partner of Responsible Steel and The Copper Mark to accelerate the sourcing of Green Materials.



Schneider Electric ranked 2nd in The Gartner Supply Chain Top 25 and was listed in the top five for the third consecutive year.

Long-term roadmap

2030

- No net biodiversity loss in Schneider Electric direct operations by 2030
- 100% deforestation-free wood in our operations and supply chain by 2030
- Double energy productivity vs. 2005 (EP100)
- Shift 100% of Company fleet to electric vehicles (EV100)
- 100% waste recovery by 2030

4 Being efficient with resources

4.1 Minimize the Group’s impacts and dependencies on nature

4.1.1 Context

A sustainable future for people and economies will only be possible if nature, climate, and people are addressed in an integrated way. Climate change is among the main drivers of biodiversity loss, while nature is part of the climate solutions. If the limit of warming of 1.5°C becomes impossible to reach, climate change will likely become the dominant cause of biodiversity loss in the coming decades. WWF “Living Report 2022” points out that rising temperatures are already driving mass mortality events, as well as the first extinctions of entire species. Every degree of warming is expected to increase these losses and the impact they have on people.

An analysis of 163 industry sectors and their supply chains found that over half of the world’s Gross Domestic Product (GDP) - US\$44 trillion of economic value generation - is moderately or highly dependent on nature and its services. Pollination, water quality and disease control are three examples of the services an ecosystem can provide. As nature loses its capacity to provide such services, the economy could be significantly disrupted. This report found that many industries have significant “hidden dependencies” on nature in their supply chain and may be more at risk of disruption than expected.

4.1.2 Risks and opportunities

When considering this “climate-nature nexus”, Schneider Electric recognizes the inability to mitigate – or adapt to – the impacts of climate change without protecting, restoring, and enhancing our global stocks of nature. The Group used the Taskforce on Nature-related Financial Disclosures (TNFD) framework to conduct a double materiality assessment: impacts and dependencies; risks and opportunities related to nature. The double materiality approach looks at the two-way interaction with nature: how nature impacts a company and its operations, but also how the operations of a company impact nature.

Schneider assessed impacts and dependencies on the four realms of nature defined by TNFD (land, ocean, freshwater, and atmosphere), and five main drivers of nature change: climate change, resource exploitation, land and sea use change, pollution and invasive alien species.

Risks

As a discrete manufacturing industry, Schneider Electric’s physical footprint from its operations and value chain may impact nature’s capital, local and global ecosystems.

To measure its impact on nature, Schneider Electric has conducted an end-to-end biodiversity footprint assessment, quantifying biodiversity-related risks and identifying opportunities for reducing these risks across its value chain, with a global and scientific approach. The Group’s biodiversity footprint shows that most of its impacts are indirectly caused by its carbon emissions, and that dependencies come mainly from the use of resources in manufacturing, and logistics.

Opportunities

Schneider Electric is convinced that the circular economy can help create a win-win-win-win ecosystem:

- good for the planet, because it reduces the use of virgin resources;
- good for customers, because it enables lower total cost of ownership, or increased lifespan of assets;
- good for business resilience because it improves customer intimacy and stickiness as well as overall stakeholder attractiveness;
- good for collaborators because it provides a meaningful purpose.

Schneider Electric has a fantastic opportunity to enable more repair, retrofit, and recycling services, provided the product categories concerned are adequately maintained, and serviced by qualified and certified experts.

The regionalization of environmental regulations is creating complexity for companies across the value chain and requires enhanced product traceability. Schneider’s worldwide approach of environmental product stewardship directives fed by a local network of experts enables the group to adjust promptly to future requirements, providing Schneider with the opportunity to strengthen its relationships with its suppliers, and to provide its customers with the robust product life cycle information they demand.

4.1.3 The Group’s commitment

Schneider Electric reduces its GHG emissions by engaging and transforming its value chain to be efficient with resources, increasing recycling and responsible behaviors towards raw materials, plastics and wood used. Finally, Schneider acts locally, engaging employees and partners to implement local biodiversity conservation and restoration programs. Site managers and biodiversity leaders define their site’s biodiversity program. Guidelines define the rules applicable for the Schneider Sustainability Essentials target and share best practices across sites for continuous improvement.

Schneider Electric’s commitment to act4nature international

1. Quantify and regularly publish the assessment of the Group’s impacts on biodiversity;
2. Commit to reduce Schneider’s impacts and align biodiversity objectives with science;
3. Develop solutions and technologies that contribute to the preservation of biodiversity;
4. Engage and transform the value chain;
5. Act locally, engaging employees and partners.



Consult Schneider’s commitments to Act4Nature international on www.se.com

4.1.4 Biodiversity footprint measurement

The quantification of the Group’s impacts on biodiversity is an essential first step to understand its impacts and dependencies on nature and take appropriate action. In 2020, Schneider Electric became the first company to publish the end-to-end Biodiversity Footprint Assessment (BFA) of its activities, using the Global Biodiversity Score (GBS) tool developed by Caisse des Dépôts et Consignations (CDC) Biodiversité. By sharing its experience with other companies and publishing the results transparently, the Group aims to demonstrate that measuring biodiversity footprints is a key first step in helping companies define relevant and impactful biodiversity strategies, across their entire value chain.

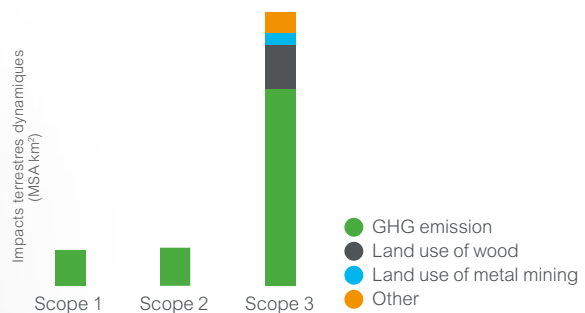
The GBS gives detailed and modular results which can be split by input line (for example, by raw materials such as metal, plastic, or timber); by pressures on biodiversity (such as land use, climate change, fragmentation, or encroachment); or it can be presented by scopes in Mean Species Abundance per square kilometer (MSA.km²). Synthetic, easy to understand and widely available, this metric has the potential to become the international standard.

The results of Schneider’s BFA are presented hereafter illustrating the Group’s dynamic terrestrial impact, with details 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.

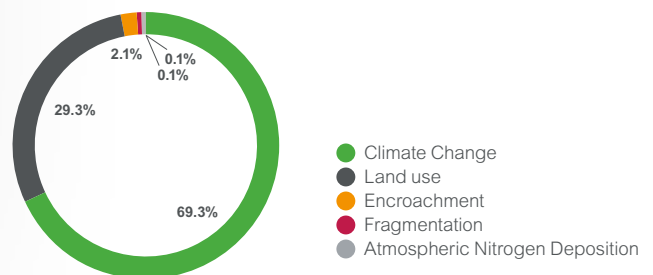
The BFA allowed Schneider Electric to identify the main levers of action to reduce its biodiversity footprint across its value chain:

- **Reduce GHG emissions** in the Group’s own operations and in the supply chain. Climate change is one of the major pressures on biodiversity globally and is the Group’s main impact on biodiversity (close to 70%). Therefore, Schneider’s Net-Zero Commitment will have a significant impact on reducing the Group’s pressure on biodiversity.
- **Reduce the “land use” due to the extraction of raw materials.** The main driver of land use is the extraction of wood and metals. Wood is mainly used for packaging purposes (cardboard, pallets, boxes); metals are the core of the Group’s products (silver, copper, steel, aluminum...). Greater transparency and access to data on end-to-end supply chain is key to understand how to minimize the Group’s impacts and dependencies on nature. Nevertheless, whether on climate or nature, data quality should not get in the way of necessary immediate action. Schneider made several commitments :
 - Source 100% deforestation-free wood by 2030;
 - Source 50% “green materials” in its products by 2025 (SSI #4);
 - Use 100% of sustainable primary and secondary packaging by 2025 (SSI #5).

Schneider Electric’s biodiversity industrial footprint by scope (in MSA.km²)



Cradle-to-gate terrestrial dynamic pressures on biodiversity



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

Read more about Schneider Electric’s commitment to biodiversity on www.se.com

4 Being efficient with resources

4.1.5 Actions to minimize the Group's impact on biodiversity

Deforestation-free wood by 2030

In June 2022, Schneider Electric made the commitment to be deforestation-free by 2030. Deforestation is currently running at a rate of 10 football fields a minute in the areas most critical for carbon storage and biodiversity. Last year, primary tropical forests the size of the Netherlands were destroyed. There is no path to net-zero that does not address deforestation and supports nature-based solutions.

To date, the deforestation-free wood program runs largely through the SSI #5 (100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard), which addresses the large majority of wood consumption by Schneider Electric. In parallel, streams of work are being created to address the complementary topics, such as technical wood or marketing materials.

Use the Group's voice for mandatory disclosure on nature

In October 2022, Business for Nature launched the United Nations Biodiversity Conference of Parties (COP15) advocacy campaign (#MakeItMandatory) to call on governments to mandate assessment and disclosure on impacts and dependencies on biodiversity for businesses and financial institutions above a certain size across the 196 member states of the UN Convention on Biological Diversity (CBD). Schneider signed the campaign, joining more than 330 companies calling on Heads of State and Governments to include in COP15 agreement Target 15, mandatory requirements for all large and transnational businesses and financial institutions to assess and disclose their impacts and dependencies on biodiversity, by 2030. During the COP15 Biodiversity, Schneider supported an ambitious Target 15, shared its actions to date and ambitions relating to nature, and learned from others public and private sector actors. Leading businesses already recognize the multifaceted benefits and opportunities that come with investing in nature, and the risks that come from inaction, and are working towards assessing and disclosing their impacts. COP15 also showed how Schneider and others are already accelerating efforts to restore ecosystems, including anticipating and avoiding asset stranding, circumventing value chain disruptions and protecting vital habitats through responsible sourcing.

4.1.6 Governance

Because Schneider Electric builds products that can help people and businesses decarbonize and digitize, environmental sustainability is core to every step of the cradle-to-cradle product lifecycle. The Group works hard to minimize the environmental impact of how it designs, manufactures, delivers, and maintains its products. The Group engages with partners and suppliers on the materials it uses, and integrates strict social and environmental accountability standards that address considerations around business ethics, human rights, and environmental impact.

The Group's environmental performance is delivered with the involvement of its strategy, R&D, manufacturing, procurement, finance, human resources, transportation, sales, marketing and services teams. This environmental performance is core to the customer value proposition, and is reported and discussed during leadership meetings of concerned entities, including the Global Supply Chain, the Decarbonization Committee, the Low-carbon product design Committee, the Board Audit & Risks Committee, the Board of Directors, the Executive Committee, Human Resources & the CSR Committee, and with the ExCom Function Committee.

The 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. 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 measuring and reducing 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 Waste from Electrical and Electronic Equipment (WEEE) in relation to end-of-life product management, and monitoring national substance regulations such as RoHS China); the proactive management of local environmental initiatives; and finally, 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 Edison experts are identified, one of them being environment. Each year, an Environment Edison expert 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.

Group Operations' Environment policy

Schneider Electric's operational environment strategy aligns with its broader sustainability strategy. Under this strategy, the Group's ambition is to operate sustainably within the limits of the planet and reconcile beneficial global economic growth and progress with the need for environmental preservation and regeneration.

Within its global environment policy, Schneider sets operational goals that emphasize the steps necessary to help advance towards its ambition. These goals are:

- Continuously improve the environment management system and meet compliance obligations;
- Continue protecting the environment, preventing pollution, limiting emissions, and promoting biodiversity;
- Decouple our supply chain from natural resource consumption.

Targets enabling those goals are defined in the Group's Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) scorecards. Relevant SSI and SSE targets are SSI #5, SSE #8, SSE #9, and SSE #11.



4 Being efficient with resources

4.2 The Group’s commitment to product sustainability

At Schneider Electric, every product or solution fulfils strict environmental performance. The Group has embraced a circular approach throughout the lifecycle of its products, and aims to design products with minimal material footprint and maximal lifetime value. Implementing a circular model that minimizes waste requires interventions up and down the value chain – innovative design, materials, service business models, reuse and redistribution processes, collection, and more.

4.2.1 Design with circularity in mind

Circularity is a key enabler and lever to climate change mitigation and biodiversity preservation. With circularity in mind, the Group can maximize the value retention of everything it produces through the products’ lifetime.

To embed circular principles in its products and offers, the Group adopted EcoDesign Way™, a process developed to understand and manage the environmental impact throughout the lifecycle of products, and to coordinate efforts across the value chain.

Any circular journey starts with the design phase, designing new business models, products and systems that use less resources, reduce the CO₂ emissions and keep materials in use. Schneider’s designers embed circular design, integrate recycled and bio-based materials, and aim to design durable, repairable and upgradable products that can be either repaired on-site while they’re being used, retrofitted on-site or taken back to the Group’s ECOFIT™ and repair centers.

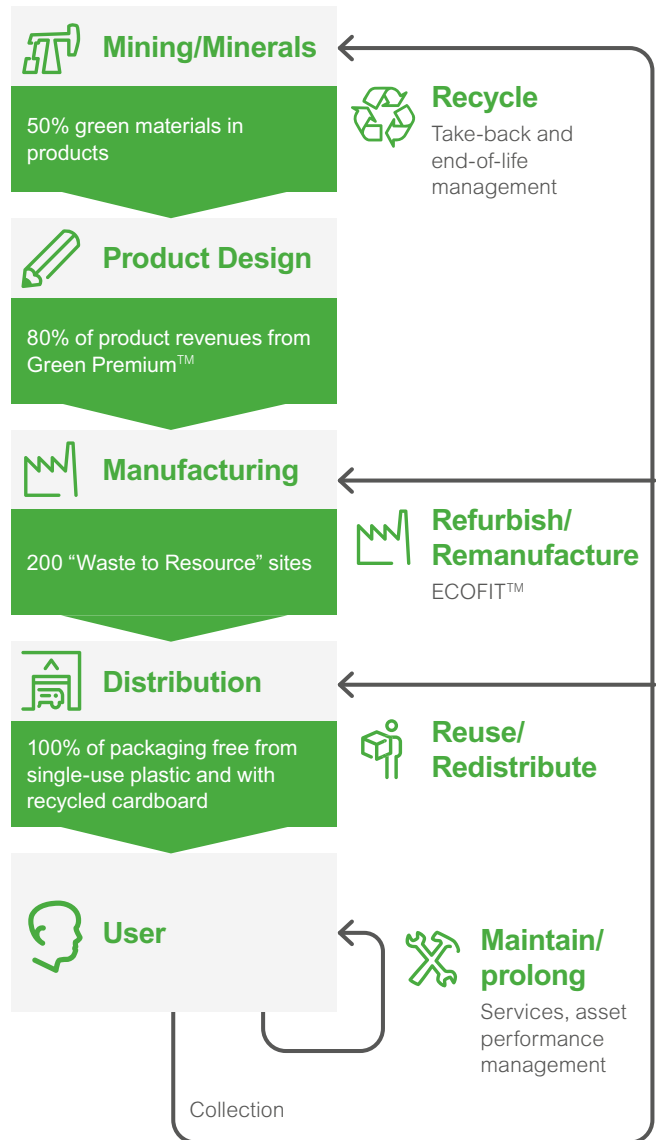
The designers benefit from Ecodesign tools, playbooks and trainings that are regularly updated, easily available on the Group intranet. From the corporate level to the design squads, several teams define the Ecodesign and circularity strategy, develop materials to support the designers’ upskilling and deployment of the circular design, and contribute actively to the development of standards at European and international level regarding circularity and material efficiency. This ensures that the internal practices are aligned with the latest standards and that the Group’s expertise is well incorporated in the standardization landscape.

Finally, the circular design actions are valued through the Green Premium™ program, communicating the environmental performance of Schneider’s offers, with transparency, on aspects relating to durability, reparability, recycled content or recyclability.

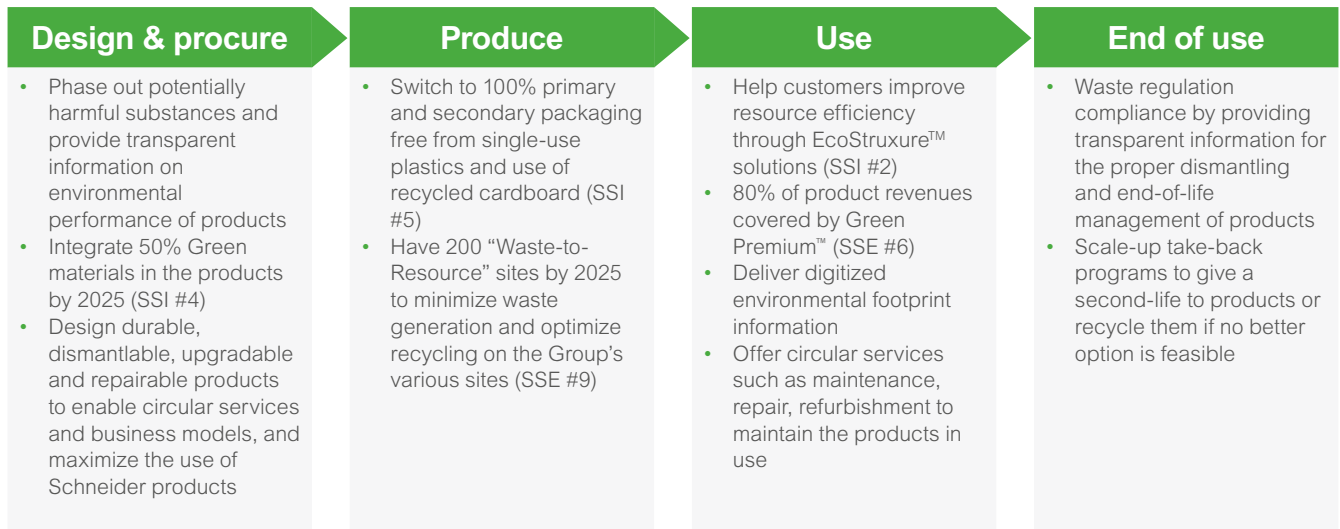
4.2.2 Ecodesign approach

Ecodesign is the design of products or services that aims to minimize the environmental impact throughout a product’s lifecycle.

In 2015, to respond to customers’ growing demand for products with a smaller environmental footprint, and to embed circular principles in its products and offers, Schneider Electric adopted EcoDesignWay™, a process to understand and manage the environmental impact throughout the lifecycle of products, and to coordinate efforts across the value chain. In each phase of the product lifecycle, ecodesign principles are defined and followed.



Schneider Electric end-to-end ecodesign approach



In 2022, the Group revamped its ecodesign strategy on two levels.

Ecodesign in business strategy:

- Each business unit defined its sustainability targets and roadmap to reflect operationally the resources required to achieve a decarbonization plan. The Human Resources department performed a thorough assessment to ensure each business unit was correctly staffed to foster ecodesign. It includes roles and responsibility descriptions and upskilling plans.
- Environmental attributes (green materials, circular performance, low-carbon) were included systematically in R&D prioritization. The inclusion of a carbon price in R&D projects has also been tested. The objective is to include a carbon price in all R&D investment decisions in 2023.

Ecodesign in projects:

- The Group has continued to rely on the EcoDesign Way™ process to incorporate ecodesign principles into every project. EcoDesign Way is a project scorecard that provides an exhaustive list of ecodesign performance attributes, fully aligned with the Green Premium™ program.
- Apart from the EcoDesign Way Scorecard, environmental footprint tools such as Simplified Life Cycle Analysis (LCA) have been tested. In 2023, Schneider aims to develop a web-based ecodesign calculator to enable easier and faster environmental footprint by project teams, and help identify the most relevant ecodesign features.
- Group Ecodesign experts have working with the Offer Excellence Academy to define an ecodesign training path to ensure all resources are available for the R&D community to raise awareness, train and upskill their teams. The training modules of the ecodesign training path will progressively be available in 2023.

4.2.3 Substances management to eliminate hazardous substances

Schneider Electric continues to remove hazardous chemicals from its products, processes, and supply chain, to minimize the potential harm for the environment and people health. The Group has tackled this issue for many years as part of its environmental programs reducing and managing its waste, emissions- and water-related risks, including pollution. It constantly substitutes substances or substance groups listed among the declarable and regulated substances in its products, whenever this is technically possible. The recent development of the new medium voltage switchgears without SF₆ (one of the most impacting greenhouse gases) is an illustrating example.

The Group operates in different jurisdictions with evolving regulations on environmental, health, safety, and product compliance. The regionalization of environmental regulations (e.g. California Prop 65, China RoHS, UAE RoHS) creates complexity, with thousands of suppliers. Therefore, Schneider has put in place a strong governance, relying on a worldwide approach of environmental product stewardship directives fed by a regional and local environmental steward network. Because substance presence identification and traceability is key, the Group is investing in robust digital systems to preform and report the environmental compliance of its wide portfolio of products, across several hundreds of thousands of commercial references.

RoHS and REACH

Schneider Electric has adopted, for many years, a proactive implementation of the RoHS European Directive. This means the Group strives to have products compliant with RoHS and REACH substances restriction even if it is not in the legal or geographical scope of the directive. This includes all Schneider's offers, its local or independent name brands, manufactured in its plants or only labelled.

4 Being efficient with resources

Schneider is committed to fulfill its legal obligation and pursues the product compliance coverage to the largest possible extent making business sense. It continues to work to reduce the number of products under the RoHS directive exemptions, and it continues to reduce the number of global exceptions to REACH and RoHS. 79% of products globally (83% of revenue) are compliant with RoHS restrictions, among which 36% without directive exemptions.

Research programs are carried out to find alternative solutions to the presence of lead in some metallic alloys, brominated flame retardants in PCBs, cobalt in surface treatments, to anticipate future possible restrictions. Per- and polyfluoroalkyl substances (PFAS) is a wide family of substances that are targeted by both Europe and the United States of America in coming regulations. A first identification action was carried out in order to map the different usages both in the Group's products and manufacturing processes. The concept of "essential use" will be associated to the regulation and Schneider must identify which of its applications are in line with this concept (which is not yet fully defined by the legislator) and where substitutions will be required.

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

Compliance system

A strong data management system is key to ensure product compliance and anticipate substitution actions. Internal IT processes are continuously adjusted with the goal of taking a more proactive and safe approach to the use of materials and substances, and to more efficiently fulfill the declaration requirements such as those of the European Substances of Concern In Products (SCIP) database through direct link or IEC 62474/IPC1752 structured data exchange formats.

In addition to IT tools, supplier compliance data collection is continuously improved with a new workflow and a wider scope of requests, pushing for full material disclosure information.

WEEE

Related to RoHS is WEEE, which stands for Waste from Electrical and Electronic Equipment (also known as "e-waste"). It refers to regulations, typically passed at a country or state level, aimed at promoting the reuse and recycling of electrical and electronic equipment and thereby reducing resource consumption and the amount of e-waste going to landfill. Requirements of WEEE regulations include, among others, financing the collection, treatment, recovery, and environmentally sound disposal of WEEE. With the rapidly expanding use of electrical and electronic products globally and the resulting growth in e-waste, more and more jurisdictions are enacting WEEE regulations.

The European Union (EU) WEEE Directive, is implemented through national regulations in all European Economic Area (EEA) countries including all EU member states, Norway, Liechtenstein, and Iceland. Schneider closely monitors developing WEEE legislation and complies with the EU WEEE Directive and EEA national regulations, as applicable.

Requirements of the EU WEEE Directive 2002/96/EC and national regulations generally include, among others, the following:

- financing the collection, treatment, recovery and environmentally sound disposal of WEEE resulting from products on the corresponding market which have reached their end of useful life ;
- labeling products with a crossed-out wheelee bin symbol to help minimize WEEE disposal as unsorted municipal waste and facilitate its separate collection. All applicable Schneider Electric products in the European markets need to comply with WEEE regulation and carry the "Wheelee Bin" sticker.

4.2.4 Reach 50% of green materials in products by 2025

Risk relating to sourcing materials

The acceleration of electrification globally is increasing competition to access some critical raw materials. For example, renewable power generation is shifting dependency of the energy sector from fossil fuels to mineral resources. The electric vehicles industry is expected to increase the demand for lithium 50-fold by 2040 and the demand for cobalt and graphite 30-fold, according to the International Energy Agency (IEA).

Evolving economic trend, global overexploitation, and limited access can result in shortages of natural resources within the Group's operations and its value chain. This can result in business disruptions and rising costs in both the short- and long-term, and additional challenges to secure supply for sustainable transformation programs (green materials, substances substitution, sustainable packaging).

Risk monitoring and management

Risks are taken into account in the STRIVE initiative of the Group's Global Supply Chain and covered by the Property Damage and Business Interruption program at site level.

The Group approaches access to resources at different time horizons, to ensure supply resilience both now and in the future. The Group is:

- building short-term resilience in securing supply and protecting operations against price volatility with real time alerts to notify and activate action plans;
- de-risking its portfolio with technological solutions and circular business models;
- shaping the future with long-term material resilience and sustainability with disruptive actions.

To address uncertainty in long-term resource disruption, Schneider has added resource parameters in product EcoDesign and defined substitution strategies for critical resources. R&D actions are in place, focusing on materials with main strategic functions accompanied by communication channels to escalate and alert.

Green materials in the Group’s products

Schneider has committed to increase green materials in its products to 50% by 2025, as part of its Schneider Sustainability Impact program (SSI #4). With that 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 upstream emissions, in line with the Group’s Net-Zero Commitment;
- Differentiate Schneider’s products by using low CO₂, circular, and safer materials.

According to Schneider, a green material has a lower environmental and social footprint, meaning low greenhouse gas emission, high recycled content, and no negative impact on people and the planet.

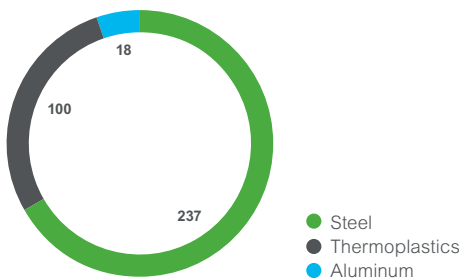
Therefore, performance could be achieved, either through selecting material and/or supplier with a proven lower environmental footprint (e.g. proof of a material produced out of a 100% recycled content), or strengthening the traceability of sustainable initiatives in the value chain.

While the first action is particularly relevant for thermoplastics materials, the second action is a priority for metal commodities where visibility of the environmental impact and technology-origin of procured metals is low.

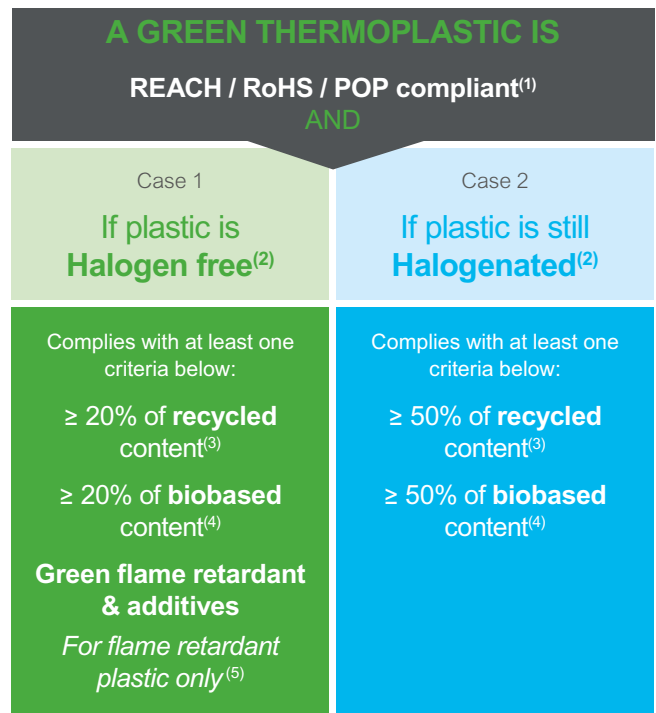
The lower environmental footprint attributes are defined for each commodity in scope, as the environmental performance of metal cannot be based on the same attributes as plastic. In 2022, the scope of green materials focused on three types of commodities covering around a third of purchased materials in volume:

- Thermoplastics (including both direct and indirect procurement). Thermoplastics are qualified as “green” when the supplier provides evidence of a minimum recycled content, biobased content (the 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 provides 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 provides evidence that the product carbon footprint is below 8 tonnes of CO₂ per tonne 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 Aluminium Stewardship Initiative.

Volume and distribution of “green materials” (in kt)



Definitions of “green thermoplastics” and “green metals”



(1) Persistent Organic Pollutants (POP) / Latest versions
 (2) According to IEC 63355
 (3) According to ISO 14021 & EN 45557
 (4) According to EN 16785 or ASTM D6866
 (5) According to GreenScreen used in TCO Certification



(1) E.g. Responsible Steel
 (2) According to Aluminium Stewardship Initiative (ASI)
 (3) According to EU green taxonomy
 (4) E.g. Aluminium Stewardship Initiative (ASI)

4 Being efficient with resources

The inclusion of other commodities like copper, thermoset, and indirect steel will be reassessed in the next phases, as the program matures and the transparency of supply chains improves. In 2022, Schneider Electric businesses strengthened their green materials implementation targets and roadmap to accelerate the demand for greener alternatives from suppliers.

Partnerships to accelerate the sourcing of green materials

In 2022, Schneider Electric accelerated its engagement with suppliers regarding their sustainable transformation by building stronger connections and by securing the first volume of certified green steel.

In 2022, Schneider purchased 700 tons of Bluemint® Steel, a high-quality flat steel with reduced carbon intensity, from ThyssenKrupp. Purchasing Bluemint® Steel comes with a third party certificate to ensure CO₂ is directly reduced at the ThyssenKrupp Duisburg production site. Opting for such branded products helps Schneider to reduce its Scope 3 upstream emissions, enhance traceability in the steel supply chain and strengthen trust with suppliers. The Group is working to further develop this alternative and to leverage environmental benefits at offer level.

Schneider also contributed as official partners to industry-wide associations and certification schemes. For example, the Group participated in Responsible Steel working groups, the world's first global scheme for responsibly sourced and produced steel. The Group supported the definition and publication of the latest ResponsibleSteel™ International Standard V2.0, launched in September 2022, and incorporating additional requirements on GHG emissions and the sourcing of input materials. ResponsibleSteel™ International Standard defines 13 principles covering environmental, social and governance issues.

In 2022, Schneider became an official partner of The Copper Mark, which aims to accelerate responsible material sourcing for metals. Joining The Copper Mark will help the Group to improve the environmental and social aspects of the copper value chain. Schneider is looking forward to engaging further in pursuit of responsible materials sourcing goals together with The Copper Mark, and encourages its suppliers to participate in The Copper Mark Assurance Process, and aim collectively at responsible copper production.

Ultimately, Schneider aims to include all types of products, which is why definitions for copper and thermosets were prepared and tested with its suppliers in 2022.



Resources

SSI #4



Increase green material content in our products to 50%

The Merten Ocean Plastic family of products was recognised in 2022 by the CES of Las Vegas as a 2022 Innovation Award honoree in the Sustainability Category. To develop this range from postconsumer recycled plastic, the Group partnered with DSM, a Netherlands-based company, converting fishing net waste into high-grade technical plastic that can be used in electrical devices. DSM collaborates with several local communities in India to recover and collect discarded fishing nets, providing a significant benefit to the local economy and environment. The abandoned fishing nets are then cut up, cleaned, extruded, and inspected for quality before being sent to DSM for processing into Akulon Repurposed compound.

The carbon footprint of this new compound is 82% lower than the traditional virgin material used in similar products, reducing the potential impact on global warming, air acidification, and photochemical ozone formation in its manufacturing process.



4.2.5 Sustainable Packaging


Packaging is the first visible asset seen by customers and is associated with major environmental challenges such as resource depletion, waste generation, and marine pollution. Schneider Electric sustainable packaging program aims to foster innovative packaging solutions to ensure a safe and frustration-free packaging experience with a reduced impact on the environment.

Globally, a growing number of regulations require the development of packaging alternatives, with a focus on recyclability. To comply with these regulations and avoid current or upcoming polluter-pays packaging taxes, innovation and partnership with suppliers are key. Schneider suppliers are required to comply with applicable laws and regulations, including compliance with the European Union’s Directive on Packaging and Packaging Waste (1994/62/EC), as amended by 2018/852/EU and CEN packaging standards (EN 13427:2005), as well as the US Toxics in Packaging legislation.

Schneider is working with its suppliers to ensure adequate supply of sustainable packaging materials.

By 2025, Schneider Electric is committed to reach:

- 100% of primary and secondary packaging with recycled cardboard. Cardboard is considered as recycled when it includes at least 70% of recycled fiber by weight, if legally accepted. Exception may be approved to avoid any compromise in product protection, safety or quality standard. Temporary exemption is made for North America, where an average of 50% of recycled fiber by weight is required to be considered as recycled.
- 100% of primary and secondary packaging free from single-use plastic. At Schneider, the definition of Single Use Plastics (SUP) is based on the European Plastic Pact : “A single-use plastic product means a product that is made wholly or partly from plastic and that is not conceived, designed or placed on the market to accomplish, within its life span, multiple trips or rotations by being returned to a producer for refill or reused for the same purpose for which it was conceived.”

 Source: Directive 2019/904/EC of 5 June 2019 on the reduction of the impact of certain plastic products on the environment.

In 2022, Schneider’s packaging teams worked to:

- establish partnerships with key suppliers to secure alternative packaging options;
- build up traceability in the supply chain by collecting suppliers’ declarations and certificates for recycled cardboard;
- update the sustainable packaging guideline and associated tools to facilitate sustainable packaging adoption in projects.

In 2023, the teams will work on:

- accelerating SUP phase-out program to ensure new and legacy products switch to more sustainable packaging options;
- strengthening procurement systems to better track single-use plastic packaging.

Resources

SSI #5





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

Our Wiser range products are packaged with 100% materials free from single-use plastic and using recycled cardboard.



2020 Baseline

13%

2022 Progress

45%

2025 target

100%

4 Being efficient with resources

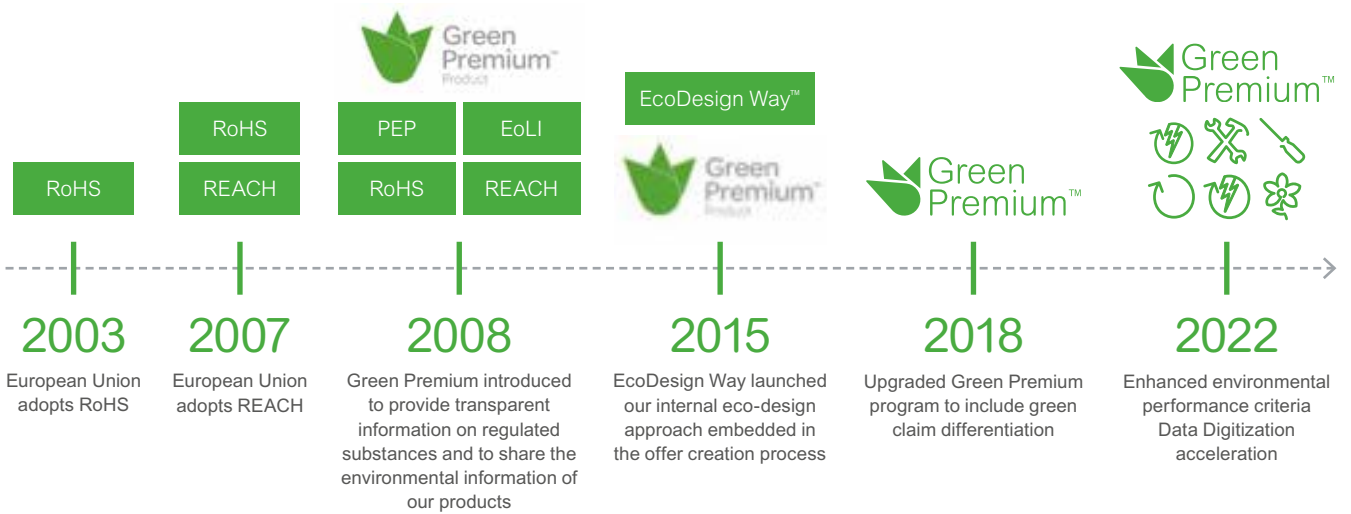
4.3 Lead with transparency: provide environmental data to customers

4.3.1 Green Premium™

Schneider Electric launched in 2008 its Green Premium™ program to transparently communicate the environmental value of a product to customers, with both qualitative and quantitative data. The Green Premium label means that a product follows the EcoDesign principles, and :

- is compliant with RoHS and REACH regulations;
- has an estimated lifecycle assessment impact (LCA);
- has clear end-of-life instructions.

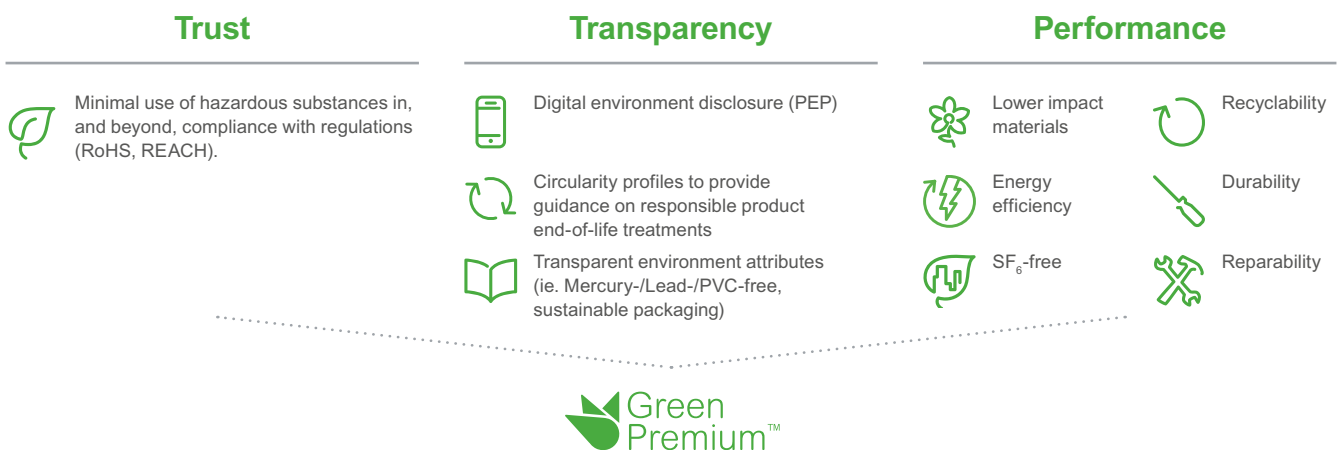
In 2015, the Green Premium label added other environmental criteria. For example, the Green Premium label signals circularity business models, such as “take-back” programs. An example of a take back program is for customers who have purchased one of the Uninterruptable Power Supplies (UPS) to have access to complementary recycling when the battery in the product reaches its end of useful life. In 2022, this service collected more than 15,000 tonnes of batteries globally for recycling.




In 2022, Schneider has redefined the program to encompass three pillars: Trust, Transparency, and Performance.

- **Trust** means Schneider continues 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 commitment 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 attributes 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:
 - use of lower impact materials such as 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);
 - SF₆-free products;
 - easy repair of product parts.



In 2022, Schneider revamped the pages of its online catalogue to make all environmental information more easily available to customers, so that they can quickly identify Green Premium products and can choose the product they want according to environmental features.

 Consult digital conformity declarations, Product Environmental Profiles (PEP) and End-of-Life Instructions, on product pages, on the mySchneider mobile app, and on the “Check a Product” website at <https://checkaproduct.se.com>

Resources

SSE #6







80% of product revenues covered by Green Premium™

In 2022, 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 number of products through the Green Premium™ program to deliver even more transparent information.

2020 Baseline	2022 Progress	2025 target
77%	<div style="width: 100%; height: 15px; background-color: #4CAF50;"></div> 80%	80%

4.3.2 Product Environmental Profiles

A greater number of customers, regulators, and standards bodies request quality and detailed environmental data. Many building standards and local regulations demand or promote offers providing Environmental Product Declarations.

An environmental footprint is a product or solution-related measurement that provides quantitative information based on Life Cycle Assessment (LCA, according to ISO 14040-44 standard). It 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 to 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 (for example, PEP Ecopassport).
- **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 lines of business other than their own, thus ensuring independence. Internal PEPs comply with the ISO 14021 self-completed declaration.

In 2022, more than 2,000 valid PEP were publicly available online, covering all of Schneider’s product lines, and 87% of product lines are covered by an ISO 14025 type III declaration.

PEP Ecopassport PCRed4

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

- Compliance with the EN 50693:2019 standard: Product category rules for lifecycle assessments of electronic and electrical products and systems – currently being mirrored in the IEC/TC111 Working Group 15 (IEC 63366);
- Full alignment with the EN 15804+A2 standard: Sustainability of construction works – Environmental product declarations – Core rules for the product category of construction products;
- Integration of key elements of the EU Product Environmental Footprint (PEF), such as mandatory impact indicators, end-of-life formulae, and quality ranking;
- Alignment 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 to use 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).

In 2022, Schneider updated its LCA tools in order to include new requirements from the PEP Ecopassport PCRed4. From 2023 onwards, all PEPs published by the Group will be compliant with the PCRed4.

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

4 Being efficient with resources

4.4 Manufacturing products sustainably

In addition to the ever-increasing offer of digital solutions such as its various EcoStruxure™ software, consulting and advisory services, and field services teams, Schneider Electric still relies on traditional manufacturing to produce its wide range of energy-saving products.

In order to continue manufacturing into the future to help its customers deliver on their sustainability and business objectives, while simultaneously preserving the environment and its limited resources, the Group is committed to minimizing its impact on natural resources and operating with sustainability principles at its core.

The Group aims to progressively move towards closed-loop systems in its operations and with its partners in order to prolong the life and use of the resources it depends on.

Schneider Electric real estate footprint

Schneider Electric's real estate footprint is made of approximately 1,000 sites in total, across six continents, with a total occupied floor area of approximately 5 million square meters. Around two thirds of this surface is occupied by large industrial facilities for manufacturing and logistics purposes. The remainder consists of office buildings, that vary in size and characteristics. Overall, Schneider's largest 100 sites account for about 50% of the Group's footprint and its largest 200 sites account for approximately 80%. For this reason, the KPIs in the following sections are built around those 200 largest sites, ie those with the most material impacts.

4.4.1 Risks and opportunities within manufacturing operations

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 to that, with factories and distribution centers spread across dozens of countries and different national environmental regulatory frameworks, risks of non-compliance exist. These risks include effluent management, handling of waste, and greenhouse gas-related expectations.

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

Resource and energy efficiency not only delivers financial savings, but also limits the Group's exposure to commodity-price volatility and shortage risks. Electrification megatrends are increasing competition to access some raw materials, creating shortage risks for Schneider Electric. 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.

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.

Environmental regulatory compliance, environmental management systems, and engagement programs with key stakeholders are the foundation of Schneider Electric's environmental risk management, prevention, and continuous improvement program for current, former, and prospective operations.

Compliance with environmental regulations

Historical environmental liabilities are managed at a regional level to ensure that local expertise, regulatory knowledge, and cultural awareness are 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. Environmental risks and provisions are reviewed with local and corporate finance, as well as legal functions.

During 2022, no new material environmental impacts were identified. See page 193 of the 2022 Universal Registration Document for more information. Furthermore, no Schneider Electric sites are Seveso-classified.

Environment management systems

Schneider has put in place an Integrated Management System (IMS) which allows for standardized, streamlined, and collaborative deployment of its various management systems. The IMS covers the Group's plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally. In particular, the relevant management system for the environment is ISO 14001.

ISO 14001 certification allows Schneider Electric to define and maintain robust environment governance on its sites, supporting continuous improvement to deliver environmental performance. The Group certifies all industrial and logistics sites with more than 50 employees and all large tertiary sites with more than 500 employees, within two years of their acquisition or creation.

243 sites were certified ISO 14001 as of the end of 2022, 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 83% of the Group scope in terms of water usage, 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 page 269 of the 2022 Universal Registration Document, and include energy consumption, Scopes 1 & 2 CO₂ emissions, waste generation, water usage, and VOC emissions.

With the Sustainability, Environment and Real Estate (SERE) network working hand in hand with the Customer Satisfaction & Quality (CS&Q) network, a robust governance is in place to mitigate environmental risks and drive continuous improvement.

The internal Energy and Environment Policies supported by the Global Environment Directives on legal compliance, event reporting and alerts, and environmental liabilities provide clear expectations, scope and accountability rules, enabling the harmonization of environment and energy governance across regions and activities.

Each site is assessed under more than 240 indicators consolidated under the Environmental, Health and Safety Assessment (EHSA) and published to all Global Supply Chain sites in a global EHSA dashboard. Sites are also benchmarked based on best available techniques documented and shared within SERE and CS&Q networks.



Engagement programs

Environmental risk management and prevention require more than just the appointment of technical environment experts. Robust governance with key stakeholders across the entire organization is critical to achieve and maintain success in the numerous areas surrounding environmental risk and prevention.

The Group has therefore established the following engagement programs:

- The Company-wide Look at Environmental Assessment and Risk Review program (CLEARR), which focuses on historical and current potential environmental site risks, surveys new and existing selected manufacturing sites each year.
- Thorough environmental due diligence reviews of mergers, acquisitions, and disposals, at any site where chemicals are or have been used. Any environmental risks or liabilities identified are addressed through proper risk management activities.
- Third-party services assess the risk profiles of key sites in relation to certain external risks such as fires, earthquakes, floods, and other natural disasters. This process is combined with the business continuity planning efforts to gauge related risks and anticipate possible steps which would be required.
- Risks and mitigation actions are presented to the Board Audit & Risks Committee.

Resilience materials program

The Group approaches the access to resources at different time horizons, to ensure materials supply resilience both now and in the future. The Group is:

- building short-term resilience in securing supply and protecting operations against price volatility with real-time alerts to notify and activate action plans;
- de-risking its portfolio with technological solutions and circular business models;
- shaping the future with long-term material resilience and sustainability with disruptive actions.

To ensure materials sourcing resiliency, Schneider has added resource parameters in product EcoDesign and defined substitution strategies for critical resources. R&D actions are in place, focusing on materials with main strategic functions accompanied by communication channels to escalate and alert.

4 Being efficient with resources

4.4.2 Waste-to-Resources

Schneider Electric is committed to mitigating the potential adverse impacts of hazardous waste on environment and health. Two main levers have been identified through the “Waste-to-Resource” program. First, all sites generating hazardous waste ensure visibility of handling and end-of-life treatment paths. They must also seek to add value to waste where possible (through material or energy recovery) while neutralizing its hazardous nature. Secondly, top hazardous waste-generating sites should 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 lead to superior performance from a resource efficiency perspective, and/or chemical substances use, and/or emission reductions.

In 2022, global challenges with supply chains, material shortages, and increased visibility towards waste pollution such as ocean plastics have confirmed that Schneider is heading in the right direction with its circularity strategy.

In its previous 2018-2020 program, “Towards Zero Waste to Landfill”, the Group placed strong emphasis on diverting waste from landfill through alternative solutions.

In its new program called “Waste-to-Resource” (SSE #9), Schneider Electric takes its waste recovery program even further: sites must now achieve 99% recovery for all waste not classified as hazardous 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 are not 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, and alongside external suppliers and waste management providers, to find innovative reduce, reuse, and recycle solutions.

In 2022, the Group did successfully add 19 new Waste-to-Resource sites in 2022, but removed 18 sites that were Waste-to-Resource in 2021, of which half were either closed, sold, or transferred to third parties for business reasons. The other half, while collectively achieving a commendable 98.7% recovery with only 5.2% waste to energy, still missed the very challenging 99% recovery target.

In 2023, the Group will pursue its Waste-to-Resource efforts to more sites, thereby strengthening its culture of circular economy across its operations.

Schneider generated around 131,000 tons of waste in 2022, most of it being solid waste. Continuous improvement plans have been deployed to manage this waste, in line with the ISO 14001 certification. Despite the challenges with the Waste-to-Resource program, the Group still managed to improve from 96% to 96.3% recovery of reported waste, and from 91% to 91.3% recycling rate without energy recovery in 2022 compared to 2021. The recovery ratio has increased from 81% to 96.3% since 2009, thanks to site-by-site waste management action plans.

By 2025, the ambition is to reduce hazardous waste intensity by 30% against the 2017 baseline. In 2022, hazardous waste generation intensity was 0.24 tonnes/million EUR of revenue, which represents an evolution of -44% versus 2017.

96.3%

waste recovery in 2022

Target:
100% by 2030

Resources

SSE #9



200 “Waste-to-Resource” sites

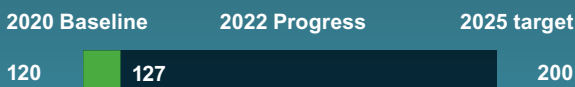
The SEPSL plant located in Bangalore, India is a manufacturing site that produces cabinet enclosures. Sheet metal is a mandatory raw material in this production process. While the site takes action to reduce scrap metal where possible, there is still some remaining scrap in the process. Instead of simply recycling or selling the scrap, the site has undertaken a circular economy project to reuse the scrap metal internally.

The site analyzed opportunities to reuse the scrap and discovered there were wooden pallets being used for in-house material movement and storage, but that these pallets would routinely need replacement, and there were issues with shortages of the needed pallets. By fabricating pallets from the scrap metal, the site was able to increase the longevity of the pallets’ lifespan, decrease the reliance on wooden pallets, eliminate shortages issues, and reduce the metal waste linked to the production process.

This project has saved the site 220 wooden pallets to date and resulted in more than €36,000 savings annually. Moving forward, the site continues looking for ways to implement circular economy practices and reduce the waste generated.



Before and after of the Circular Economy project in SEPSL Bangalore India site



4.4.3 Water withdrawal, discharge, and stress

Schneider Electric regularly assesses water-related risks. The Group conducted a materiality analysis, with both internal and external stakeholders. In 2022 a specialized consultancy was mandated to map its corporate water footprint across the value chain, covering water consumption, scarcity, eutrophication, ecotoxicity, and acidification. The assessment showed that direct water use and indirect energy water use in facilities amounts for less than 1% of Schneider Electric’s overall water footprint. This is explained by the nature of most of Schneider’s industrial processes (manual and automatic assembly), which have limited water use.

The impact on water quality is considered minimal as well; the highest impact on water quality indicators comes from the use of products and upstream purchases categories. In 2022, water management and performance information were disclosed in the CDP Water Security program, and Schneider was awarded a B rating.

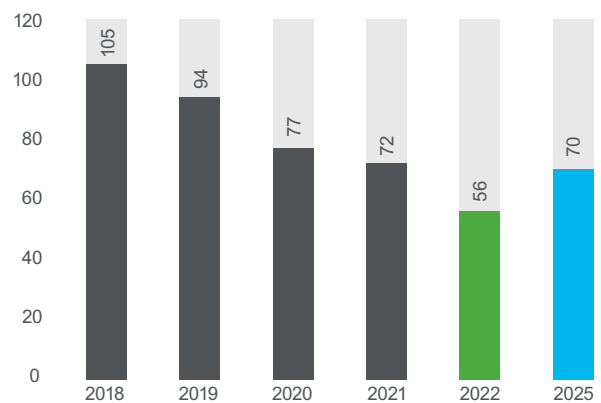
Water withdrawal

The Group measures water withdrawals per source, with details on water withdrawn from the public network, groundwater, surface water (for example lakes and rivers), and other sources of water (including rain and recycled water).

Water is primarily used for cooling and sanitary purposes and, at a few selected sites, for processes such as surface treatment. Water drawn for the sole purpose of cooling is immediately released without alteration and is also monitored separately.

Schneider Electric aims to reduce water intensity (in m³ of water withdrawn per euro of turnover) by 35% in 2025 versus 2017, with a focus on sites with high water withdrawal and within water-stressed areas. In 2022, water withdrawal intensity was 56 m³ per million euro of revenue, an evolution of -48% against the 2017 baseline.

Annual water withdrawal intensity (m³/million €)



● Water intensity
● Target

4 Being efficient with resources

Water discharge

The majority of water discharged by Schneider Electric is sent to a third party for treatment without requiring additional prior treatment in Schneider's facility. Whenever water is used for industrial processes requiring additional internal treatment (e.g. surface treatments), resulting water discharges are subject to appropriate treatments to reduce pollutant potential and subject to a monitoring plan. All sites with such water usage have designated water quality and treatment experts to ensure all local regulations are followed regarding water discharge.

For example, at the Isle Espagnac plant (Poitou-Charentes, France), water is used as part of a chrome plating process and systematically treated before being discharged in sewers with adequate water quality as set by the local water discharge convention, which is monitored by an independent laboratory accredited by the local public administration. In addition, the site is investing EUR 1.7 million between 2022 and 2024 to transform its operations and discharge no water thanks to a closed water loop approach. This means that the site will no longer discharge water in sewers, with estimated savings of at least 2,000,000 liters per year and 330 tonnes of CO₂ per year as the site will ship less filtered waste to incineration/landfill.

Water stress

Schneider Electric is also committed to minimizing its impact on water. The Group fully realizes the importance of water to local communities, especially those that are located in water-stressed areas. The Group therefore monitors the water stress level of all ISO 14001 sites using the World Resources Institute's (WRI) Aqueduct Water Risk Atlas. Using the baseline water stress methodology, the Group considers sites classified as "high" or "extremely high" to be a water-stressed site, regardless of the amount of water withdrawn. 85 sites have been identified under this methodology, accounting for about 44% of total water withdrawals, including factories, distribution centers, and large offices, with water usages such as process-based, HVAC, sanitary/canteen, and irrigation. The Group has set the target that 100% of its sites in water-stressed areas have a water conservation strategy and related action plan by 2025 (SSE #11). In 2022, the Group achieved 48% of its 2025 target.

-48%

water intensity in 2022 compared to 2017

Target:
-35% by 2025

Resource

SSE #11



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

The E&A Vadodara plant in India has a plating operation which represents a significant amount of the site's water withdrawal. The site is located in a water-stressed area, so it is especially important to be efficient with water at the site. Hence, the site's effluent treatment plant (ETP) was designed to recycle & reuse wastewater. Three major actions were implemented to optimize the process:

1. Segregation of input effluent to ETP (generating source).
2. Improve the existing treatment process.
3. Develop a new system to recycle and reuse of treated ETP water to make it suitable for the plating process.

The existing ETP treatment system was improved by converting two sand filters to one sand and one carbon filter and installing a new five-micron bag filter in the existing cartridge to improve treated water quality. A two-stage reverse osmosis system was also installed along with a special process to avoid chemical accumulation and biological growth on repeated water use in the closed loop.

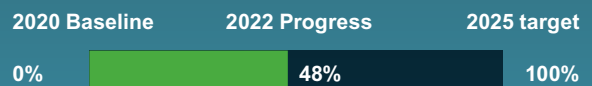
These actions and improvements resulted in the following impacts:

- 80% recycling of treated wastewater to reuse in the plating process
- 60% reduction in the freshwater intake for the plating process

The site continues working to improve efficiency and has a target to achieve an 80% reduction of the freshwater intake in the future.



Effluent treatment plant at Vadodara site in India



4.4.4 Pollution mitigation

Conditions of use and release into the soil

Schneider Electric's sites are mainly located in urban or industrial areas. None of the Group's businesses involve extraction or land farming. In 2022, Schneider's manufacturing sites conducted their annual review of pollution risks as part of the ISO 14001 monitoring. No spills or discharges causing soil pollution occurred in 2022.

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 placed on hazardous waste, with efforts to eliminate, substitute, or improve treatment.

Discharge into the water and the air

Because Schneider is mainly an assembler, its discharge into the air and water is very limited. The Group's manufacturing sites are carefully monitored, as part of the ISO 14001 certification. Discharges are tracked locally as required by the current legislation. No spills or discharges causing water or air pollution occurred in 2022.

Emissions of NO_x (Nitrogen oxides), SO_x (Sulphur oxides) and particles into the air are monitored at site level in accordance with applicable legal requirements, with monitoring of these emissions verified via ISO 14001 audits.

Schneider is committed to preventing air pollution and adverse health 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, which are primarily linked to production, decreased from 29 kg/million EUR in 2017 to 9 kg/million EUR in 2022 (-69%). The Group engages with each of its industrial sites that contribute the most to VOC emissions, and which together account for over 90% of the Group's VOC emissions. For these sites, environment, health and safety, and industrialization teams, come together 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, chlorofluorocarbon (CFC) and Hydrochlorofluorocarbon (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's industrial activities.

Noise, odors, and light

All Schneider's sites comply with local regulations on noise and odor. Given the nature of its activities and distribution model, the Group does not have any significant external light pollution.

4.4.5 Biodiversity actions at sites

With the objective of gaining an overview on biodiversity priority sites, informing risk management, and addressing potential biodiversity impacts, the Group ran 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.

The IBAT report enables users to assess the biodiversity-related features of multiple operational sites for risk management and strategy setting. 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 1-kilometer radius.

The results of the "IBAT multi-site Report, 2021" include all Schneider sites and show that, within a 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 results are made available to sites, so that they can better understand the local threat to biodiversity and restoration potential. Sites use these results at their discretion to drive the local biodiversity actions previously described.



Find IBAT Multi-site Report generated under license 26614-25299 from the Integrated Biodiversity Assessment Tool on 15 December 2021 on www.ibat-alliance.org

4 Being efficient with resources

The Group has committed to increase its biodiversity site actions and raise the awareness of employees. Site activities such as energy consumption, water withdrawal, 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 withdrawal 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, Schneider sites have to define and deploy a biodiversity program consisting in the elimination of single-use plastics (relating to office use) and at least one local action with significant ecological impact, structured governance and stakeholder involvement.

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 program was launched in 2021 and many sites have already started on their journey, understanding the complexities of biodiversity, assessing their impact and identifying the right local stakeholders to engage in a preservation or restoration program. The program requires a complete elimination of single-use plastics, and the adoption of impactful biodiversity actions. As projected, there has been a slow ramp-up in terms of global performance. Nevertheless, the new governance structure adopting in 2022, allowed to accelerate the deployment of the program. The current governance is based on nominated country biodiversity leaders who lead and animate a group of sites biodiversity leaders that follow the daily operation of the biodiversity actions. This renewed structure has allowed the Group to accelerate from no reported progress in 2021 to 18% in 2022.

Resources

SSE #8






100% of sites with local biodiversity conservation and restoration programs

Schneider Electric is engaged to act at local level. Every site will engage in at least one action pursuing an ecological impact with social benefits.

For example, in Grenoble (France), three sites (IntenCity, Technopole and Electropole) have been labeled "Wildlife Shelter" by a national NGO working on wildlife protection and restoration (Ligue de Protection des Oiseaux). To be granted this label, the sites have committed to a transformation journey with the NGO, where they understand how to optimize the management of their green areas to welcome and restore local biodiversity, notably with reasoned mowing, and a ban of pesticide usage. With the support of biology experts, the sites are in the process of creating hibernaculum and ponds to allow for a favorable environment to endemic species.

2020 Baseline	2022 Progress	2025 target
0%	17.6%	100%

65

sites banned single-use plastics in 2022.

Target:
400 sites by 2025

4.5 Product use phase and end-of-life

Schneider Electric aims to maximize the environmental performance of its products. To achieve such ambition, the Group develops services and business models to extend the useful life of its products, and when no option is possible, take back the product, assess whether a second-life is possible, and ultimately ensure the product or components are recycled.

This section presents the Group's actions to keep products in use and increase their recyclability at the end-of-life, through:

- services for maintenance and repair;
- business models to take products back and give them a second life;
- the maximization of the products' recyclability at the end-of-life.

4.5.1 Services for maintenance, repairability and circularity – EcoCare & ECOFIT™

Schneider Electric Services experts and partners are dedicated to extend the lifespan of assets and systems while making customers' operations safe, efficient, and resilient every day.

With EcoStruxure's digital capabilities, innovation, and expertise across multiple technologies, the Group advises, modernizes, monitors, and maintains the health of its customers' energy and automation assets and systems around the clock and the globe.

Throughout the lifecycle of the installed base, Schneider Electric Services' expertise answers customers' needs by:

- providing EcoCare recurring services to monitor and maintain the installed base during its use;
- providing access to spare parts and repair services;
- advising and triggering optimization recommendations to increase safety, reliability, and efficiency;
- digitizing and modernizing the assets to increase life and prolong reliable operations;
- supporting the handling of end-of-life through recovery services (for example, for batteries, SF₆, and modernized equipment)

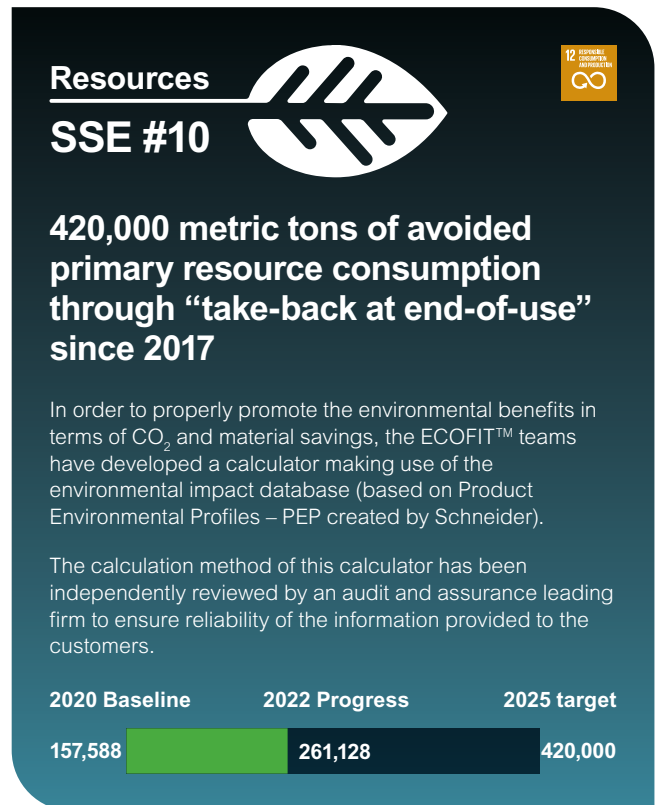
These historical activities are critical to address the "maintain and prolong" loop of circularity, no matter the customer typology or sector of activity.

Retrofit of equipments with ECOFIT™

Schneider quantifies its circular economy efforts (repair, reuse, refurbish, and recycle) 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 savings in waste, material, energy consumption, CO₂ emissions, and/or water.

Activities in this program will be extended in line with the Group's increasing focus on circularity business models, and currently include:

- Take-back and recycling of batteries;
- 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.



Modernizing and upgrading low voltage and medium voltage switchgear equipment does not necessarily mean demolishing the existing infrastructure. Schneider's retrofit modernization combined with proper switchgear maintenance can help clients to improve the reliability of their installation. They can choose to replace the existing electrical installation with new equipment or can pinpoint where they will benefit from retrofitting existing equipments, modernizing, and upgrading those equipments for pre-equipped sensors, which are more cost-effective, enabling innovative service plans with 24/7 remote monitoring, and reducing operational downtime of the customer, compared to buying new equipment.

4 Being efficient with resources

The ECOFIT™ service can, for a customer's system 20 to 40 years old, retrofit equipments in a very short time to the latest technologies and get them connected for real-time monitoring. The equipments that cannot be retrofitted can be taken-back to be reused, rebuilt and sold as second-hand products.

This approach makes ECOFIT™ service an end-to-end value proposition to customers, avoiding up to 90% waste.

4.5.2 Circular business models

Schneider Electric creates shared value for its 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).

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. These solutions, using up to 60% less materials than using brand new equipment, enable pull-through and constant payback, increase customer stickiness, and build long-term relationships.

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".

The risks that Schneider Electric has identified 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 repairability, 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 identified. 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.** In fact, 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.

Second life distribution center

Since 2019, Schneider has developed additional capabilities to address more circularity loops, to ensure a maximized second life for its products.

These capabilities include:

- **repack:** repackaging of Schneider products when packaging has been damaged.
- **give a second chance:** sorting, selecting, redistributing never-energized Schneider products which cannot be sold anymore.
- **refurbish and remanufacture:** developing refurbishment and remanufacturing capabilities for relevant products to deliver on manufacturer-level circularity and provide state of the art second life solutions across selected markets.
- **recycle:** dismantling of products to recover and resell the valuable materials.

In 2022, Schneider significantly increased its offer of circular products to serve the growing demand for circular products, doubling the number of references available up to 6,400. In 2023, the Group expects to add more than 3,000 new references to its offer.

To achieve that, new refurbishment capabilities have been developed on the industrial sites, increased take-back from various sources. Spare parts production has also been expanded to enable the repair of new references.

In 2023, Schneider Electric will continue to grow circular industrial capabilities to support business innovation and differentiating offers to customers:

- more repack and reuse;
- more refurbish;
- easier access to take-back and second life solutions.

Case study: Remanufactured MasterPacT MTZ

One great example of a circular product is the remanufactured MasterPacT MTZ. For the first time, Schneider has developed production lines, quality test, engineering expertise to collect, disassemble, and remanufacture MasterPacT MTZ. To offer the same guarantee as the new, these remanufactured breakers are assembled in the same production lines as the original new products. The Group is proud to announce that each remanufactured MasterPacT MTZ sold helps to cut by 45% the CO₂ emissions and requires 45% less resources. With this new product, Schneider strongly reinforces the link between sustainability and business, also ensuring business continuity, customers' trust, and the development of the Group's circular economy journey. In 2022, 71.5 tonnes of CO₂ emissions were avoided thanks to the remanufactured MasterPacT MTZ sales.



4.5.3 Managing the end-of-life of products

End-of-life regulations

Schneider Electric has deployed a process that ensures a safe treatment and recycling of its products at the end of their lifecycle.

In compliance with 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 following 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.

Enhance recycling

Schneider's unique approach for the modernization of aging equipment, minimizing waste and maximizing safety, efficiency, and resiliency, avoids up to 90% of waste by upgrading customers' equipment with the latest technologies using sensors and connectivity to optimize uptime and extend the assets' lifespan replacing the core components. This approach also enables the take-back of products, to reuse, rebuild, resell and recycle them when no other option is possible.

Case study: Azalys, Suez Hélyséo – Carrières-sous-Poissy, France

Azalys Suez site in Carrières-sous-Poissy (France) is a household waste to energy facility, managing 125,000 metric tons of waste and producing 50 gigawatts/hour of electricity each year.

The goals of the project were to add capacity to the electrical installation replace outdated equipment without a lengthy interruption to service, and to enable predictive maintenance. This involved installing state-of-the-art RM6 and SM6 switchgears in place of Fluokit units, which were later recycled. In addition, starting in 2022, recovered Fluokit equipment by Schneider are reused as part of the circularity offers: providing prolonged service life and spare parts to customers.

Developing a win-win solution through circularity models is good for the Group's customers and the environment, and is the avenue Schneider Electric continues to innovate and accelerate in this area.



5 Great people make Schneider Electric a great company

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 their involvement by making the most of its diversity, supporting professional development, and ensuring safe, healthy working conditions. Its ultimate ambition is to deliver higher performance and greater employee engagement, through world-class people practices that are supported by a multi-hub model.

Schneider Electric is a people-centric company where employees come to work for a meaningful purpose and are empowered to deliver impact in an inclusive environment. The Group offers equal opportunities based on employees' skills, and supports this commitment with common processes and consistent policies regarding recruitment, employment, talent identification, training, and remuneration.

The Human Resources function plays a key role in enabling performance and talent development at Schneider Electric. Progress is characterized by sustained expansion and ongoing acquisitions that deliver growth in core markets and by momentum created through incremental growth drivers.

Over the last several years, the Group has made significant progress in many areas, including: a new People Vision, unique multi-hub model and a leaner organization structure; leadership and culture transformation, widely acknowledged diversity, equity and inclusion initiatives; and setting up a transformation of skills to enable growth and innovation.

By 2025, Schneider Electric has committed to creating equal opportunities and harnessing the power of all generations. It will achieve this by ensuring all employees are uniquely valued in an inclusive work environment and by fostering learning, upskilling and development for each generation. This report shares the progress on the key transformations under the Equal and Generations pillars of the Schneider Sustainability Impact and Schneider Sustainability Essentials programs.

“The world has reset and so must we. We aspire to achieve our company purpose and mission by empowering and developing our employees to achieve their fullest potential. By building resilience and enabling agility, we will enhance our culture and leadership transformation at Schneider Electric. The 2025 People Strategy aims to set the bar even higher to support business growth and deliver business ambition.”

Charise Le, Chief Human Resources Officer

Progress of our Equal and Generations commitments

Schneider Sustainability	#	2021-2025 programs	Baseline ⁽¹⁾	2022 progress ⁽²⁾	2025 Target
Impact (SSI)	8.	Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%) ⁽³⁾	2020: 41/23/24	41/27/28	50/40/30
	10.	Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.33	x2.00
Essentials (SSE)	18.	Reduce pay gap for both females and males	2020: F: -1.73% 2020: M: 1.00%	-1.6% 1.02%	<1% <1%
	19.	Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	2019: 53%	62%	60%
	20.	Pay our employees at least a living wage	2019: 99%	100%	100%
	21.	Multiply the number of employee-driven development interactions on the Open Talent Market	2020: 5,019	x1.9	x4
	22.	Support the digital upskilling of our employees	2020: 41%	77%	90%
	23.	Provide access to meaningful career development programs for employees during later stages of their career	2022: 43%	43%	90%
	24.	Increase our employee engagement level	2020: 69%	70%	75%

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.
 (3) Calculation methodology for SSI #8 has been expanded in Q2 2022 to include blue collar managers in the scope of front line managers. Due to this methodological change, the 2020 baseline for front line managers has been recalculated to 23% instead of 25%.

2022 Highlights



The Company's Glassdoor rating is steadily increasing, recognizing Schneider Electric as one of the Best Place to Work for 2022.



The Financial Times awarded Schneider Electric the title of 'Diversity leader'.



Schneider Electric is one of Universum's Top-30 World's Most Attractive Employers according to students.



For the 6th year in a row, we were recognized by Bloomberg for our commitment to gender equality and building a culture of inclusion.

5 Great people make Schneider Electric a great company

5.1 2025 people strategy and vision

5.1.1 Context

The world is moving fast and is at an inflexion point: the desire for climate neutrality and energy transition are driving our business strategy and pushing the Group towards sustainable growth. At the same time, digital transformation and changing social needs demand greater inclusion.

The post-pandemic world followed by ever growing supply chain constraints due to geopolitical issues are creating more opportunities for Schneider Electric to be the most local of global companies.

Being agile by demonstrating resilience and adaptability is the most important prerequisite for success in today's unprecedented environment of uncertainty. It requires the leverage of both human capabilities and digital technologies. Schneider Electric's People Vision and People Strategy help achieve this.

5.1.2 Schneider Electric's People Vision – Employee Value Proposition, Core Values, and Leadership Expectations

People Vision

Schneider Electric's People Vision provides the impetus to change the way we work and accelerate the cultural transformation at the company. Comprising Employee Value Proposition (EVP), Core Values and Leadership Expectations, the People Vision is a strong anchor to the People Strategy.

The People Vision consists of the following:

- 1 Our **Employee Value Proposition** 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.
- 2 Our **Core Values** determine who we are, what we do, and define the way we work together and deliver on our EVP promises. Our values guide our choices and illustrate the behaviors we expect our employees to demonstrate.
- 3 Our **Leadership Expectations** show how we expect leaders to drive the Company for the future. They emphasize how our leaders will transform Schneider Electric by stepping up individually and collectively.

Employee Value Proposition

The Group is also looking to establish a strong name as an employer and communicate around its Employee Value Proposition, which is our promise to current and future employees.

We believe that great people make Schneider Electric a great company. We are driven by our meaningful purpose and continuously create an inclusive environment where employees are empowered to be at their best and innovate.

Our Employee Value Proposition continues to evolve in line with the business. Making the emotional connection as to "Why Schneider Electric?" is fundamental to 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

Our Employee Value Proposition

MEANINGFUL	INCLUSIVE	EMPOWERED
<p>Our mission is to be your digital partner for Sustainability and Efficiency.</p> <p>We empower all to make the most of their energy and resources, ensuring Life Is On everywhere, for everyone, at every moment.</p> <p>We adhere to the highest standards of governance and ethics.</p>	<p>We want to be the most diverse, inclusive and equitable company, globally.</p> <p>We value differences, and welcome people from all walks of life.</p> <p>We believe in equal opportunities for everyone, everywhere.</p>	<p>Freedom breeds innovation.</p> <p>We believe that empowerment generates high performance, personal fulfillment and fun.</p> <p>We empower our people to use their judgement, do the best for our customers, and make the most of their energy.</p>

Core Values define the way we work together

Customer First. 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 can have an impact on the customer's experience.

Dare to Disrupt. 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. 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. 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. 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.

Our Leadership Expectations

Shape our future. In a world that is in constant flux, we cannot sit around and wait for the future. We have to imagine, disrupt and lead our industry. Be an entrepreneur of digital transformation with customers. Think big and be bold, create disruptive strategies and architecture ahead of the curve and execute with agility, quality, and speed. Take initiative and learn from success and failure. After all, the only thing certain in the next normal is change.

Free up Energy. Free up your and your team's energy to focus on customers, transformation and what really matters in life and work. Keep things simple, but never at the expense of ethics or safety. Remove roadblocks and unnecessary bureaucracy. Champion new ways of working - more digital, flexible, and efficient. Empower teams throughout multi-local, multi-hub model and agile methods. Speed is our ultimate differentiator.

Build the Best Team. Step up to lead in a digital world while building strong human connection with customers and colleagues. Give and ask for coaching and feedback every day. Care for your health and well-being and that of others. Be inclusive and build psychological safety. Hire great and diverse talent and develop them to their fullest potential. Drive team engagement and high performance. The sign of a great leader is a great team.

Achieve together. It all starts with making a human connection and working together with customers, partners and colleagues. Connect across our teams with an 'easy to do business with' spirit. Share information freely, don't hide it. Engage in constructive dialogue, don't avoid tough conversations. Collaborate with focus and in attitude; be inclusive but efficient on who to involve. Collaboration is the seed for innovation and winning.

Use your judgement. Ultimately, we are accountable and empowered to make the right decisions for the company. Trust your own judgment and common sense and empower teams to do the same. Don't overcomplicate decision-making. Give clear direction in the face of ambiguity. Be agile and curious and use your best intuition and logic. Let 'doing the right thing, in the right way' be your compass.

Core Values

<p>CUSTOMER FIRST</p> <p>Above and beyond for our Customers.</p>	<p>DARE TO DISRUPT</p> <p>Constantly in Beta</p>	<p>EMBRACE DIFFERENT</p> <p>Different is Beautiful.</p>	<p>LEARN EVERY DAY</p> <p>#Whatdidyoulearntoday?</p>	<p>ACT LIKE OWNERS</p> <p>All in. Together.</p>
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Our Leadership Expectations

<p>SHAPE OUR FUTURE</p> <p>Disrupt ahead of the curve</p>	<p>FREE UP ENERGY</p> <p>Accelerate and Simplify</p>	<p>BUILD THE BEST TEAM</p> <p>Coach and Care</p>	<p>ACHIEVE TOGETHER</p> <p>Collaborate to Win</p>	<p>USE YOUR JUDGEMENT</p> <p>Empower and Trust</p>
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5 Great people make Schneider Electric a great company

5.1.3 2025 People Strategy

Schneider Electric aspires to achieve its purpose and mission by empowering and developing its people to their fullest potential. The Group acts with agility and trust to innovate for its customers and strives to win in the market.

Launched in 2021, Schneider's People Strategy provides the Group with the framework to support business growth and culture transformation. To achieve the mission of its People Strategy and shape the workforce of the future in the "next normal", the framework includes three outcome-based themes:

Organizational agility – a growth and innovation culture, enabled by a leaner, agile and multi-hub structure, customer proximity, and fast decision making, supported by new ways of working.

Future ready talent – a diverse, empowered, and digitally skilled team. All talents develop current and future skills through a personalized experience to realize their potential.

Leadership Impact – leaders deliver impact on results and transformation through disruption, collaboration and inclusion. They build great teams, coach and care to achieve together.

5.1.4 Organization and Governance

At Schneider Electric the 3-pillar model has been followed within the HR function by adapting the various responsibilities in accordance with organizational context.

HR Business Partners focus on defining and implementing strategic people transformations (key talents, competencies, workforce planning, training for their community, footprint) in their respective entities. They provide strategic support and deliver day to day local support towards operational activities for managers and employees.

HR Solutions shape the future in line with the people vision, focus on a limited number of global priorities, define strategic transformation and priorities, develop global governance, policy & processes, and drive digital.

HR Services manage HR operations, standardize programs and systems, simplify processes, and drive digital transformation to free up energy.

Since 2020, Schneider Electric reinforced the governance of the Group, the professionalism of its processes, and its foundations for trust. In line with our Corporate Governance directions, the Group follows HR Governance led by a single point of contact with corporate organizations such as M&A, Internal Audit, Internal Control, Ethics & Compliance, and Data Privacy, which facilitates an agile response to corporate directions.

5.1.5 Employee Engagement

Engaged employees are key to enable the company to be at its best and support the achievement of the Group strategy. By measuring engagement and responding to feedback, Schneider Electric can foster an environment in which people feel connected to their work and strive to perform.

Key updates in 2022

- High survey response rate of 85%, with a relatively stable engagement score, against the backdrop of an increasingly uncertain world.
- Employees feel empowered in their work, with flexibility to enable how they work, while remaining connected to Schneider Electric's purpose in an inclusive environment.
- Emergence of two critical areas related to the employee experience and engagement: recognition and effectiveness.

1. OneVoice Survey

As an inclusive company, all employees are asked to provide their honest feedback through the annual OneVoice survey, which evaluates their engagement and measures nine drivers of engagement, including leadership, development, and empowerment. This process helps the Group identify key avenues for improving employees' engagement and their unique life at work.

Attributable to a continued high participation rate, the results of the survey are robust and representative, empowering leaders to focus on the right topics to drive change in their teams. The ability to maintain an engagement score above pre-pandemic levels illustrates the positive impact of providing stability and a vision for the future in the face of an increasingly uncertain global landscape. Schneider's ambition is to achieve 75% engagement score by the end of 2025 (SSE #24).

The Top 4 Drivers of Engagement from the 2022 results demonstrate that employees feel empowered in their work, benefitting from flexible work arrangements, while drawing inspiration from Schneider Electric's purpose and goals in an inclusive environment.

Participation

85%

107,916 responses.

Engagement

70%

-1 point since 2021
+1 point since 2020

Action plans

1,000+

recorded since
July 2022

Managers

41%

of managers have access
to a customized report.

2. Turning insight into action

Supported by a global network of engagement partners, leaders communicate results to their teams, followed by formulating impactful action plans.

A holistic approach is taken to guide leaders on next steps following survey closure:

- Communicating the high priority of the topic among leaders
- Ensuring full understanding of the why, what and how of engagement
- Manager resources to facilitate action planning with their teams
- Embracing transparency through open dialogue with teams on what could or could not be acted upon
- Committing to continuous communication of the action plan progress

One example of local teams turning insight into action is France's 'Next Normal' program, which is delivering on 10 initiatives for an improved employee experience. With an updated work from home and office policy, supported by remote work training, a system of management for hybrid teams, and an emergency protocol, leaders have responded to employees' feedback. The program also includes training and hosted discussion forums for managers, bringing the program to life across all teams, driving strong leadership with employee empowerment and recognition at the top.

New in 2022, a nudge communication template was developed to bolster communication of actions taken in response to employee feedback.

3. Focus on recognition and effectiveness to sustain the employee experience

With a **Recognition** score of 63% across 2021 and 2022, Schneider Electric launched the refreshed recognition platform, Step Up, introducing enhancements to how employees can be appreciated for their work. Read more about this initiative in section 5.4 "Compensation and Benefits", page 146.

A second engagement driver of attention relates to **Effectiveness**, ensuring teams have the tools and resources to support their work, while simplifying processes where possible. In response, the Schneider Digital team has prioritized simplifying the digital landscape, including several initiatives aimed at creating a 'Lovable Employee Experience'. Focused on offering a best-in-class digital workplace, the aim is to engage employees with a personalized digital environment that enhances employee efficiency, supports new dynamic ways of working, and improves their sense of purpose and well-being, while boosting their overall experience at Schneider Electric.

Generations

SSE #24





75% employee engagement score

In alignment with being the most local of global companies, managers are empowered to work with their teams to generate action plans to drive meaningful change. The 2022 survey results show increased scores for both action plan awareness and impact.

With an engagement score +6pts vs 2019, and +2pts vs the 2022 Global Average benchmark, the resiliency of employees is clear. The verbatim analysis indicates that employees appreciate a workplace sustained by positive peer and customer interactions, a company mission committed to sustainability, and feeling supported during times of crisis.

2020 Baseline	2022 Progress	2025 target
69%	70%	75%

81%

feel they have flexibility to modify their work arrangements when needed.

80%

feel empowered to choose how best to complete their work.

62%

find the collaboration is good between entities.

68%

say they have the necessary tools and resources to process their jobs.

5 Great people make Schneider Electric a great company

5.2 Diversity, equity, inclusion, and well-being

5.2.1 Context

At the turn of the decade, Schneider Electric observed a clear shift regarding the risks and expectations surrounding Diversity, Equity and Inclusion (DEI). With continuous global social unrest and a global pandemic that exacerbated inequalities and impacted underrepresented groups the hardest, inclusion and care is needed now more than ever. This paired, with the rising importance of Environmental, Social, Governance topics (ESG) for organizations, stakeholders and investors puts DEI at the forefront of Schneider Electric's business, and people priorities.

Data shows that companies with a diverse set of employees experience greater financial performance. For example, one study from McKinsey¹ found that over a three-year period companies with ethnically-diverse and gender-diverse workforces experienced an increase in cash flow. These companies were 36% and 25% more likely to have financial returns above their respective national industry medians than those with less diverse workforces. The bottom line is that more diverse companies can attract and retain top talent, improve overall employee and customer satisfaction, and achieve greater innovation.

Taking all of this into context, Schneider Electric is keenly aware of the ever-increasing need to focus on mental health. The pandemic has accentuated existing vulnerabilities. According to Mercer², 81% of employees felt at risk of burnout in 2021, compared to 63% in 2019. Companies must make mental health a priority and integrate it into their overall inclusion and care efforts.

5.2.2 Risks and opportunities

Diversity, equity and inclusion is a business imperative. Without a clear focus on these priorities, companies open themselves up to risks. For example, fair and equitable talent practices are imperative to providing equitable access to job opportunities, career development and advancement. When companies do not have a focus on these areas, they risk making biased and discriminatory talent decisions. In addition, companies without clear policies and practices that embrace an inclusive culture are not as attractive to talent, leading to challenges in recruitment and retention. All of these risks, entail costs for companies and loss in efficiency. It can also lead to legal ramifications and a negative impact on the company's image.

Schneider Electric defines its strategy taking into consideration those risks and opportunities, internal and external trends, insights and feedback from leaders and employees, and it's desire to become the most inclusive and caring company in the world. Schneider Electric believes this leads to greater engagement, performance, and innovation.

5.2.3 Group Policy

In its Trust Charter, Schneider Electric clearly expresses that its Diversity, Equity and Inclusion ambition aims to offer equal opportunities to everyone, everywhere. The Group wants its employees – no matter who they are, or where they live in the world – to feel uniquely valued and safe to contribute their best, free from harassment, victimization and discrimination of any kind.

The Group's DEI policy recognizes that diversity comes in many forms; visible and non-visible, including cognition, experience, education, gender and gender identity, age, nationality, race and ethnicity, color, sexual orientation, disability status, religious, cultural and socio-economic background, life experience, location, and more, depending on local adaptations.



Read more about our DEI policy on the Diversity and Inclusion page on www.se.com

Since 2016, the company enriched its strategy beyond a gender focus to better address inclusion and psychological safety for all diversities. This included developing and implementing global policies that empowered our employees to manage their unique life and work as well as ensured our employees felt valued and safe (Global Family Policy Leave, Flexibility at Work, Hidden Bias Education and Global Anti-Harassment Policy). In addition, partnerships were expanded with organizations to address important topics related to other diversities, such as LGBT+ community and people with disabilities.

Looking ahead with the UN SDGs as a compass, Schneider's strategy has been extended to embrace diversity, equity and inclusion and well-being. The group brings its ambition to life by empowering all employees to develop inclusive practices and behaviors, ensure fairness and equity in core people processes and policies, and, advocate internally and externally for change with partners, like UN Women through the Generation Equality Forum, and the World Economic Forum. Schneider is committed to becoming among the most inclusive and caring companies in the world.

5.2.4 Governance

The implementation of Schneider Electric's DEI strategy involves several different bodies and stakeholders, working hand in hand with the global DEI team.

The Global DEI team, led by the Chief Diversity Officer, SVP of Talent and Diversity, defines the strategy and is accountable to deliver on Schneider Electric's DEI transformation, working with the Group's Executive Committee and the Group Global DEI Board. Progress and results of the DEI ambition are also reported to the Board of Schneider Electric (HR & CSR Committee) on an annual basis. The team works in close collaboration with the HR Center of Excellence (Talent Acquisition, Talent Management, Learning and Rewards), Sustainability, Compliance, Internal communications, and Marketing and Employer Branding teams, as well as with the broader HR and Communication ecosystem.

Schneider Electric's Global DEI Board is a group of top leaders from all the Group's markets, sponsored by the Executive Committee, which acts as a sounding board for the Global DEI and Well-being strategy, and as internal and external DEI champions. Board members are nominated by the Executive Committee to serve a two to three-year term. Schneider Electric entities develop local DEI and Well-being action plans based on the global strategy and employee feedback, while meeting local regulations and addressing country-specific situations. To support the local focus, leaders, ambassadors, and champions have been appointed in more than 100 countries/zones and entities to develop and lead local action plans. This global network convenes bi-monthly to share progress and best practices.

(1) Diversity wins: How inclusion matters, McKinsey, May 2020 Diversity wins: How inclusion matters.

(2) Global Talent Trends 2022-2023, Mercer, 2023 <https://www.mercer.com/our-thinking/career/global-talent-hr-trends.html>

Beyond this governance structure, all employees at Schneider Electric are held accountable for our DEI and Well-being transformation through the core value, #Embrace Different, and the Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) performance.

5.2.5 Schneider Electric’s ‘Inclusion and Care by Design’ Strategy

The Group’s new DEI strategy is known as Inclusion and Care by Design. With this strategy the Group’s ambitions are:

- **Thriving Individuals:** Schneider Electric is committed to making sure every individual feels respected and safe to be their unique self. Leaders coach and care with respect, empathy and well-being in mind.
- **Diverse Teams, at Every Level:** Schneider Electric is committed to reflecting the diversity of the communities in which it operates. The Group continues its efforts to hardwire equity and inclusion at all stages of its employee experience, ensure fairness in people processes and policies, and foster a culture of care and inclusion at all levels.
- **Open Organization:** Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modelling. The Group works closely with its strategic partners and suppliers and invests in local actions through the Schneider Electric Foundation.



To continue raising the bar on Schneider Electric’s ambition to be one of the most inclusive and caring companies in the world, the Group is focused on hardwiring equity, inclusion and care into all processes and behaviors. The Group seeks to achieve Inclusion and Care by Design in everything it does.

5.2.6 Thriving individuals

Built on a foundation of trust and respect, the Group’s inclusive practices seek out and embrace different perspectives, support flexible ways of working, and protect each individual’s well-being.


Building a culture of inclusion and respect

Zero tolerance for harassment

Schneider Electric has zero tolerance for harassment, victimization, discrimination, and retaliation of any kind at all levels of the organization. In 2018, the Group formalized its zero-tolerance stance on harassment by launching a Global Anti-Harassment Policy. The policy explicitly prohibits any kind of harassment (sexual or non-sexual) in the workplace, and states that “no Schneider Electric employee shall be subjected to harassment, victimization or retaliation based on - including but not limited to - race, sex, national origin, religion, political opinion, age, medical status, disability, gender, marital status, pregnancy, sexual orientation or gender identity”.

The policy sets clear and consistent expectations of workplace conduct, outlines the roles and responsibilities of employees, managers, and witnesses in creating a workplace free of harassment of any kind, and highlights the different reporting channels available to report concerns, while maintaining confidentiality and protection against retaliation.

Lastly, the policy lays out the type of corrective or disciplinary actions that can be taken in case of discriminatory behavior or harassment, or failure to report such incidents. A revised and expanded policy will be launched for all employees globally in 2023.

 Read more about our anti-harassment policy on the Ethics and Compliance page on www.se.com

Inclusion and Care By Design

How we get there

In all processes

- We hardwire inclusion and care in all our processes.
- End-to-end, with clear accountability.
- From employee to customer interaction and business process.

In our behaviours

- We lead with Respect and extend Trust.
- Living our EVP, Core Values and Leadership Expectations.
- Demonstrating empathy, care and openness.

Creating a standard of inclusion and care for all

The Group’s Core Values, Leadership Expectations, and Trust Charter ensure all employees, managers and leaders are trained and held accountable to a standard of inclusion and care for all. Also, the Group believes that transparency leads to greater trust, and drives better outcomes for all; and has committed to more transparency in data, ambitions, partnerships, and initiatives.

5 Great people make Schneider Electric a great company

To support cultural awareness and understanding, as well as celebrate the uniqueness of the Group's global teams, the Group hosts events, webinars, communications, and more for International Women's Day, Pride Month, International Men's Day, Global Accessibility Awareness Day, Global Mental Health Day, International Day of Persons with Disabilities. In 2022, these campaigns generated more than 30 million impressions through external social networks.

Inclusion and respect building programs:

- **“Overcoming Hidden bias”** eLearning: Understand what hidden bias means, explore clear steps to keep decision-making objective, and how to call out bias when seen. In 2022, 82% of employees had completed this training.
- **“Building a Culture of Respect”** eLearning: Explore the importance of building a culture of respect, learn to recognize the different forms of harassment, and understand the actions to take (as employees and managers) when witnessing such conduct. In 2022, more than 93% of employees had completed this training.
- **Employee Resource Networks (ERNs):** Employee volunteer led networks, globally and locally, made up of individuals with similar backgrounds, experiences, characteristics and/or who share a passion or interest, play a key role in building an inclusive and equitable culture. ERNs within the Group include, Women professionals, Emerging professionals, Black, Hispanic and Asian professionals, LGBT+, and People with Disabilities and Allies networks.

Fair and equitable talent processes

Schneider Electric is committed to transparent and equitable access to career opportunities, growth and development to the fullest potential, and equal pay for equal work for all its employees worldwide.

Talent decisions are based on skills, values, performance, and potential, and the Group counts on each leader to be fair and equitable when making a hiring or promotion decision to help advance its overall goal to create a skilled and diverse workforce for the future. To check and mitigate hidden bias in its main human resource programs, the Group has built in reminders and prompts for moments that matter, including performance and salary review processes.

Fair and equitable pay is a core component of the Group's compensation philosophy, in line with the principle of equal pay for equal work. More details on SE's compensation and benefits are provided in 146 of this report.

Supporting employees' well-being, mental health and unique lives and work

Built on a foundation of trust and respect, Schneider Electric seeks to support the unique needs of a diverse workforce with flexible ways of working, global inclusive benefit standards, and programs that care for its employees' well-being. It is the Group's belief that this makes them stronger and more resilient in today's world. The Group has implemented several policies to support employees and respect their unique lives and ways of working.

The Group's global benefits standard is reviewed annually by the rewards and benefits teams for compliance with its global benefit policies and principles. This review ensures that the Group's inclusive global benefit standards are delivered for everyone, everywhere. More details on SE's compensation and benefits are provided in page 146 of this report.

To ensure they are creating a supportive and healthy working environment where every individual thrives, the Group has a holistic view of well-being (physical, mental, emotional, and social) as key components of the current strategy, tackling three areas of impact:

1. The ways of working and flexible work arrangements,
2. Overall employee well-being,
3. Mental health support.

Schneider Electric has implemented many services at its sites throughout the world (gym facilities, concierge, creativity rooms, cultural events, mindfulness activities, back-up dependent care, and more) to support all employee's mental load, energy recovery and overall resilience.

As of 2020, 90% of employees worldwide have access to a comprehensive workplace wellness program, including medical coverage and dedicated programs to educate and support employees on new, smarter ways of working, mindfulness in the workplace and working in a hybrid world.

Flexibility at Work

Schneider Electric's Global Flexibility@Work Policy creates a global standard to work from home (WFH) two days a week for all eligible employees, and one day for employees working in distribution centers and plants⁽¹⁾. This global standard was introduced in response to feedback in the Group's 2020 global employee survey in which a large proportion of employees stated that they preferred a hybrid work model (mix of WFH and “work from office”). The policy addresses hybrid work holistically, providing employees with mental health resources and training on best practices. The policy reflects the broader shifts of a global, digital, and ever-changing environment, and contributes to a more agile, inclusive, empowered, and trusting Group culture. At the end of 2022, 99% of the countries have implemented the new Flexibility@Work policy.

As part of this new Flexibility@Work Policy, countries can explore additional measures such as flexible working hours, flexible holidays, part-time work, and volunteering. Some examples of Schneider Electric countries raising the global standards with no fixed limit on the number of WFH days are Estonia, Finland, Latvia, Lithuania, Netherlands, Australia, New Zealand, Slovakia, Germany, the United Kingdom, and the United States, operating with a fully flexible, output driven philosophy.

Global Family Leave

Schneider Electric's Global Family Leave Policy supports all employees globally with personal time at critical life stages and empowers them to manage their unique life and work so that they can be at their best. To find out more about our Global Family Leave Policy please refer to section 5.4 “Compensation and Benefit” on page 146.

(1) Eligibility is based on employee's role and requirements for on-site work and is determined by country/territory with additional input from managers. Some essential roles, e.g., Plant & Distribution Center blue-collar workers, Field services engineers due to role specifications are excluded from this 2-day work-from-home policy. Recognizing that many critical roles need to be on site, this policy was adjusted to 1 day for the eligible Plant & Distribution Center specific roles.

Mental Health Support

Schneider Electric integrated mental health into its global well-being focus in 2019, and has provided all employees with a playbook, and series of trainings (available in multiple languages) on how to deal with mental health challenges. In addition, the Group actively participates in World Mental Health Day, and a volunteer-based global mindfulness team holds annual events to support employees and annually in October.

In 2022, 98% of employees completed “We All have Mental Health,” an eLearning module focused on what mental health means, and how to recognize the signs of mental health challenges and take action. Nearly 1,500 employees shared mental health tips and personal commitments on Schneider Electric’s internal social media platform reaching many through the #MentalHealthMatters. During the annual mental health campaign, beyond local actions organized by country, more than 3,000 employees attended live global webinars on dealing with emotions, managing the mental health of teams, and financial well-being. In addition, 18 mindfulness practice sessions were organized, in English, Spanish, French, and Italian to promote this practice.

5.2.7 Diverse teams at Every level

Schneider Electric desires to be among the most inclusive and caring workplaces. This includes visible and non-visible dimensions of diversity, including cognition, experience, education, gender and gender identity, age, nationality, race and ethnicity, color, sexual orientation, disability status, religious, cultural and socio-economic background, life experience, location, and more, depending on local requirements. To achieve this ambition, the Group recognizes that it must continue to build an understanding of the demographic makeup and experiences of inclusion by its employees. As a global organization, the Group collects limited demographic information on its global workforce (gender, generation, and nationality) aligned with globally accepted definitions and legalities. In addition, the Group’s local operations collect additional demographic information based on local regulations (Race/Ethnicity in the US; Disability status in the US, France and India, etc).

2025 Gender Diversity Commitment

Schneider Electric began its journey to becoming a gender-balanced organization more than 15 years ago and has identified increasing the share of women in its workforce and leadership as a business imperative. To support this aim, the Group has stated ambitions on increasing female representation in the overall workforce, and seeks to engage all genders in the journey.

In 2021, Schneider Electric renewed its commitment to gender balance with the 2021 – 2025 SSI gender balance ambition, SSI #8, 50/40/30 – with women representing 50% of all new hires, 40% of frontline managers, and 30% of senior leadership by 2025. This commitment is a testament to the progress the Group has made, and a clear signal that it intends to double-down on its efforts to achieve more gender balance across all levels of the organization.

At the leadership level, Schneider focuses on 30% representation because research has shown that 30% is the tipping point for diversity to have a real impact on teams. To support this ambition, the Group invests in development programs for female talent to grow within the organization, and access senior levels, while also recruiting great talent from the external market.


While significant progress has been made in the representation of women, especially on the Board and Executive Committee level (respectively, 41% and 45% female as of end of 2022), the Group recognizes that there is more work to do at all levels in the organization.


One of the programs the Group created to support this is Schneider Women Leaders’ Program (SWLP), a global program focused on enabling mid-career women to build the skills and confidence to step up their leadership capability and impact. SWLP is delivered through coaching, group and individual learning, and a global summit. Since its launch in 2019, more than 320 women have benefited from this targeted leadership development program and thousands more through programs delivered at the local level.

Employee Resource Networks (ERNs) also play a significant role in empowering women locally and helping drive efforts to advance women in leadership. As of the end of 2022, local ERNs have contributed to the Group’s efforts towards gender equality and inclusion in more than 40 countries.

Equal

SSI #8





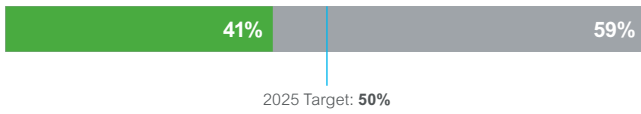
Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)

The group is advancing gender equity through innovative programs designed for experienced professionals who have spent two or more years out of the traditional workforce. Through a structured program, the “returnees” receive nurture-based coaching, hands-on work experience, and a built-in support system to aid their return to work. The program focuses on soft skill development and technical upskilling, with a specific focus on the Schneider Electric business. At the end of the program, they become eligible for full-time or extended contracting work in varied roles across the Group, including pricing, marketing, customer success, supply chain, and finance.

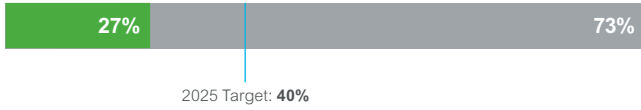
2020 Baseline	2022 Progress	2025 target
41/23/24	41/27/28	50/40/30

5 Great people make Schneider Electric a great company

Total New Hires*



Frontline management**



Leadership***



● Female ● Male

Board of Directors



Executive Committee



Overall Workforce



● Female ● Male

* Total new hires – all new hires in 2022.

** Frontline management – junior and mid-level management whose direct reports are individual contributors only.

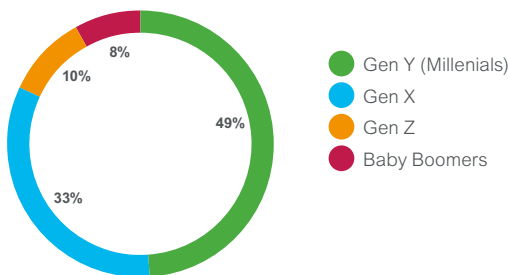
*** Leadership – Vice-Presidents and above.

Generational diversity

For the five generations working at Schneider, the Group seeks to foster life-long career development and knowledge exchange for and across all generations to boost learning and innovation. The Group is committed to creating new opportunities for the next generation through apprenticeships, internships, and its annual global student competition for innovation, Schneider Go Green. With tailored career development opportunities including career week, coaching, development plans, and mutual mentoring the Group is harnessing the power of all generations. With this, Schneider Electric is committed to supporting talent in the later stages of their career to have meaningful and fulfilling development, and to recognize and leverage their unique expertise and experience to boost learning and innovation across generations.

For more information, see 5.3 Talent attraction and development, page 139 of the Universal Registration Document.

Generation breakdown



Origin, Race, Ethnicity and Nationality

Schneider Electric believes in a multi-local world with locally tailored solutions supported by diverse teams across the globe to best meet its customers' needs with customization, quality, and speed. The Group's multi-hub model is key to delivering on this ambition with teams that represent diverse origins, nationalities, ethnicities and races, locations and cultural backgrounds. The multi-hub model focuses on attracting and developing local talents for global and local roles, and ensuring leadership reflects the diversity of nationalities and ethnic backgrounds present in local markets. The opportunity for Schneider Electric to be the "most local of global companies" with a balanced multi-hub footprint to enable customer proximity, innovation, speed, collaboration, and diversity, is a key differentiator for long-term success.

Because these diversity of origin dimensions are addressed differently depending on the local context and culture, and their categories and definitions vary widely from country to country, there is no internationally accepted criteria and our local country teams drive local ambition and actions.

Race and ethnicity in the US

Schneider Electric US is committed to evolving the racial and ethnic diversity of its employee population, with a specific focus on increasing ethnic representation. To support its ambition, in 2021, the Group became a member of the National Society of Black Engineers' (NSBE) Board of Corporate Affiliates (BCA). A group of sponsored and volunteer employees formed SExNSBE, an internal NSBE community, to focus on increasing the attraction, recruitment, and retention of Black professionals at Schneider Electric through a company-funded multi-touch transformational partnership. The Group's SExNSBE Community includes 240 employee members who spent more than 850 volunteer hours mentoring school-aged children in 2022 through the NSBE Jr program, and more than 600 volunteer hours mentoring collegiate NSBE members.

Accessibility and inclusion for people with disabilities

Since January 2021, Schneider Electric has been a member of the International Labour Organization (ILO) Global Business and Disability Network and is committed to promoting and including people with disabilities throughout its operations worldwide. As a follow up to this commitment, in March 2022 the Group announced the creation of the Global Accessibility Office, addressing the holistic needs of people with disabilities through a strategy of Inclusion and Care by Design, for people with disabilities. This is underpinned by global awareness and education about what is the largest minority group in the world, consisting of 1.3 billion people. The Group focuses on all dimensions of disability: visible, invisible, permanent, and temporary. These include Physical Motor or Physical Health, Sensory, Cognitive and Neuro diversities, and Psychological, Emotional or Behavioral.

The Group's approach of "accessibility by design" creates holistic disability inclusion through four pillars:

1. Customer First design: Fully accessible product, software, and UI/UX design
2. People, processes, and tools: Accessibility by design in all processes (including recruitment), platforms and tools
3. Brand and Communication Accessibility: For all events and communication – internal and external, digital, physical, and virtual
4. Built environment: Accessible buildings and workplaces applying Universal Design principles, local legislation, and the International Accessibility Standards

In June 2022, Schneider Electric joined The Valuable 500 (V500) – a global business collective made up of 500 CEOs and their companies, innovating together for disability inclusion – with a commitment to:

- Ensure that disability inclusion is on our senior leadership agenda.
- Make at least one firm commitment to action.
- Share our commitment with the business and the world.



With inclusion and care for all as a major focus of the Group's DEI and Well-being ambition, building awareness and education about People with Disabilities and Accessibility was a major focus in 2022. In December 2022, the Group then celebrated the UN International Day of Persons with Disabilities, with a focus on addressing "ableism" and "inclusive decision making" for people with disabilities, using the tagline "Don't make decisions about me, without me".

Focus on France

In France, an employee with disabilities is one who is recognized as such by the French commission for the rights and autonomy of people with disabilities.

Schneider Electric France (SEF) reports 6.4% of the direct workforce (as of end of 2021) are employees with disabilities. In December 2021, SEF entered an agreement with unions, to recruit at least 100 people with disabilities over the next three years. In addition, they agreed to more accessibility (physical and digital), and more collaborative actions to allow employees facing health issues to work with more involvement of Union representation.

Schneider Electric France works closely with a diverse panel of partnerships and the Group remains committed to the recruitment of People with Disabilities. In 2022, 24 new permanent workers, 23 apprentices and 8 new interns were recruited.

Annually, the Group hosts an internal competition for "The Handi Trophy", to recognize and promote the involvement of teams with regards to the inclusion of people with disabilities.

In addition, Schneider France works with a start up specializing in behavioural science analysis with a group of employees, including managers, people with disabilities, Human Resources Business Partners, individual contributors, and in-house medical staff. As a result of their analysis, Schneider France has greater understanding of the barriers preventing employees from talking about their disability. Resources have been created in collaboration with a group of employees to address recruiters, managers, and people with disabilities.

Focus on India

In 2018, Schneider Electric India launched a program "SAKSHAM" (which means capable), focused on the inclusion of People with Disabilities through continuous education, enabling infrastructure and equitable processes and policies. The program focuses on employing, engaging, enabling and empowering those with disabilities. Two awareness and educational sessions of SAKSHAM were conducted in 2022, covering more than 700 employees. Within the SAKSHAM program, Schneider India has also launched a Digital Accessibility campaign which educates and empowers all employees on how to be digitally inclusive in both personal and professional interactions.

LGBT+ inclusion

We recognize and celebrate the Lesbian, Gay, Bi, Trans and Intersex People (LGBT+) community and its members for its diversity and uniqueness. The Group aims to build awareness and advocate for the community and wants its employees to be allies, playing a decisive role in creating an open and safe community where individuals are comfortable bringing their whole authentic self to work.

84%

of Country Presidents are either local or regional

56%

Of employees are in New Economies; and 36% of leadership teams

182

Nationalities represented in our global workforce across 109 countries

5 Great people make Schneider Electric a great company

Schneider Electric is committed to the United Nations 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. Across the globe, Schneider Electric has also made public statements of support to advance LGBT+ inclusion. 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, further build inclusion in the workplace, and to prevent discrimination, including workplace discrimination, against LGBT+ people.

Schneider Electric partnered with l'Autre Cercle, a French LGBT+ association, and contributed to the "Odyssey for Equality" project. The project aims to bring concrete recommendations on LGBT+ inclusion for corporate members and partners for the next ten years.

Building allyship

- LGBT+ and Allies Employee Resource Network (ERN):** A volunteer, employee-led network of employees focused on co-creating internal and external awareness and education campaigns and feedback and design of the Group's benefits and policies. In 2022, the ERN developed and launched a Transgender Playbook, piloted in South America. The playbook is designed to guide employees, managers, and HR teams in supporting those transitioning in the workplace with inclusion and care.
- Focus on North America:** In 2022, Schneider Electric North America launched a "Pronouns in the Workplace" program, providing stickers and pins with the pronouns, He/Him, She/Her and They/Them in selected US, Mexico and Canada sites. This initiative is intended to raise awareness around self-identification as well as fostering a safe and welcoming work environment and will serve as a catalyst for expansion into other countries and regions.

- Focus on France:** In 2022, Schneider Electric France took part in the 'StOpE initiative', which defines eight actions to combat sexism and LGBT+ phobia. With senior leader sponsorship, the initiative deployed educational resources for managers on recognizing and responding to signs of sexism. In 2022, more than 100 managers completed the training. For all employees, an eLearning provides essential information on how to recognize and act against signs of sexism and LGBT+ phobia. The Group has also created a network of 60 harassment, sexism, and LGBT-phobia referents located all over France.

5.2.8 Driving change by impacting society and advocating for diversity, equity, and inclusion

Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modelling. The Group works closely with its strategic partners and suppliers and invests in local actions through the Schneider Electric Foundation, with the goal of addressing systemic inequities and becoming a leader in corporate citizenship. In addition, Schneider Electric US has committed to diversifying its supply chain through its Supplier Diversity program (see section 2.12.12 "Supplier diversity program in the United States" page 72).

Inclusive Mindset for Children Program in India

JAGRITI was launched in 2016 to focus on impacting young minds to build an inclusive and equitable society. The program aims to educate and influence school children on equity, culture of respect, inclusion, gender stereotypes and biases. In 2022, this program was extended to schools in Mumbai, Chennai and Hyderabad, engaging more than 200 students from five schools. Since 2016, we have engaged 7,500+ students in over 45 schools across India.

A snapshot of some of our global recognitions are summarized here:

Global Awards



Schneider joined for the 5th consecutive year the 2022 Bloomberg Gender Equality Index, measuring gender equality performance of public companies



Schneider ranked 20th globally, and third in France, among the 100 leading companies included in Equileap's milestone report



Schneider ranked 2nd in its industry, 5th in France and 61st in the overall Refinitiv's annual Diversity and Inclusion Index



Schneider Electric ranked 16th among its 41 industry peers in the Financial Times' Diversity Leaders 2023 ranking, for the fourth consecutive year



Schneider was listed on the 2022 "Best Places to Work for Disability Inclusion" list, recognizing its Diversity and Inclusion commitments

Global Strategic Partnerships

- United Nations Generation Equality Forum (GEF), a global multi-stakeholder initiative that brings together representatives from the private sector, Member States, United Nations Entities, and civil societies, including youth organizations and networks, to accelerate progress for gender equality around the world.
- United Nations Women's Empowerment Principles (WEPs): Schneider Electric became the first multinational Group to achieve 100% commitment to the WEPs across its global leadership team. All new country leaders now make this commitment as part of their onboarding process.
- World Economic Forum Global Parity Alliance, a global, cross-industry community whose goal is to facilitate peer sharing between companies, and showcase DEI best practices/ research World Economic Forum Good Work Alliance, a partnership to promote peer exchange between companies on Future of Work topics. In 2022, Schneider Electric endorsed the 'Good Work Standards; a global, cross-industry partnership aiming to pave the way in building a healthy, resilient, and equitable future of work.
- The Valuable 500 (V500), a global business collective made up of 500 CEOs and their companies, innovating together for disability inclusion.
- ILO Global Business and Disability Network (GBDN), a business-to-business support network promoting disability inclusion in the workplace.
- Business 4 Inclusive Growth (B4IG) DEI Working Group. B4IG is a partnership between the OECD and a global, CEO-led coalition of companies fighting against inequalities of income and opportunities. In 2022, Schneider Electric contributed to the publication of the group's Operational Recommendations on Ethnic Diversity & Inclusion.
- WeQual - WeQual is on a mission to achieve 50/50 gender parity at the top of the world's largest companies.

5.2.9 Recognitions and awards

Schneider Electric has been included in many global and local indices for multiple years due to the Group's commitment, transparency and impact in the DEI and Well-being space.

5.3 Talent attraction and development

5.3.1 Context

Attracting, developing and retaining talent is crucial to the ongoing success of companies. Business growth in markets around the world, in conjunction with the rapidly evolving "next normal", requires an acceleration of skill development to prepare for greater organizational agility and resilience, developing leaders who build strong and caring connections in a digital world, and shape the workforce of the future.

5.3.2 Risks and opportunities

Schneider faces the risk of talent and skills attrition given the current talent scarcity in the market, the volatile, uncertain, complex and ambiguous (VUCA) world we live in, the demand for a more local world, and the unprecedented changes in the future of work.

The risk of not attracting, developing and retaining the best talent in the market, especially for critical skills, would have an impact in terms of:

- Cost of recruiting and onboarding
- Gaps in critical skills to stay ahead of the competition
- Talent's brand perception

At the same time, with the right policies and programs in place, these risks become opportunities for the Group to strengthen its brand as talent developer for everyone, everywhere, leading to greater talent attraction. The policies and programs from the Group include:

- A new talent acquisition platform to simplify the overall candidate experience, migrate to more digital, borderless, and self-paced offers to attract talent, and create a more equal playing field for those interested in Schneider.
- An annual performance and development approach with fair, transparent, and competitive rewards and development, supported by regular meaningful career conversations.
- A digital ecosystem powered by AI to enable access to development opportunities (internal mobility, project, and mentoring) via Open Talent Market (OTM).
- Programs for employees at different stages of their professional career and specific talent segments (e.g. Digital, AI, Software, R&D, Supply Chain, Sustainability), with a strong focus on digital skills, commercial excellence, leadership and functional expertise.
- A Global Flexibility@Work policy and a balanced Multi-hub footprint to enable its employees to have more flexibility and manage their unique life and work in the way that works best for them

These key policies and programs ensure the investment in the attraction and development of talent at all levels. They create equitable opportunities and the environment for employees to learn and grow, while empowering them to own their career by developing critical skills to support their personal and professional growth, supported by their manager and enabled by digital tools.

5 Great people make Schneider Electric a great company

5.3.3 Group policy

Schneider Electric believes that all their employees are talent and empowers people to grow to their fullest potential, developing new skills and building careers for today and tomorrow, enabled by the Group multi-hub organization. Establishing a strong brand as an employer is communicated in the EVP (Meaningful, Inclusive, Empowered); the promise to current and future employees, driven and anchored by a meaningful purpose. In addition, the Group invests in learning and development for the wider ecosystem, including universities and schools, partners, customers, and the wider community.

The Group has a two-pronged approach to talent development, in order to prepare the workforce of the future – for all employees and for specific target groups. Most activities are driven through an annual People Calendar, which is adopted globally to ensure that development is accessible to all employees.

- **For all employees**, the Group ensures there are tools and processes in place to set individual performance and development goals, and access learning and development opportunities for their current role, as well as preparing themselves for diverse career paths around the world. #LearnEveryDay as one of the Core Values, sets the tone for employees to be open to new challenges and continue to upskill for themselves, their teams, and their communities. In the OneVoice employee survey, 76% of employees responded favorably to being able to renew their skills through learning and development opportunities.
- **For specific groups of talent**, there are targeted programs for specific skills to support Schneider commercial, digital, and leadership transformations and equip our blue-collar workers for the supply chain of the future. There is a strong focus on high potentials, expert talent, and employees at different career stages, including early career talent and those who are in a later stage of their career. An annual talent review process operates across the Group to help ensure high potential talent, including technical and digital talent, is identified, recognized, and supported with an accelerated development path.

In the “next normal”, the role of leaders to transform culture, build great teams, and deliver impact is more critical than ever. The 2021 Culture & Leadership survey of around 2,000 Schneider leaders validated steady progress on the overall Group leadership and culture transformation started in 2017. Key strengths include strong ethics and integrity, sense of purpose, and customer focus, as well as a positive spirit and willingness to go above and beyond. The 2022 OneVoice results amongst leaders also show progress in a shared meaningful purpose and innovative capabilities. The Group has identified a future leader profile that will be used as a framework moving forward.

At Schneider Electric, feedback is key to building trust and care, and transforming its leadership and culture. In 2022, over 7,000 leaders opted-in to participate in the Upward Feedback campaign. This is an anonymous questionnaire which gathers input from employees on how well they think their leaders demonstrate the Core Values and Leadership Expectations, as well as suggestions for behaviors to Start, Stop, and Continue. This questionnaire gives leaders additional insights about their behavioral strengths and development areas and helps them identify opportunities to continue to deliver greater impact as leaders, and together with their team.

5.3.4 Governance

The Executive Committee regularly discusses the overall health of the leadership pipeline and succession strength for top positions, including during the monthly Executive Committee people committee and the year-end global talent reviews with the CEO and CHRO. In addition, the Executive Committee meets regularly to make critical selection and succession decisions and review specific talent attraction and development strategies, for example expert talent, digital talent and global top potential talent. This is supported by integrated HR information systems and analytics platforms which provide data and analysis in the areas of workforce planning and talent management. In addition, Regional, Business, and Function People Committees also meet regularly to review talent in their perimeter.

5.3.5 Actions and impacts

The Group strives to provide a meaningful experience for their talent from talent attraction and onboarding, to performance and development. Schneider empowers all employees to grow their fullest potential, deliver with impact based on the ‘what’ and the ‘how’, build sustainable careers, refresh and learn new skills for today and tomorrow.

Attracting talent to shape the workforce of the future

Attracting talent at all levels is more crucial than ever before – not only in terms of enabling the delivery of the Group strategy, but also to continue to innovate for our customers and build a long-term pipeline of future talent that could join Schneider Electric.

Having improved the ability to manage a talent network through the introduction of new tools and systems in 2021, the focus through 2022 has been on three key areas:

- **Technology and Digital Experience:** continuing to simplify and optimize the overall experience for both candidates and colleagues involved in the recruitment process, reducing our time to apply from thirty minutes to one minute.
- **Strategic Sourcing:** focusing on priority talent groups for skills and diversity with specialized campaigns and recruiter taskforces.
- **Employer Branding:** increasing awareness of Schneider Electric as a company, especially among the next generation of talent, including Always On recruitment to help build a sustainable pipeline of talent.

Providing opportunities for the next generation is a key part of the strategy to harness the power of a multi-generational workforce, having five generations working side by side. As part of SSI #10, the five-year ambition is to achieve a doubling of growth in the early-career pipeline. This involves leveraging traditional approaches today but migrating to more digital, borderless, and self-paced offers, ensuring the Company can de-bias practices and create a more equal playing field for those interested in Schneider and sustainability. This will be achieved through flagship global programs and partnerships, supplemented by country-specific initiatives:

- **Schneider Global Virtual Student Experience:** completely digital experience designed to provide students with a way to engage with Schneider Electric through eLearning modules and on project simulations.
- **Schneider Go Green:** 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. In 2022, Schneider Go Green has had over 140,000 registrations and more than 22,000+ students have submitted ideas from over 200 countries.
- **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.
- **Sponsorship initiatives,** virtual Careers Fairs, office/site tours, Innovation Summit tours, digital and face-to-face speaking engagements and networking opportunities, mentoring relationships.

Generations

SSI #10

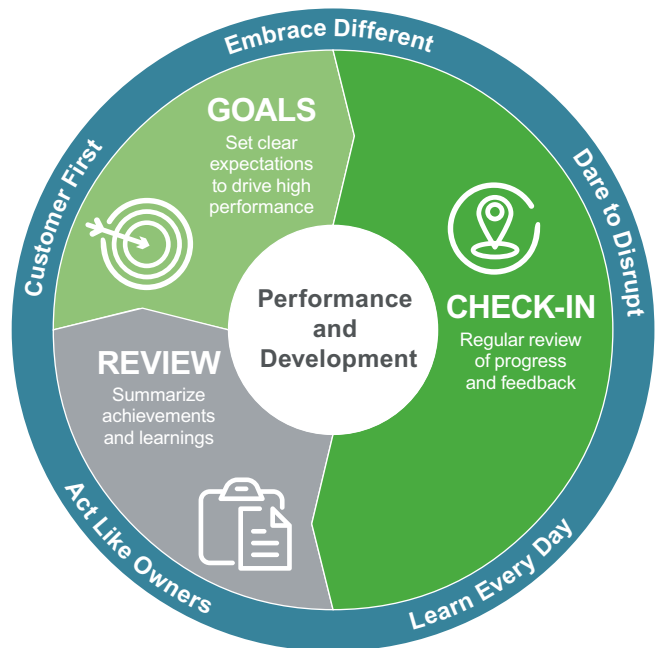
2x number of opportunities for interns, apprentices, and fresh graduate hires

Schneider Electric is doubling its commitment to the Next Generation of Talent. During 2022, the Company recruited a diverse mix of 60% students and 40% recent graduates, and engaged brand ambassadors on campus through global programs and partnerships as well as by enhancing its development program offers. One of the newest programs is the Sustainability Development Program which brings Next Generation Talent into our Sustainability Business and develops them as future leaders.

2019 Baseline	2022 Progress	2025 target
4,939	x1.33	x2.00

Driving high performance

Schneider Electric's approach to performance and development is anchored by the Group's Core Values and, for leaders, by the Leadership Expectations. This approach encourages learning and growth, enabling employees, teams, and the Company to reach their full potential. The Group's robust process of setting individual performance and development goals annually with regular reviews during the year provides everyone with a clear roadmap to deliver with impact based on the "what" and the "how" to ultimately achieve collective success. Schneider Electric employees are encouraged to seek, give, and receive feedback, empowering them to take ownership for driving their individual performance, and managers are encouraged to support them with coaching and frequent conversations, driving the business forward. In 2022, 98% of eligible employees* completed a performance and development review.



*This includes employees with a valid Schneider email address, whose employment status is active (or suspended, which is country specific), who are on permanent/ fixed term contract type and those who were hired on or before 30 Sept 2022, in addition to country or entity specific conditions.

Enabling sustainable careers

Developing employees in their current role and for future career growth is critical to enable growth of the Group's businesses. In line with the conviction that all employees are talent and the aim to provide equitable development opportunities for all, Schneider Electric believes that all employees should take ownership of their own unique career development, supported by their managers and enabled by digital tools. To empower and engage employees with this approach, Schneider Electric held its second Career Week for all employees in 2022. Over 100 events took place with employees participating from over 99 countries, sharing career stories, unleashing the power of networking, having career check-in conversations with their manager, learning about different roles and skills, and being equipped with tools and resources to develop, grow, and shape their future. 94% of employees surveyed were positive about the event, especially appreciating the time to discuss and learn about career development.

5 Great people make Schneider Electric a great company

Generations

SSE #23



Access to meaningful career development programs for >90% employees during later stages of their career

In 2022, DACH conducted career conversations for all their senior talent involved in the second wave of the program. Both their HR Business Partner and managers were equipped and briefed on how to manage those meaningful conversations and better support the employees. The conversations helped recognize their unique contribution, set expectations and provide clarity on future opportunities.

“I believe the Senior Talent Conversation was a good focus point to plan and become clear about the next years of my career and what it will mean to the company and my personal development. You get so engaged in your day-to-day work that you hardly think about what the remaining work life will look like and what motivates you. The discussion with HR and my Manager was very open and while there are lot of attention on the next generations, I felt valued in what I can still bring to Schneider Electric in the future.”

Joern Fellenberg, Delivery Director Central Europe

2022 baseline	2022 Progress	2025 target
43%	43%	90%

Boosting expertise and knowledge across the organization

Schneider Electric strongly believes that its position as a global technology and innovation company is driven by the innovative contributions of its creative employees. The Group has a renowned expert program called “Edison” to recognize individual employees who have demonstrated outstanding achievement, expertise, and leadership throughout the Company. The “Edison” expert program offers them a chance to continue to extend their contribution and increase their impact and exposure to the Group’s strategy. Employees in this program are identified as Level 1 – Expert, Level 2 – Senior Expert, or Level 3 – Master Expert. A revamp of the Edison program is planned for early 2023.

The Group actively promotes a learning and teaching culture by developing its internal trainer capability. There has been a strong focus on equipping internal trainers to develop and facilitate virtual classroom training, including using tools, such as Klaxoon and BlendedX, for additional interaction and engagement. A Global Virtual Internal Trainer Conference was organized in October with the purpose of recognizing, developing, and connecting internal trainers. This year it was a 2-day conference, on the theme of “Engaging Learners in a Virtual World” with keynote speakers from MIT-Sloan & INSEAD sharing insights on the “Future of Learning”. There are currently over 5,000 identified internal trainers who collectively delivered over 18,000 sessions in 2022, accounting for 63% of formal training.





Additionally, Schneider Electric currently has 300 communities of practice as part of the Communities@Work (C@W) program encompassing more than 35,000 members. Each community has a leader and a robust animation plan, and each year, the communities’ activities are reviewed, with the most active communities being recognized for the value they bring to the organization. These communities are an effective way to enable learning, personal growth and productivity.

- They promote knowledge sharing through conversations and other activities (such as webinar, training, and gamification), creating collective intelligence and enabling innovation.
- They offer opportunities for employees to grow - learning from their peers through best practices and experience sharing in the community.
- They are a natural support system – providing immediate support, agility and speed to their members.
- They also contribute to increasing Employee Satisfaction, addressing the need of belonging in the next normal through social interactions (90% of the Active Community respondents feel enthusiastic about being part of a community).

Upskilling for today and tomorrow

The Group recognizes some skills need to be refreshed frequently, especially vital technical and digital skills required to accelerate our business growth. Roles requiring digital and human skills are growing due to the rise of AI, automation, and digitization. Purposeful renewal of skills is necessary to ensure sustainable careers and a resilient, future-ready business. To support this ambition, business and function academies are in place to partner with the business in identifying learning needs and spotting gaps in core and future skills for relevant employee populations. They develop and promote learning and development opportunities to build both depth and breadth of skills and experiences based on the 3E model (education, exposure, and experience).

Key programs focused on critical skill upgrading include:

 Program Title	 Target Audience	 Objectives and business benefits of the program	 Impact of business benefits
Consultative Selling Approach for Sales Employees	All sales employees (15,000 sales employees) Completion rate: 41%	<ul style="list-style-type: none"> A blended digital learning curriculum to enable sales teams to build trusted advisor relationships with business decision makers. Understanding customers' undiscovered pain points by conducting strategic sales dialogues through effective questioning and articulating outcome-based results and benefits. A key pillar in the overall customer-centric commercial transformation at Schneider Electric, driving sustainable and profitable growth. 	<ul style="list-style-type: none"> Sales employees participating in the program have shown a +13pts improvement in their ability to apply the consultative selling skills based on a pre-training and post training assessment. NPS (Net Promoter Score) of 59 rated by learners in 2021-2022 (>50 is excellent). 93% of managers say they have observed the participants using the consultative approach consistently.
CoMET - Competency Management and Execution Tool for Global Supply Chain Roles	85,000 Global Supply Chain employees for assessment & ~12,000 white-collar employees with competency development action plans Completion rate: 100% completing assessment and >50% of white collars	<ul style="list-style-type: none"> A global approach, using an intuitive platform, CoMET, to ensure expertise development is meaningful and inclusive. Identification, development and sustainability of high critical skills in the plants, distribution centers and central functions. Development and tracking of actions plans to anticipate and mitigate all competency gaps. 	<ul style="list-style-type: none"> Based on competency gaps identified, several critical programs have been launched, including digital upskilling by job code, communities of expertise by region and expert certification programs. Site leaders recognize the benefits for expertise management with action plans automatically generated ensuring competency development for the site's performance. Global domain owners can compare competencies between sister factories.
Leadership for Profitable Growth	Leadership Team VP and Above: 1,200 Directors: 2,300 Completion rate: VP and above: 96% Director level: 46%	<ul style="list-style-type: none"> A 100% digital learning solution to align, educate and mobilize the Executive leadership team to sustain profitable growth for the Company. The entire learning path encompasses 3 main parts: <ul style="list-style-type: none"> Markets & Financial theory. Applications in the context of Schneider Electric's core business models. A business game simulation designed to engage leaders in competitive learning for optimizing share price performance. 	<ul style="list-style-type: none"> Leaders have experienced a substantial increase in business literacy and commercial capability across the executive leadership team. Recipient of the 2021 Brandon Hall Group HCM Excellence Awards Gold in the 'Best Unique or Innovative Learning and Development Program' category and two Silver awards.
Foundational digital skills for all employees	All white-collar employees (75,000+ employees) Completion rate: ~50%	A "Digital Upskilling for All" program to prepare Schneider Electric's workforce for its digital transformation and enabling Digital Citizenship (SSE #22 commitment). It consists of 3 key elements: <ul style="list-style-type: none"> Digital Skills assessment – Digital Boost 2.0. knowledge check that allows employees to discover individual strengths and development areas in 6 critical digital skills. Digital Skills dedicated learning paths linked to individual assessment results with tailored content to facilitate continuous upskilling. Digital Skills dashboard for HR and Managers to visualize collective digital skill assessment results supporting data-driven upskilling actions based on the strengths and development areas to accelerate talent readiness. 	<ul style="list-style-type: none"> Post the assessment, 38,000 employees completed 110,000 training programs around the 6 digital skills through the 'Digital Citizenship Learning Corner'. New digital skills assessment; highly rated by employees (4.6 out of 5) for its seamless learning experience and practical value for their digital upskilling. Digital Skills Dashboard creates value for line managers and leadership, assisting in developing actions plans on digital upskilling for their teams.

5 Great people make Schneider Electric a great company

Generations

SSE #22



>90% of employees undergo digital upskilling through the Digital Citizenship program

China Operations accelerated digital upskilling with a holistic approach.

Over 5,700 employees joined the 2022 Digital Learning week, gaining digital insights from internal and external experts on digital mindset, strategy, and customer solutions.

For digital experts, some accelerated their growth through a 15-month Digital Master Program combining intensive education with 1:1 coaching and business projects, while others were supported with specific learning to prepare for Edison Digital domain certification resulting in three times more employees certified.

Key digital roles supporting customer value chain were upskilled through targeted learning paths consisting of focused workshops with action learning for 300+professionals.

Additionally, employees received on-the-job opportunities for digital upskilling: a talent rotation program called 'Prometheus' enabled commercial and supply chain talent to spend one year with the Software Research & Development team, and a Digital Energy trainee program called 'Kunpeng Sheng' was launched to accelerate digital execution capabilities on customer sites.



A digital ecosystem to enable development opportunities for all

Schneider Electric invests in the development of its people, creating equitable opportunities and environment for all employees to learn and grow their career.

In 2020, Schneider Electric launched a global career development platform, Open Talent Market (OTM), to empower employees to drive their own careers by discovering opportunities for mentoring, new positions, and part-time projects, as well as potential career paths. The platform is available to all connected employees globally and leverages AI (Artificial Intelligence) to match the supply and demand of internal talent with a transparent, digital, and borderless approach. The ambition for usage is to increase 4x the number of employee-driven development interactions in the OTM by 2025 (SSE #21). At the end of 2022, more than 80% of eligible employees were registered on the platform resulting in 26k digital development opportunities since registration. Through OTM in 2022, ~1,500 employees were given visibility to over 16,000 open positions, 6,000 mentoring relationships were formed and 2,700 project roles were assigned. An average of ~20,000 employees visit the platform each month.

Schneider Electric also has an open learning ecosystem comprised of interconnected platforms at the center of which is My LearningLink (MLL). This platform provides digital and classroom learning opportunities and was made available to all employees on mobile since 2021. Schneider Electric also continues to invest in providing My LearningLink connectivity to shop floor employees either through the "Digital Learning Corner" (a computer or kiosk installed in their facilities) or, from their mobile phones.

In 2022:

- More than 300,000 training completions every month
- More than 30,600 modules of learning content were available in more than one language
- Digital learning consumption stood at 69%, which has remained stable since 2020

Schneider Electric also offers a broad catalogue of online courses and webinars to partners and customers, accessible via free registration at mySchneider Partner Portal (an extranet). The mySchneider Partner Portal is deployed in 140 countries and provides a customized learning experience with targeted training content that is most relevant to over one million Schneider Electric's partners and customers who have completed around two million courses since its inception in 2015.

"Open Talent Market was a turning point in my professional career. After browsing through multiple opportunities, I got to understand different domains and teams that SE has better than ever.

OTM really identified my career dream job, to be honest, because I landed exactly in the role which I wanted and have the global exposure together within this position.

Without OTM I would never know about this opportunity.

It's a great tool to use – like LinkedIn but internally. Being there is a MUST for all of us!"

Roopa MN
Senior GM –
ERM Framework
Deployment Leader



Schneider Electric harnesses the power of all generations by fostering lifelong learning, upskilling and development for everyone - from fresh graduates to senior talent. In this respect, the Group has several career development programs in place for groups of talent, supporting employees at all stages of their career and ensuring a strong pipeline of talent for the future.

In addition to career programs for early talent, pilot programs for talent in the later stages of their career started in four countries in 2021, to support employees in the later stages of their career to enjoy meaningful and fulfilling development, and to recognize and leverage their unique expertise and experience to boost learning and innovation across generations.

Equal
SSE #21



4x the number of employee-driven development interactions on the Open Talent Market

Schneider Electric has created an internal 'gig' economy through an Open Talent Market (OTM), and by 2025 will grow the skills in the workforce through digitally enabled engagements. These engagements include via projects (internal gigs), mentorships, and new positions. By leveraging AI the company empowers employees and creates more connections that support development across departments, countries, and functions. In 2022, Schneider Electric focused on increasing the number of employees registered in the Open Talent Market closing the year with 81% of their workforce on the Open Talent Market +16pts vs 2021.

2020 Baseline	2022 Progress	2025 target
5,019	x1.9	x4

In 2022, Schneider Electric expanded the pilot program to 12 countries/entities including France, India, Japan, China, Germany, Brazil, Australia, UK & Ireland and South Africa among others, and will continue to scale progressively in the upcoming years to reach its SSE #23 ambition by 2025. The program is anchored in career conversations resulting in a robust development plan linked to their unique career aspirations and supported by different offers including new contractual schemes, upskilling, knowledge transfer, pivoting, recognition, care, and personal planning among others. The launch of the program was received positively by this group of talent.

Schneider Electric also started to observe in 2022 the positive impact of the program through different initiatives deployed by the pilot countries. For example, India tapped into the wealth of experience of Senior Talent by engaging some retired employees as consultants. They possess not only the depth of knowledge and breadth of experiences but also a powerful network, allowing Schneider to continue benefiting from long-term customer relationships.

Similarly, in Germany, Switzerland, and Austria, Senior Talents are offered the opportunity to make an impact with their experience and network in the Talent Acquisition team. Senior Talent became great recruiters and brand ambassadors - they have a comparable network to headhunters, and they can best describe the job requirements authentically, speaking from their own experience.

Other countries such as France and China focused on facilitating workshops with Senior Talents and their managers, to help them reflect and understand their personal and career aspirations, their opportunities and how to take ownership of their development. According to their feedback, participants felt valued, listened to and positive about the company supporting them in this stage of their career. At the same time, the structured methodology and tools to make a career discussion and build a strong development plan were highly appreciated both by them and their managers.

To learn more about how Senior Talent Program connects with the Future Ready program and Diversity, Equity & Inclusion please check section 2.6.5 Social Impact in France, sub-sections Future Ready Program and Senior Talent program page 240 of the 2022 Universal Registration Document.

5.3.6 Recognitions and awards

Schneider Electric achievements include:

- 2022 Brandon Hall Group HCM Excellence Award- Bronze in the category of 'Best Advance in Compliance Training' for two training programs: 'Schneider Essentials', which is a series of mandatory training on Ethics, Risk Management and Cultural topics deployed to all employees, and 'Anti-Corruption' training for customer facing, finance, procurement or employees exposed to the risk. See section 2.2.2.5 of the 2022 Universal Registration Document for more details.



- Bloomberg Gender Equality Index 2022 (fifth year in a row)
- Fortune's 2022 World's Most Admired Companies (fifth year in a row)
- Schneider recognized as one of the World's Top 100 for Gender Equality by Equileap
- Forbes (April 2022) – Schneider Electric named one of America's Best Employers for Diversity (fourth year in a row)
- Forbes – America's Best Employers for New Grads, #41
- Forbes – America's Best Employers for Women, #63 (#1 in our category) and World's Top Female friendly companies 2022
- Great Place to Work certified Schneider Electric in the US, Singapore, Malaysia, Taiwan, Thailand, Philippines, Indonesia and Vietnam, US, Canada, Mexico
- Universum university student ranking listed Schneider as #29 amongst engineering students and #62 amongst IT students in their "World's Most Attractive Employers 2022" ranking
- Charise Le, Schneider's Global CHRO, recognized by Fortune Most Influential Women Business Leader and 2022 Top 100 HR Tech Influencer.

5 Great people make Schneider Electric a great company

5.4 Compensation and benefits

5.4.1 Context

To ensure employees feel valued and respected in their workplace companies are increasingly expected to provide all employees with attractive compensation but also with benefits meant to facilitate aspects of their lives. As we are now in a post-pandemic era, people and specifically younger generations have higher expectations in terms of creating better work and life balance, and rely on their employer to ensure that this need is met.

5.4.2 Risks and opportunities

Having the best talent and attracting new talent is the main goal of inclusive compensation and benefits offerings.

Schneider Electric is committed to delivering best in class benefits and opportunities to its employees; and aware that unfit compensation and benefit could risk talent attraction.

5.4.3 Group policy

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.

Schneider Electric takes its responsibility as a leading employer seriously and ensures 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 goes beyond pay and benefits. The portfolio is 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 the principles outlined above 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.

5.4.4 Governance

The implementation of group policies on compensation and benefits are overseen by the highly experienced global, regional and local reward organizations.

5.4.5 Actions and impacts

Compensation

Job architecture and compensation process

Schneider Electric has implemented a global job architecture to support HR processes and programs and to enable

Schneider Electric to engage, develop, and move talent 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 supports working towards creating greater transparency for career development and progression.

Pay competitively and pay-for-performance

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

The basic foundational principles of fairness, equity, ethics, and transparency are fully embedded in the company values. Through reward policies and processes, employees are compensated fairly and equitably for the skillset they possess and value contributions as a business imperative. Over the past eight years, Schneider Electric has successfully transformed the Pay Equity Framework covering all employees across all countries of operation. The company has created a fair and equitable ecosystem of HR processes and taken proactive actions to prevent new pay gaps from being created. Salary changes when hiring new recruits, promoting employees, and reviewing salaries internally are closely monitored. Managers and HR professionals are trained to be mindful of every pay decision they make, and to ensure that their decision process is bias-free.

As part of the Schneider Sustainability Essentials for 2025, the company has committed to attain and maintain a pay gap below 1% by 2025 for both females and males. At the end of 2022, the pay gap was -1.6% for females and 1.02% for males. Note: this measurement will differ from country figures that may be required to be reported due to statutory requirements.

Equal

SSE #18




<1% pay gap for both females and males

A dedicated Pay Equity budget by country is in place to create awareness and eliminate unconscious biases during processes such as salary reviews, and education and training for leaders, HR and managers. A country-level governance framework has also been established to facilitate the attainment of our ambition to achieve pay gaps of <1% for both females and males.

	2020 Baseline	2022 Progress	2025 target
Female	-1.73%	-1.6%	<1%
Male	1.00%	1.02%	<1%

Living wage

Schneider Electric believes earning a living wage is a basic human right and a key element of decent work. Schneider Electric is committed to paying all employees at or above the living wage to meet their families' basic needs. The Group considers basic needs to include food, housing, sanitation, education, healthcare, plus discretionary income for a given local standard of living. This is guided by our Human Rights Policy and Trust Charter. All permanent direct employees of Schneider Electric with open ended contracts or fixed term contracts that are above 1 year are in scope of the annual gap analysis. Third parties such as suppliers or contractors or interns are out of scope.



In 2018, Schneider Electric started working with an independent advisor – Business for Social Responsibility (BSR) – to implement its living wage commitment as part of its fair and equitable policies. Schneider Electric has initiated a global process to analyze wage levels and employment practices against local living wage standards set by BSR. 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 of evaluating and mitigating the macroeconomic impact of the crisis, the Group did not run a gap analysis that year. In 2021, the new gap analysis covered 63 countries (representing over 99% of Schneider Electric footprint globally). As of 31 December 2022, 100% of in scope employees, i.e. all Schneider employees treated as permanent workforce, were paid at least a living wage. Where living wage gaps were identified, corrective actions were taken to ensure that all employees are paid a living wage and no new gaps are created. In addition to guaranteeing that all in scope employees are paid at least a living wage, Schneider continues to comply with all applicable federal, state and local regulations regarding minimum wage requirements.

In 2021, the analysis covered 63 countries (representing over 99% of Schneider's global footprint). As of December 31, 2022, 100% of relevant employees had received at least a living wage. Where living wage gaps were identified, corrective action was taken to ensure that all employees received a living wage and that no new gaps emerged. In addition to ensuring that all employees within the scope are paid at least a living wage, Schneider continues to comply with all applicable federal, state and local minimum wage regulations.

From 2021 onwards, the Group underlined its commitment to pay 100% of employees at least a living wage as part of its SSE #20. This commitment will be audited annually with the support of an independent third party. Schneider Electric also continues to be part of leading corporate coalitions and notably became a Decent Work patron for the UN Global Compact. These global coalitions work together to implement living wage standards within their workforce and their entire ecosystem. In 2022 the Group started working with a new consultant, Fair Wage Network, with the aim of improving the geographical coverage, having a dynamic and web-based living wage benchmark and initiating an independent review and certification of the living wage gap analysis. As of December 2022, 100% of the employees were covered by the review, in 111 countries.

Equal

SSE #20

100% of employees paid at least a living wage

The UN Global Compact announced its new 2021-2023 strategy, which aims to accelerate and scale up the global collective impact of business by upholding the Global Compact Ten Principles and the SDGs through accountable companies and enabling ecosystems. Given that the Company is a leader in providing and promoting a living wage, the UN Global Compact invited Schneider Electric to become a Patron of its Decent Work portfolio. The Group's role will be to raise the bar by advancing decent work for its ecosystem and other companies.

	2019 Baseline	2022 Progress	2025 target
	99%	100%	100%

5 Great people make Schneider Electric a great company

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. With a strong sustainability component included, the annual short-term incentives for the Group's executives and around 64,000 eligible employees helps 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 short-term 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 24 other French entities.

From 2022, Schneider have introduced a Customer First Performance Criteria in the incentive goals for Group executives. The Group is building Trust through Superior Customer Experience and Quality. It measures the Net Customer Satisfaction (NCS) through real-time digital customer surveys covering six critical touchpoints as part of the customer operational interactions. Every employee is part of this journey and is fully empowered to bring Customer Experience to the highest level. All the results on Customer Satisfaction are available in the Customer Feedback Management Platform where all employees are engaged and empowered to improve the Customer Experience.

To promote a superior sales culture where sales people go above and beyond to surprise and delight customers, Schneider Electric offers levels of differentiated reward for sales people to enhance motivation and results.

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 4.2 "Compensation Report", page 376 in the 2022 Universal Registration Document.

Recognition in the company DNA

Every day, Schneider Electric employees make important contributions to help the organization achieve its mission and key business objectives. 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".

In 2022, Schneider Electric refreshed the global recognition program and launched a new platform for recognition with a new partner. With this program, Schneider brought recognition in the work ecosystem for employees and also introduced functionality to put emphasis on the importance of sharing and acknowledging gratitude in the workplace. Throughout 2022, the recognition culture remained strong, with many employees continuing to utilize the dedicated platform to appreciate and recognize colleagues.

Benefits

Benefits provided by the Group represent a considerable business commitment by Schneider Electric everywhere in the world. The company 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.

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 Group is committed to provide its employees access to a well-being at work program – translated into a dual standard of access to healthcare and well-being training programs (detailed further in subsection "Supporting employees' well-being, mental health and unique lives and work", page 134). It also provides access to an inclusive and comprehensive standard of healthcare coverage (outpatient, hospitalization, key health risks/ chronic conditions, maternity, children) defined by local regulations and employment agreements. Schneider also supports its employees with personal time off at critical life stages and this is fully deployed in 100% of countries as detailed below. 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.

Global Family Leave Policy

As a caring and responsible employer, Schneider launched its Global Family Leave policy along with care leave in 2017. Through its policy, the Group 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. The group applies a continuous improvement approach to all employee benefits and policies and has made several notable improvements with employees’ inputs. While the countries have flexibility to define eligibility and policy details per statutory/market requirements, the policy sets global minimum standards for paid leave. In 2020, Schneider expanded its care leave from 1 to 2 weeks for employees to care for their dependents diagnosed with COVID-19.

In 2022, the Group conducted extensive internal and external research and will be expanding its Global Family Leave policy from 2023 for all employees globally. Parental leave for birth adoption or surrogacy will go from 12 weeks paid to 20 weeks paid for primary leave, and from 2 weeks to 4 weeks for secondary leave. Care leave will increase from 1 paid week to 2 paid weeks. Bereavement will remain the same 1 week. Ahead of that, beginning in July 2022, the Group’s North America operations were the first ones to benefit from these new expansions. All employees eligible for benefits have access to this global policy.

Employee share ownership

The Worldwide 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.

WESOP is strongly ingrained in the Group’s culture, as a cultural and reward differentiator with a positive impact on engagement, attraction and retention. Schneider Electric has strongly developed and reinforced its offer over the years in order to build a sustainable group of employee shareholders reflecting the workforce diversity, to create a strong feeling of belonging, and to link employees to the performance of the Company, acting like owners of Schneider Electric. In that spirit, WESOP has become part of the Group sustainability commitments towards its 2025 roadmap (SSE #19).

In 2022, the Group successfully offered WESOP in 42 countries, achieving 60.5% subscription rate, a higher rate than in 2021 which was already at 59%. As of December 31, 2022, the employee shareholding represented 3.8% of Schneider Electric SE’s capital and 6.6% of the voting rights. 78% of the Group employee shareholders were located outside of France, of which 13% are in China, 15% in India, and 9% in the US. This also includes employee shareholding resulting from the long-term incentives grants.

Equal

SSE #19



8 RESPECT WORK AND
LIVING WAGES

10 REDUCE
THE CARBON FOOTPRINT

60% subscription in yearly Worldwide Employee Share Ownership Plan (WESOP)

Schneider Electric had committed to achieve a 60% subscription rate among eligible employees in the yearly WESOP by 2025, as a key program to support Schneider Sustainability Essentials. Scope covers 29 recurring participating countries, among the 42 participating countries representing 86% of the eligible headcount.

From 53% subscription rate in the recurring countries in 2019, WESOP has reached 62.2% passing the 2025 target three years ahead of the deadline. The Group aims to maintain at least 60% subscription rate in the coming years in the recurring countries.

With more than 80% subscription rate, India and China outperformed and have become part of the major contributors of the 2022 capital increase, together representing around 30% of the 2022 total subscription.

2019 Baseline	2022 Progress	2025 target
53%	62%	60%

5 Great people make Schneider Electric a great company

5.5 Social dialogue and relations

5.5.1 Context

The International Labor Organization (ILO) describes social dialogue as “all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.” The objective for a company to ensure regular and safe social dialogue is to build consensus amongst all employees’ of the company. To do so, companies integrate a third unbiased party in discussions to help resolve issues and encourage change to adapt to global and local workforce expectations.

5.5.2 Risks and opportunities

Social dialogue and freedom of association must be seen within the wider context of Ethics & Responsibility. As a global company, Schneider Electric believes that its responsibility goes beyond compliance with local and international regulations and is therefore committed to conducting its business ethically, sustainably and responsibly.

The Group constantly interacts with all its stakeholders across 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.

5.5.3 Group policy

Schneider Electric considers freedom of association and collective bargaining as fundamental rights that must be respected everywhere and therefore in its Trust Charter 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 dialogue 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 dialogue 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.

5.5.4 Governance

Social dialogue is managed at country level by 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 dialogue 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 Committees 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 dialogue at international level.

5.5.5 Actions and impacts

European Works Council (EWC)

Since 2014, Schneider Electric has significantly enhanced the intensity and the impact of social dialogue at European level. This channel for dialogue aims to enable management to make more efficient decisions by giving employee representatives the opportunity to be informed of such decisions and to understand their reasoning, as well as to put forward proposals to supplement or improve them.

In this respect, new spaces for discussion were explored in order to strengthen the contributions of the members of the EWC on strategic issues. Several workshops for reflection and ideation were organized, namely during the implementation of the new alert system and the review of the approach to the duty of vigilance. The benefits of these workshops were several, starting with a better awareness of these topics by the members of the European Works Council, and an opportunity to contribute upstream on decisions impacting the company’s strategy.



European Works Council members visiting the Innovation Hub in Le Hive (Rueil-Malmaison)

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 dialogue in France mainly through the Central Works Council and the Group Committee. During the first quarter of 2022, Schneider Electric negotiated a new “work from home” agreement for its employees in France with the following main objectives: an increase in the number of beneficiaries, more flexibility, and the introduction of financial compensation. Around 8,000 employees currently use telework, up from 6,000 at the beginning of the year.

In addition, the introduction of a new collective agreement for the Metallurgy branch, the largest Branch in France, effective from January 1, 2024, has led to the opening of various negotiations, including one on classification.

This is a major transformation for Schneider Electric in France. All the trade unions began participating in this deployment during the second half of 2022, and the project will continue throughout 2023. At the same time, all the members of the works council have received specific training regarding roles, Company organization, and its financial culture.

Social dialogue in the United States

In North America, and more specifically in the US, 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 and local union leadership 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 and challenges. In 2022, Company officials met with the local unions to discuss strategic investments intended to upgrade equipment, improve efficiency to support expected demand, enhance the smart factory profile, and reduce CO₂ emissions in several factories. In addition, Company officials have continued to partner with union representatives to discuss COVID-19 and ensure safety protocols are in place for employees, customers, and vendors.

Social dialogue in Mexico

In addition to regular communications and in accordance with Mexican law reform, during 2022 the Group conducted the legitimization process with the Mexican unions at all Schneider Electric sites where employees had the opportunity to review their collective agreements and confirm their agreement and commitment to the unions and the company. All of these processes were supported by the Legal and Human Resources teams.



Commission to legitimize Collective Contract in Reynosa Plant

Social dialogue in China

Schneider Electric China has a strong culture of social dialogue with all employees in over 30 legal entities and at more than 100 sites across the country.

The HR department, in partnership with the union, facilitates active and open communications with employees and takes action on employee feedback to enrich their career experience as well as ensure sustainable talent development. Specific effort has been made on several key topics in line with employee suggestions, notably around Learning, Development and Well-being:

- Upskilling programs are now more diversified for all employees and in targeted job roles, from customer-facing teams to support functions, with face-to-face and virtual options including mobile and AI-facilitated, based on 3E methodology (education, experience and exposure). Employee individual average learning time has increased to 21 hours.
- There are also more opportunities for employees to develop and grow in an inclusive workplace that promotes agile organization, internal talent mobility, and specific development focus for different genders and generations. 91% of China employees are now users of the Open Talent Market platform which enables them to search for internal jobs, projects, and mentorship opportunities proactively and freely; 200+ project engagements and 300+ mentorship pairings have been achieved.
- Well-being remains a priority to support the continual enhancement of the employee experience. In collaboration with the union, a new Employee Assistance Program was launched in 2022 with 24/7 online counseling via phone, laptop or mobile to help employees address work and non-work issues such as stress management, interpersonal and family problems. Furthermore, a flexible benefit platform has been introduced which integrates all employee benefits from both company and union, allowing employees to make certain personalized choices based on their own situations.

Social dialogue in India

Schneider Electric India has a strong culture of social dialogue with all employees, both unionized and non-unionized. Schneider Electric India continues to engage 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). The Company also has strong engagement with other committees such as Health & Safety, Canteen, Sports and Transport, including a special committee for women employees. In addition, a prevention of sexual harassment committee, which is fully compliant with the prevention of sexual harassment governance as per local laws, comprises employees and external women with specialist knowledge of the subject and with legal backgrounds. These committees provide a platform for employees to present their concerns, collective grievances and workplace-related issues to the management. All employee engagement programs are run through these committees with the active participation of every employee.

The process of social dialogue also includes monthly employee communication at plant level, as well as through Quarterly Town Hall communications on company performance, strategy and challenges.

6 Delivering social impact for a just transition

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Context and goals

Schneider Electric has been building a sustainable development approach since the early 2000s thanks to the Schneider Sustainability Impact, which measures the Company's objectives and progress every quarter. These objectives have always taken into account all dimensions of responsibility – environmental, social, territorial, and governance – encompassing all the Group's stakeholders on a global scale.

In 2021, Schneider Electric was recognized by Corporate Knights as the World's Most Sustainable Corporation out of 5,000 companies surveyed. This accolade, together with the success of the Schneider Sustainability Impact, further inspired the Group to do even more and to think about the world of tomorrow by developing forecasted scenarios, both in the environmental and climate fields – without forgetting the social and territorial dimensions. If the transition is not inclusive and fair, it will not allow people in underserved communities to build their future and create their own businesses. The planet has to be saved, and that also means saving its inhabitants.

Four main action priorities have been defined within the Corporate Citizenship Department. The first is to ensure that the Group's business partners respect all human rights for everyone, everywhere, at all times and in all situations, from decent work standards to the creation of a social label for the Group's products. In 2022, a new version of the Human Rights Group Policy was

published in order to embark on eight new challenges such as respect and dignity, Human Rights in cyberspace, conflict minerals, intergenerational solidarity, Human Rights activities within the Group's value chain, migrant workers, civic space and Human Rights defenders, and access to healthy environment.

The second priority is to ensure that everyone is supported in building their futures, regardless of their generation: young people as well as seniors. Schneider has always played an active role in the economic development of the communities in which it has a presence, in order to have an impact and to accelerate the just transition. In 2022, a new program called Future Ready defined the Group's roadmap for the coming years.

Youth is also the focus of the third major priority. There have never been so many young people on the planet, but many have no access to education. Yet it is young people who drive innovation. The Company has a role to play in supporting them.

The fourth priority is to make citizenship a collective commitment to co-construct the future in a dynamic way by learning and sharing across many different initiatives.

“2022 was another year of crisis leading to growing inequalities, but also a year of progress and stronger commitments to go further along the road to the just transition in favor of youth, human rights, respect and dignity. We strongly believe that we have an invaluable asset: young people. There has never been a generation this vast and receptive. They really are the main drivers and players.”

Gilles Vermot Desroches, Senior Vice President Corporate Citizenship & Institutional Affairs



Progress of our Social Impact commitments

Schneider Sustainability	#	2021–2025 programs	Baseline ⁽¹⁾	2022 progress ⁽²⁾	2025 Target
Impact (SSI)	9.	Provide access to green electricity to 50M people	2020: 30M	<div style="width: 30%;"></div> +9.7M	50M
	11.	Train people in energy management	2020: 281,737	<div style="width: 35%;"></div> 397,864	1M
Essentials (SSE)	25.	Increase the number of volunteering days since 2017	2020: 18,469	<div style="width: 22%;"></div> 41,093	50,000

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.

2022 Highlights



Homaya Pro, a smart solar-hybrid inverter with an inbuilt MPPT controller, was launched in 2022. It aims to provide remote locations with unreliable or no electricity with customizable, reliable, and sustainable energy.



In line with our commitment to train people in energy management, the Indonesia-France Partnership, has impacted 14,900 students and 1,300 trainers since 2017



Tomorrow Rising Ukraine: an incredible spirit of solidarity, employees have donated over €500,000 matched by Schneider Electric which decide to add €1 million to the fund and the Schneider Electric Foundation also donated €400,000.



SEEA's investment in GoParity, the first in Europe outside France, which confirms the importance of participatory and inclusive financing of the citizen in the implementation of the energy transition in the world.



+13,112 days of Volunteering in 2022 with a dedicated part related to mentoring, a new program of the Schneider Electric Foundation.



The Schneider Electric Foundation has reached the bar of 400,000 young people trained in energy related professions.

Our long-term commitment

2030: Give access to green electricity to 100 million people cumulatively since the beginning of the program in 2009

6 Delivering social impact for a just transition

6.1 Improving lives through access to green electricity

6.1.1 Context

Today⁽¹⁾, more than two billion people have little or no access to electricity.

In 2020⁽²⁾, 733 million people had no electricity. Although notable progress has been made in recent years, in the words of SEforAll⁽³⁾, “electricity access is growing, but not for everyone”.

In sub-Saharan Africa, colossal additional efforts are required to achieve universal access:

- Today, around 570 million people in sub-Saharan Africa do not have access to electricity. That is close to one in two people in the region.
- The pace of electrification is not sufficient relative to population growth, and the COVID-19 pandemic has slowed progress even further.
- Therefore, in 2030, still close to 570 million people would remain without electricity in sub-Saharan Africa. That would be 85% of the unelectrified world population.

Asia-Pacific is approaching universal electrification, thanks to ambitious government programs. Nevertheless, the grid can be unreliable or insufficient for productive use in remote areas where it must be supplemented with renewable energy solutions.

Access to green electricity offers a chance to live a better life, because it can have a positive multiplier effect on all socio-economic dimensions of the individual or community: livelihood, health, education, security, and empowerment of women, while fighting against climate change by replacing fossil solutions.

6.1.2 Group Policy

Access to Energy’s purpose is to bring green and reliable electricity to populations in emerging markets, both as a fundamental right and a means for social and economic development, by providing a safe, affordable, reliable, and sustainable energy offer. At Schneider, we call this Electricity for Life and Electricity for Livelihood.

6.1.3 Action & Impact

Schneider’s ambition is to bring green and reliable electricity to 50 million people by 2025, and 100 million people by 2030, cumulatively since the start of the program in 2009.

Electricity for Life means providing access to green electricity to off-grid populations and refugees. These communities need energy as a fundamental right to meet essential needs in homes (such as lighting, communication and education).

Electricity for Livelihood means providing access to green electricity to people connected to an unreliable grid and in order to enable productive businesses. These communities need quality energy with solar backup equipment as a driver of economic development and poverty reduction. For example, electricity can make a real difference to the lives of farmers and ensure food security through irrigation, food storage, and processing, and by connecting farmers to markets to ensure better prices, while allowing people to be the agents of their own transformation.

The Access to Energy social business works in synergy with the Schneider Training & Entrepreneurship program and the Impact investment funds, in a virtuous circle of providing products and solutions, capacity building and support to startups.

Equal

SSI #9






Provide access to green electricity to 50 million people and 100 million by 2030

Schneider Electric is providing solar solutions for 190 health centers in South Asia. These facilities were facing frequent power cuts resulting in lack of access to quality healthcare for people who depend on public health centers. The projects are impacting more than 750,000 people.

2020 Baseline	2022 Progress	2025 target*
30M	<div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 60%; height: 20px; background-color: white; margin-right: 5px;"></div> <div style="width: 10%; height: 20px; background-color: #1a783d; color: white; display: flex; align-items: center; justify-content: center; font-size: 8px;">+9.7M</div> </div>	50M

* cumulated since 2009

(1) Source: Off-Grid Solar Market Trends Report 2020, World Bank
 (2) Source: Tracking SDG 7: 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).
 (3) Sustainable Energy for All (SEforALL) is an international organization that works in partnership with the United Nations and leaders in government, the private sector, financial institutions, civil society, and philanthropies to drive faster action towards the achievement of Sustainable Development Goal 7 (SDG 7) – access to affordable, reliable, sustainable and modern energy for all by 2030 – in line with the Paris Agreement on climate.

A full range of products and solutions to provide green electricity

Schneider Electric develops products and solutions to meet a range of both individual and community needs across the energy chain, from solar lanterns and solar home systems to decentralized small power plants, water pumping systems, and microgrids.

Mobiya

Portable, robust, and affordable solution for individual lighting and charging a cell phone



3 products

Mobiya Original: robust and waterproof solar powered LED lamp with mobile charger, offering innovative mounting options, 48 hours of lighting without recharging, and easy battery replacement.

Mobiya Lite: lighter solar powered portable LED lamp with mobile charger. White light with variable intensity and innovative mounting options enabling it to conveniently light up all surroundings.

Mobiya Front: rechargeable and robust headlamp that can be worn and mounted in various positions. Features a white light with variable intensity, red light for night vision, and a red blinking SOS function.

Case Study: Schneider Electric, its Foundation and ADEME, the French Agency for Ecological Transition, are collaborating to provide 45,000 solar lanterns to vulnerable women in Africa.

Objective: Distribute solar lanterns to women entrepreneurs in order to extend hours of work activities, as well as to underprivileged women and families in order to enjoy lighting for nighttime home activities and to limit the use of kerosene lamps.

Solution: Mobiya Original. An impact study is being conducted, measuring the benefits of the solution across five African countries: Kenya, Nigeria, Cameroon, Benin, and Senegal.

Homaya

Domestic electrification for access to quality, affordable, and uninterrupted power



5 products

Homaya Family: solar home system including a solar panel and lamps.

Homaya Family PAYG: solar home system including a solar panel and lamps, with Pay-As-You-Go function fully compatible with all mobile payment platforms.

Homaya Hybrid: AC and DC, solar and grid home system.

Homaya Hybrid PAYG: AC and DC, solar and grid home system with Pay-As-You-Go function.

Homaya Pro: smart hybrid inverter powered from solar with an inbuilt MPPT controller and compatible with grid charging.

Case Study: 10 health clinics in remote and rural areas of DR Congo have been equipped with access to clean and reliable electricity through Schneider Electric's solar home systems solution.

Objective: Provide clean and reliable access to electricity to health clinics and to medical staff in their workplaces.

Solution: Homaya Hybrid Solar home system.

Villaya

Collective electrification solutions in remote sites, either 100% solar or hybrid



3 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 Water: solar water pumping system.

Case Study: 150+ farmers in Bangladesh are able to raise multiple crops because of reliable irrigation, impacting the lives of more than 800 rural people.

Objective: Develop a reliable and sustainable solution for farmers to irrigate their farms with clean energy solutions.

Solution: Solar water irrigation pumps installed in remote area in Bangladesh.

EcoStruxure Energy Access

Remote monitoring for rural electrification to enhance visibility of off-grid site performance in real time



Offer

- An economically affordable and open platform enabling sustainable off-grid electrification.
- A cyber secured, demand-side energy management software platform.
- Monitoring real-time demand, analyzing and improving operational efficiency.
- In-built GSM/GPRS communication for easy installation, remotely configurable and easily scalable.
- Power and energy modes with limits, remote connect/disconnect, build local tariff plan, to better manage peak load.

Case Study: 600 women tribal farmers in India are able to raise multiple crops per year due to reliable irrigation enabled via solar irrigation pumps and EcoStruxure Energy Access Livelihood digital platform. This is impacting the lives of 3,000+ indigenous people.

6 Delivering social impact for a just transition

6.2 Investing for high social impact

6.2.1 Context

Social Impact Investment (SII) is a medium for organizations to address and finance social needs with the explicit objective of having a positive and measurable impact.

All actors of society have a role to play to support social well-being and help people access development opportunities. The rising importance of SII forces companies to think of new ways to support social businesses. Hence many are building partnerships with local and international actors to drive and nurture innovative and responsible initiatives.

6.2.2 Group Impact Investing policy

The ambition of Schneider Electric's Impact Investing practice is to contribute to a transition towards a fairer and more inclusive society. Supported by its strong and deep knowledge of the energy ecosystem, Schneider Electric focuses its Impact Investing mission on funding and supporting high social and environmental impact initiatives, which are contributing to a better future and positively impacting climate and resources.

The goal is to generate high social impact while protecting the assets under management. Accordingly, Schneider Electric has adopted strict management rules, such as:

- Always investing in partnerships with recognized players;
- Never taking a majority stake;
- Always providing efficient company support (such as helping develop a business plan or provide technical advice) to deliver the optimum social impact while minimizing risk;
- Ensuring alignment with the Schneider Electric ecosystem; and
- Ensuring that ethical business practices and rules are implemented and respected.

6.2.3 Governance

Each investment vehicle has its own governance structure generally composed of at least two bodies:

- The first one is a Board of Directors or a Supervisory Board which is in charge of ensuring compliance with all legal and ethical regulations. In most cases investors are represented on this board.
- The second one is a Management Investment Committee which can either be totally independent or composed of investors, according to the legal structure. All Management Investment Committee members bring specific competencies and knowledge to assess investment decisions. In some cases, they can also rely on external experts. They are responsible for ensuring compliance with investment policies and are regularly updated on investment performance, both in terms of impact and finance.

- In some cases, an investment vehicle can also rely on an Advisory Committee or Strategic Committee to help them setting up and managing their investment strategies and policies.

All investment vehicles are supervised by independent auditors.

6.2.4 Actions and Impacts

As early as 2009, Schneider Electric was a pioneer in the Corporate Impact Investments space and launched its first investment vehicle, Schneider Electric Energy Access (SEEA). Since then, the company has never stopped innovating. In total, it has initiated or participated in four vehicles targeted at:

1. Contributing to an inclusive economy with Schneider Electric Energy Access (SEEA)
2. Bringing access to green energy and contributing to Net Zero in South and South-East Asia with Schneider Electric Energy Access Asia (SEEA)
3. Enabling green energy access in Africa with E3 Capital impact fund (formerly EAV)
4. Contributing to global decarbonization with the Livelihoods Carbon Funds

Regardless of geographies or the type of investment vehicle, all these Impact Investing activities aim to catalyze and facilitate multiple coalitions with different stakeholders (Schneider Electric Foundation, employees, DFIs, NGOs, social businesses, impact investors, asset management companies) to leverage Schneider Electric competencies towards a fair and inclusive transition.

1. Contributing to an inclusive economy with Schneider Electric Energy Access (SEEA)

SEEA is an Impact Investing structure in the form of a variable-capital SAS (simplified joint-stock company), certified as a social and solidarity investment company (ESUS certification) and open to French employee savings through the Group's Employee Savings Plan (*Schneider Energie Solidaire Fund*).

SEEA contributes to an inclusive economy for the benefit of the most vulnerable people and communities worldwide. SEEA brings together different stakeholders by inviting Schneider Electric's employees and business partners around the world to play an active role in this commitment. At the end of August 2022, 6,487 (past or present) Group employees in France had invested EUR 43.2 million in the Schneider Energie SICAV Solidaire fund.

Since 2009, SEEA has invested in 25 companies and exited from ten. In 2022, SEEA invested in three new companies (Kajou, Enogrid, GoParity), re-invested in two companies (Dorémi and Okra Solar) and exited from two (SunFunder, Foncière Chênelet).



As of December 2022, SEEA portfolio included 15 companies, 10 in France, with five operating in Africa, South-East Asia and Latin America, and managed the following amounts:

- 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).

With a dedicated Schneider management team based in Rueil-Malmaison (France), SEEA invests primarily in equity and quasi-equity in start-ups that:

- **Fight against energy poverty** by promoting efficient affordable housing and energy efficiency solutions:
 - Five invested companies for a total of EUR 2 million (*Foncière du Possible, LVD Energie/HomeBlok, Soliha BLI, Dorémi, Réseau Eco-Habitat*)

Réseau Eco Habitat (REH)

Réseau Eco Habitat is a French social enterprise that offers social and technical support to help very low-income households carry out energy-efficient renovations. REH also offers social support to help vulnerable families get out of energy poverty. REH has a strong social impact, by substantially improving the living conditions of people in very precarious situations, but also economic impact, by supporting local construction companies, and environmental impact, by reducing the carbon footprint of renovated housing.

Their goal is to renovate 200 houses between 2021 and 2026.



Photo: Réseau Eco Habitat; house before and after renovation.

- **Promote digital and financial inclusion:**

- Two invested companies for a total of EUR 430,000 (SIDI, Kajou)

Kajou

Kajou is a social enterprise dedicated to distributing educational and informative content directly to the phones of vulnerable populations in West Africa with little or no internet connection. Access to quality information, education and entertainment content is a prerequisite for empowering people and building more just and inclusive societies.

Kajou's catalog of more than 30,000 pieces of content is available in 24 languages and has been accessed by more than 47,000 users since its inception in 2019. Within the next 10 years, Kajou aims to give 10 million people the means to inform, educate and develop their professional activity thanks to tailor-made content with a strong social impact.



Photo: Kajou; Two Burundi children using Kajou solutions.

- **Provide access to affordable, clean and sustainable energy:**

- Four invested companies for a total of EUR 1.5 million (*Okra Solar, Amped Innovations, Enogrid, GoParity*)

Amped Innovations

Amped is a social company that designs and distributes affordable and efficient energy products and appliances for use in homes and small businesses. An integrated PAYGo system enables Amped's partners to reach their customers, who are able to become more economically efficient and more comfortable.

Amped has already impacted over 300,000 lives since 2019.



Photo: Amped Innovation, WOWSOLAR™, lighting and phone charging kit.

6 Delivering social impact for a just transition

- **Promote job creation, income generation and inclusion:**
 - Four invested companies for a total of EUR 550,000 (*Talendi, Incubethic, Envie Rhône Alpes, Fabrik à Yoops*)

La Fabrik à Yoops

La Fabrik à Yoops is a social company that specializes in building small wooden houses (known as Tiny Houses) for homeless people or those with precarious living conditions. La Fabrik à Yoops aims to help the most vulnerable people access shelter, regain confidence, find jobs and re-integrate into society. Furthermore, the tiny houses are eco-friendly and have a very low carbon footprint.

This project will make it possible to house 140 people living on the streets of France within five years.



Photo : La Fabrik à Yoops, a recently built tiny house beneficiary.

2. Bringing access to green energy in Asia with Schneider Electric Energy Access Asia (SEEAA)

In recent years, electrification rates in Asia have improved due to strong government policies supporting national electrification. As Asian countries are now approaching universal access to electricity, the focus is shifting to integrating renewable energy into the energy mix. However, at the micro level, there are still a considerable number of rural areas without access to electricity. Even when access is available, electricity is often not reliable as power grids struggle with load and connectivity issues.

Schneider Electric envisioned the SEEAA impact investing vehicle in 2018 to help the region tackle these challenges and advance towards SDG 7 “Affordable and Clean Energy”. Three other investors joined forces with Schneider: the European Development Finance Institution Management Company (EDFI MC), Norwegian Investment Fund for Developing Countries (Norfund), and Amundi Finance et Solidarité (Amundi), committing a total of EUR 20.9 million.

SEEAA, through its dedicated Schneider management team based in Singapore, invests primarily in equity in start-ups that work toward increasing quality of life and boosting economic development in Asia, thanks to access to affordable, clean, and sustainable energy. As of December 2022, SEEAA had invested in seven start-up companies, Freyr Energy, Xurya, Frontier Markets, Oorja Development Solutions, ATEC, Carbon Masters and SMV, for a total of EUR 4.5million, contributing to both of the SEEAA’s goals:

Goal to increase access to affordable and reliable energy.

This goal primarily targets unprivileged communities where last mile energy access is either not available or unreliable. SEEAA aims to create social impact for these rural communities. For example, this can be achieved through companies that provide access to energy for productive and income-generating purposes, like Oorja Development Solutions.

Oorja provides clean energy agri-services such as reliable irrigation, agro-processing and cold-storage, powered by solar, and is cheaper than the diesel options. The services are offered on a pay-per-use basis, which make them affordable to the small and marginal farmers targeted in remote weak-grid areas of Northern India.

As well as having a positive impact on CO₂ emissions, Oorja helps farmers increase income and reduce food waste. The company also creates jobs by hiring operators to run the solar systems.

Some key impact figures for Oorja, as of September 2022 and cumulative since the company inception:

- 880 tons CO₂ equivalent saved
- 12,750 direct and indirect users
- + 30 jobs created in last-mile rural communities
- 28.5 tons of food waste saved
- 57% increase in user’s agricultural income in a year



India: a farmer irrigates his crop using water from a solar-powered pump operated by Oorja in Bahraich district, Uttar Pradesh. © Oorja Development Solutions India Private Limited.

Goal to accelerate transition towards renewable energy and net zero.

Enabling the transition of economies to clean renewable energy sources and supporting solutions that reduce CO₂ emissions can be achieved by investing in companies like Xurya which are developing renewable energy assets such as solar or biogas.

Xurya is a clean energy services company that provides solar installation services for clients via process management from installing and monitoring to maintenance and billing. It focuses on rooftop solar installation for Commercial & Industrial clients from sectors including FMCG manufacturing, cold chain logistics, industrial manufacturing, and shopping centers.

Xurya offers solar energy and energy services to clients through a leasing model where the clients do not have to pay any upfront investment cost. Through this innovative financing arrangement, Xurya helps foster adoption of solar energy in Indonesia and creates job opportunities and also helps structure the solar ecosystem in Indonesia by training their network of installers.

Some key impact figures for Xurya, as of November 2022 and cumulative since the company inception:

- 35MWp of solar capacity installed
- 40Mtons CO₂equivalent saved
- 750 cumulative jobs created



Indonesia: solar rooftop installation.
© Xurya Daya Indonesia.

3. Enabling green energy access in Africa with E3 Capital impact fund (formerly EAV)

Schneider Electric initiated and supported E3 Capital, 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, British International Investment (BII) (on behalf of the Foreign, Commonwealth and Development Office (FCDO)), the European Investment Bank, FMO (Dutch development Bank), FISEA-PROPARCO, OFID, and AFD-FFEM.

At the end of 2022, E3 Capital had invested in 15 companies and exited one. The E3 Capital's independent management team based in Nairobi (Kenya) is now focusing on enhancing value creation in the portfolio, follow-on investments, and on driving liquidity events.

E3 Capital invests primarily in equity and quasi-equity in start-ups that:

- **Provide access to affordable, clean, and sustainable energy solutions:**
 - Five invested companies for a total of EUR 15.1 million (Zola Electric, BBoxx, Nuru in DRC, Zonful Solar Energy in Zimbabwe, ZIZ Energy in Chad)

Zonful Energy

Zonful Energy is a for-profit social enterprise that sells modular decentralized and scalable solar energy systems via a Pay As You Go model to rural, urban and peri-urban off-grid consumers in Zimbabwe. The systems consist of solar panels, batteries and a broad range of appliances including lights, radios, televisions.



Photo: Zonful; solar panel installation.

- **Provide access to clean productive use energy:**
 - Six invested companies for a total of EUR 22.2 million (ManoCap Energy in Ghana, Candi Solar in South Africa, SolarX in Mali, PayGo Energy, SunCulture, and InspiraFarms in Kenya)

SolarX

SolarX provides reliable, clean and affordable energy solutions to commercial and industrial clients in West Africa. The company also offers easy access to financing and energy efficiency services, enabling its customers to focus on their core businesses.

SolarX contributes to increasing clean energy generation and to job creation and economic development thanks to reliable and affordable energy for businesses.



Photo: SolarX installation.

6 Delivering social impact for a just transition

- **Promote digital and financial inclusion:**
 - Three invested companies for a total of EUR 8.9 million (Mawingu, Solarise Africa, Palgo in Kenya)

Mawingu

Mawingu Wifi is an affordable internet service provider leveraging solar-power and high-quality, affordable radio technologies to provide internet connectivity to rural and peri-urban areas in Kenya.

Mawingu employs several hundred people and have served more than 180,000 customers.



Photo: Mawingu customer.

4. Contributing to global decarbonization with the Livelihoods Funds

Schneider Electric is a founding member of the Livelihoods Carbon Fund. The first sustainable carbon fund with high social impact, was created in 2011 and is managed by an independent team based in Paris.

Schneider Electric invested EUR 35 million in Livelihoods Carbon Funds #1, #2 and #3.

A total of EUR 290 million, invested by private companies and financial investors, is dedicated to investing in high potential carbon offset projects to generate positive impact for people and the planet.

Projects supported by Livelihoods Carbon Fund #1 (2011) have already impacted 1 million people and avoided or sequestered over three million tons of CO₂. Carbon Fund #2 (2017) aims to benefit 2 million people and to avoid or sequester 12 million tons of CO₂ over 20 years while Carbon Fund #3 (2021) objectives are to benefit another 2 million people and to avoid or sequester 30 million tons of CO₂ over 20 years.

The Livelihoods Funds support three types of projects: reforestation, agroforestry, and agricultural practices and rural energy.

The Livelihoods Carbon Funds #1 and #2 have contributed to three mangrove reforestation projects in Senegal, India, and Indonesia. These projects have enabled local communities to improve their living conditions by restoring the ecosystem and encouraging lifeforms such as fish and crabs.

Livelihoods Agroforestry projects enable farming communities to increase their revenues thanks to improved conditions for cash crops such as coffee or cocoa and the planting of fruit trees such as mangoes. In addition, the Livelihoods Funds contribute to the creation of new downstream activities such as food processing and commercialization.

Rural energy projects play an important role in improving women's lives and create jobs through the construction and distribution of cookstoves.

All these projects are an integral part of Schneider Electric's Carbon Pledge: the carbon credits generated are used to offset carbon emissions. For example, part of these carbon credits is used to offset all the carbon emissions generated by the Schneider Electric Paris Marathon; the race is carbon-neutral since 2019.

As of December 2022, the total carbon credits accumulated since 2011 was 426,548 tons, of which 100,546 tons have been used to offset Schneider Electric's Paris Marathon carbon emissions.

6.3 The Schneider Electric Foundation

6.3.1 Context and goals

Today's younger generation is the first generation to feel the direct impact of climate change and certainly the last generation capable of doing anything about it.

Beyond simply being aware, younger generations are already heavily involved in climate and social transition initiatives led by civil society, for example through climate marches and citizen movements emerging all over the planet, but also through their career choices, volunteering, involvement in NGOs and more.

Connected to each other like never before, young people today want to contribute to the resilience of their communities, by putting forward innovative solutions, stimulating social progress and inspiring new political movements. They are also agents of change, taking action to achieve the United Nations Sustainable Development Goals (SDGs) and thereby improve people's lives and the health of the planet.

6.3.2 Group policy

To successfully secure a sustainable future for humanity, younger generations express the same need for guidance, training and recognition. At the Schneider Electric Foundation, under the aegis of Fondation de France, our goal is to support these young people and empower them to get involved and innovate, so that they can take their rightful place in the world of tomorrow being built before our eyes today. We go about fulfilling this objective each and every day, all over the world, through concrete initiatives and programs.

The Group's first philanthropy policy was published in 2022, with full implementation planned for 2023. Its objective is to define Schneider Electric's position on philanthropy, its priorities and its principles of action, in line with the UN's 17 Sustainable Development Goals (SDGs). It will provide a coherent and consistent framework enabling Schneider Electric entities and employees to contribute and act.

In 2022, more than 170 projects were active, supporting 69,393 young people through 13,112 days of volunteering. With an annual budget of EUR 4 million, the Schneider Electric Foundation contributes to partnerships that are made possible by more than EUR 17.5 million support from Schneider Electric's entities. Group employees are also involved in these partnerships. In total, more than EUR 23.5 million has been invested to help local communities worldwide.

6.3.3 Governance

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 (945 in 2022) 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 the latter verifies the projects' compliance and implements them.

Since 2019, the composition of the Schneider Electric Foundation's Executive Committee is as follows:

- 10 Members: 5 from Schneider Electric (including The Chairman and 2 representatives of the employees) and 5 external experts.
- 1 observer from *Fondation de France*

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 members of the operational team are:

- General Delegate;
- Corporate Philanthropy Director;
- Employee Engagement Leader;
- Administrative and financial Assistant;
- Mentorship Leader;
- Social impact assessment Leader.

Lastly, the Foundation's Selection Committee is composed of:

- General Delegate;
- Corporate Philanthropy Director;
- Program Director, Training & Entrepreneurship.

6.3.4 Key actions driven by the Schneider Electric Foundation

Schneider's global presence allows it to have a greater reach and impact on underserved communities. The Group believes in contributing through different initiatives such as the Schneider Electric Foundation programs and initiatives. Through charity and donations, teaching and lending its time, the Company will support local organizations and stimulate communities.

In fact, Schneider focuses on two key elements:

1. Developing access to education and entrepreneurship for the youth with its Youth Education and Entrepreneurship Program deployed globally.
2. Acting as a corporate citizen by supporting international causes with its Tomorrow Rising Fund, in 2022, it was dedicated to employees in Ukraine and their families.

6.3.5 Youth Education and Entrepreneurship Program

Context and goals

Today's young people are forward-thinking and creative. We need to empower them with the necessary skills and support to create a life aligned with their dreams and aspirations. Education, technological and social innovation and entrepreneurship are all essential ingredients to ensure that these initiatives are relevant and effective, that they have the biggest possible impact and are appropriate responses to the needs of beneficiaries.

6 Delivering social impact for a just transition

Group Policy

The Youth Education & Entrepreneurship program aims to give all young people the means to build solutions for a better life, contribute to a fairer, low carbon society, and transform the world.

By funding projects, sharing its expertise, volunteering employees' time and collaborating with its partners on the ground, Schneider Electric is empowering younger generations and the broader community to achieve a better future through sustainable development.

The Schneider Electric Foundation promotes volunteering activities, through the VolunteerIn association, and mentorship as key contributions to the success of youth projects and initiatives through the mobilization of Schneider Electric employees.

Schneider Electric's ultimate goal is to skill and empower one million young people in energy management by 2025, and to train 10,000 trainers and support 10,000 entrepreneurs.

Governance

The Program follows the rules and governance of the Schneider Electric Foundation and Fondation de France.

To increase the effectiveness of following up the partnerships and achieve the 2025 ambition, every six months the program is evaluated by the zone President, the Foundation representatives, and the Youth Education & Entrepreneurship program leaders. Each zone has a defined ambition up to 2025 and a pipeline of projects that is reviewed under regular review. Corrective actions are implemented if necessary.

The program is led by zone representatives and in-country leaders that share ideas on a daily basis. A global coordinator sets regular meetings to support the zone representatives and guarantee the progress of the program in each zone.

The program is part of the Schneider Sustainability Impact. Every quarter, the zone representatives use a centralized tool to report on the impact of the program, and data is reviewed by an external auditor. With rare exceptions, all projects benefit from monitoring by employees of Schneider Electric entities operating in the countries concerned.

The Schneider Electric Foundation has broken new ground in the measurement of social impact and aims to enable its partners to better fulfill their missions by identifying areas for improvement. The 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. For example, CLER, the Energy Transition Network, has used this methodology. In 2020–2021, the Foundation conducted an impact assessment study of its involvement in the COVID pandemic.

More recently, the Foundation conducted a study of employees' volunteering, working with the Goodwill company.

Actions

The program is divided into **three main areas**:

- 1. Support access to qualitative jobs through vocational and entrepreneurship training in the energy field**, key drivers of socio-economic and sustainable development across generations.
- 2. Learn new skills for the future, technical and soft**, giving younger generations the boost they need to succeed and build the world of tomorrow.
- 3. Create the right ecosystem to spread entrepreneurial spirit and encourage innovation**, enhancing younger generations to define their future and take part in social and environmental challenges.

Resources

SSI #11



Train 1 million people in energy management

The Youth Education and Entrepreneurship program has supported the training of 397,864 people worldwide since 2009. More than 6,500 trainers and 5,500 entrepreneurs have also been supported. After COVID-19, we are committed to go further and faster by reaching a total of one million people trained by 2025, 10,000 entrepreneurs supported, and 10,000 trainers trained.

In June 2022, we celebrated "Indonesia-France Partnership with Schneider Electric" in Jakarta. Since 2017, the Ministry of Education, Culture, Research & Technology Indonesia (MoEC), Ministry of National Education of France (MENESR), SE Foundation and SE Indonesia, have created one Center of Excellence in Bandung and renovated 125 vocational high schools (SMK) in Indonesia. The partnership's focus is on electrical installation, industrial automation and renewable energy. More than 14,900 students and 1,300 trainers have been impacted.



* cumulated since 2009

1. Support access to qualitative jobs through vocational training and entrepreneurship in the energy sector

Training in the energy field provides an inclusive answer to several challenges of the United Nations Sustainable Development Goals (SDGs). For more than 10 years the group has been supporting technical and vocational education and training (TVET). TVET plays two major roles regarding social and economic development. The first role is to provide training and career opportunities for people, in particular, those who are not in education, employment or training. Its second role is to build a generation of skilled manpower, which is required at all levels of the economies. Furthermore, TVET can also be a valuable tool for sustainable development, as it allows the development of environmentally sound skills, critical for shifting toward a more sustainable economic model. Schneider Electric's strategy, backed by its Foundation for training people 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;
- The training of trainers to support the effective and quality roll-out of training down the line.

Schneider Electric and its Foundation are developing digital training to complement the training offered in energy and automation. Theoretical courses but also practical courses will be created to deliver comprehensive training curricula, that can be followed online only or through blended learning (a mix of in-class and online training).

The Youth Education & Entrepreneurship program has a specific focus on supporting youth, refugees, women in vulnerable situation, and marginalized groups of people. The actions are always implemented in partnership with local players and/or national or international non-profit organizations (NGOs, governments, etc.) and with Schneider Electric's local subsidiary.



2. Learn new skills for the future

Since 2022, the Youth Education & Entrepreneurship program supports the spread of the skills to unlock current and future opportunities for the youth.

Current uncertainty and a fast-changing environment require every individual to be able to adapt. The future of work will look more flexible and encourage every individual to reinvent themselves during their professional career. The programs help build digital skills, relational and collective intelligence, and encourage the youth to become change makers and create a future aligned with their aspirations. The value of technological competence cannot be underestimated but is not the only goal in equipping the youth with skills for life, employment, and entrepreneurship. We believe in integrating both formal and non-formal education to provide a flexible and personalized learning experience and ensure the youth can adapt to changing and diverse circumstances, identify opportunities for growth and innovation.

The projects deliver support to young people over a period of 3 months minimum.

Conserve My Planet program India

The objective of the Conserve My Planet program is to embed sustainability into communities where there are both energy and environmental challenges, by educating young people on energy conservation. Conserve My Planet (CMP) is a participative educational green initiative created by Schneider Electric India Foundation for students of class 5th Standard-7th standard (10–14 years). The whole program follows the activity-based learning model. We teach them about Energy Efficiency, Recycling Concepts, Reduction in E-waste, Water conservation, Plantation etc. They are taught the preliminary concepts of Energy Audits etc. It is also a fun program where children are given the role of Green Cops and Green Detectives and by the end of the program are termed as "Green Ambassadors". In 2022, CMP program was introduced into 50 schools across 5 metro cities (Delhi, Mumbai, Hyderabad, Bangalore and Chennai) of India in collaboration with SHARP NGO, impacting 6,000 students.



6 Delivering social impact for a just transition

Testimony of a trainee in South Africa

The Centre of Excellence at the Vaal University of Technology (F'SASEC) was developed through a partnership between the French Ministry of Education, Schneider Electric South Africa, the Schneider Electric Foundation and the Vaal University of Technology, to train underprivileged students who are unable to afford to study at a TVET college or university in the fields of electricity, energy and automated systems control.

“Landing at the center of excellence (French South African Schneider Electric Training Center) was the perfect stepping-stone for me to launch my career. I came in as a student, having no background in electrical engineering or the essential requirements to be in that field of study. It became a little challenging for me, but I managed to work my way up with the help of the brilliant facilitators we had. I worked really hard till I was offered a job. If you wish to become an Engineer, but don't know where to start because of funds or low pass rates on your matric certificates, F'SASEC is the stepping-stone for your dream to come true.”

Khomotso Monyai, who secured N1 and N2 Electrical qualifications from F'SASEC and N3 Electrical Engineering from Sedibeng College.



3. Create the right ecosystem to spread entrepreneurial spirit and encourage innovation

The Youth Education & Entrepreneurship program, with a wide range of partners is designed to engender a sense of creativity, innovation and risk taking among young people. Innovation and creativity can help young people become resources in co-creating solutions for the social and energy transition. They can inspire policy making and help solve problems adapted to the local context.

Programs are specifically designed to inspire young people, delivering soft and technical skills, mentoring young people and supporting their network development, to help them create their own project from conception to completion. This builds creative and innovative thinking and the ability to turn challenges into opportunities. They can choose to become effective entrepreneurs or to continue with another activity. We encourage them to work in groups and participate in collective thinking.

The projects deliver support to young people over a period of 3 months minimum.

The Schneider Electric Foundation also supports emblematic and international programs by making available its knowledge of energy systems management, through donations in resources and/or knowledge, to encourage innovation for the energy transition. 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, has been granted two Solar Impulse Efficient labels:

- Solar 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.
- Regenbox, the first do-it-yourself “non-rechargeable” alkaline battery charger. Regenbox aims to be ecological and anti-planned obsolescence. This project is also an educational tool and a means of raising awareness about a different use of batteries in order to reduce the amount of electronic waste so present in our daily lives.
- Bertrand Piccard, Chairman of the Solar Impulse Foundation, is promoting this portfolio of solutions to corporate and political leaders worldwide. At the end of 2021, 1,000+ solutions had already been granted the Solar Impulse Efficient Solution label. These included insulating blocks made from hempcrete, wind turbine floats, and a web-based pallet exchange platform.

In 2022, with the support of the Schneider Electric Foundation an exhibition of the solutions was organized in the Schneider Electric premises in Grenoble, known as Intensity, this exhibition was attended by more than 2,000 visitors.

Impacts of the Youth Education & Entrepreneurship program

The involvement of women in the energy sector

Since the beginning of the Youth Education & Entrepreneurship program, female participation in energy training has remained low. Indeed, the energy sector is still a male dominated environment, and young women are sometimes discouraged by social norms and even by their family to venture down this path. For Schneider Electric and its Foundation, it is essential to include women in all stages of the energy value chain. Most programs today only include women in non-technical and non-essential activities, such as selling solar products.

Schneider Electric Foundation's Youth Education & Entrepreneurship Program supports local organizations specializing in skills development and female empowerment, which are two critical factors in achieving a sustainable change. These organizations create inclusive ecosystems offering training, mentoring, and funding to enable women to work in the energy sector and become entrepreneurs. Schneider Electric and its partners also raise awareness among local communities, promoting best practices and encouraging a bottom-up approach to gender equality. Through these initiatives, the Training & Entrepreneurship Program seeks to play a dual role, championing economic inclusion and gender equality.

“An innovative experience! It was something new in my life, but I always say it was one of the best experiences I've ever had – I fell in love with electric!”

Vitoria Eliziario – 17 years old – former student at AFESU



Since 2021, Schneider Electric Brazil, the Schneider Electric Foundation and the Non-Governmental Organisation, associacao feminina de estudos sociais e universitarios (AFESU), come together to improve the equipment required for technical training in industrial automation and spread the know-how in AFESU training centre.

Promoting self-employment initiatives in the energy sector

Employment markets in emerging economies are characterized by high proportions of informal sectors, underemployment and people holding multiple jobs to make ends meet. In addition to specific skills training, entrepreneurs need business startup support and access to funding, both being key factors in the creation of long-lasting businesses. The Youth Education & Entrepreneurship program is providing informal entrepreneurs and those trained in the electricity sector with support in setting up their own businesses.

Since 2017, 52 technical laboratories in electricity and energy management have been upgraded in Pakistan's Punjab province, 7,129 youths have been trained and 2,331 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. Due to the floods in 2022, Muslim Hands, Schneider Electric Pakistan and the Schneider Electric Foundation have decided to join forces and provide 1,000 tool kits to the young qualifying graduates in the flood affected areas to ease their access to the employment by promoting self-employment initiatives.

Supporting trainers' skills development in the energy sector

The international community has pledged to provide quality education for all by 2030. School leaders and trainers play a key role in delivering quality education. The key challenge for trainers in the energy sector is to provide young 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 economic self-sufficiency.

The Youth Education & Entrepreneurship program provides valuable support to trainers involved in projects at its partners' training centers. The aim is to help trainers thoroughly grasp the training approach and materials, enabling them to efficiently convey full and relevant knowledge to the students in short and long-term courses. The program also supports the trainers in upgrading training curricula and adding new modules relevant to the market needs. We actively work to develop our trainer instruction program by opening more and more centers dedicated to this type of training. Training of trainers ensures effective long-term transmission of quality, up-to-date knowledge. Training of trainers is supported by the VolunteerIn association via missions at the partners training centers: IEEM, Bengaluru, Karnataka, India (Institute of Electricity and Energy Management) was established in collaboration with the Karnataka Government, Schneider Electric Foundation, Schneider Electric India and the French Ministry of Education in January 2014.

At IEEM, trainers and teachers from Industrial Training Institutes and Schneider Electric India Foundation's partnered training centers, get trained in an intensive and comprehensive 24 days training program. They are trained in the latest technologies and practices in a field of electricity such as safety and security, domestic distribution and installations, industrial distribution and installations, energy quality, renewable energies and energy management. More than 1,480 trainers have been trained since the beginning.

Develop volunteering and mentorship as a key contribution to the success of youth projects and initiatives

In December 2022, a new mentoring partnership was launched allowing employees to take extended volunteer leave to become youth mentors through the Raise Foundation. These employees will be able to take more than double their usual volunteer leave allocation of 21 hours per year to meet the requirements of the program and best support their young mentees.

6 Delivering social impact for a just transition

The Schneider Electric Foundation strongly focuses on the involvement of Group employees in all its activities. Whether they are Foundation delegates or employee volunteers, these individuals 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 co-ordinate, connect, and organize the process and cover costs related to carrying out missions, especially abroad;
- The Schneider Electric entities host the volunteers when the mission takes place outside their country of habitual residence.

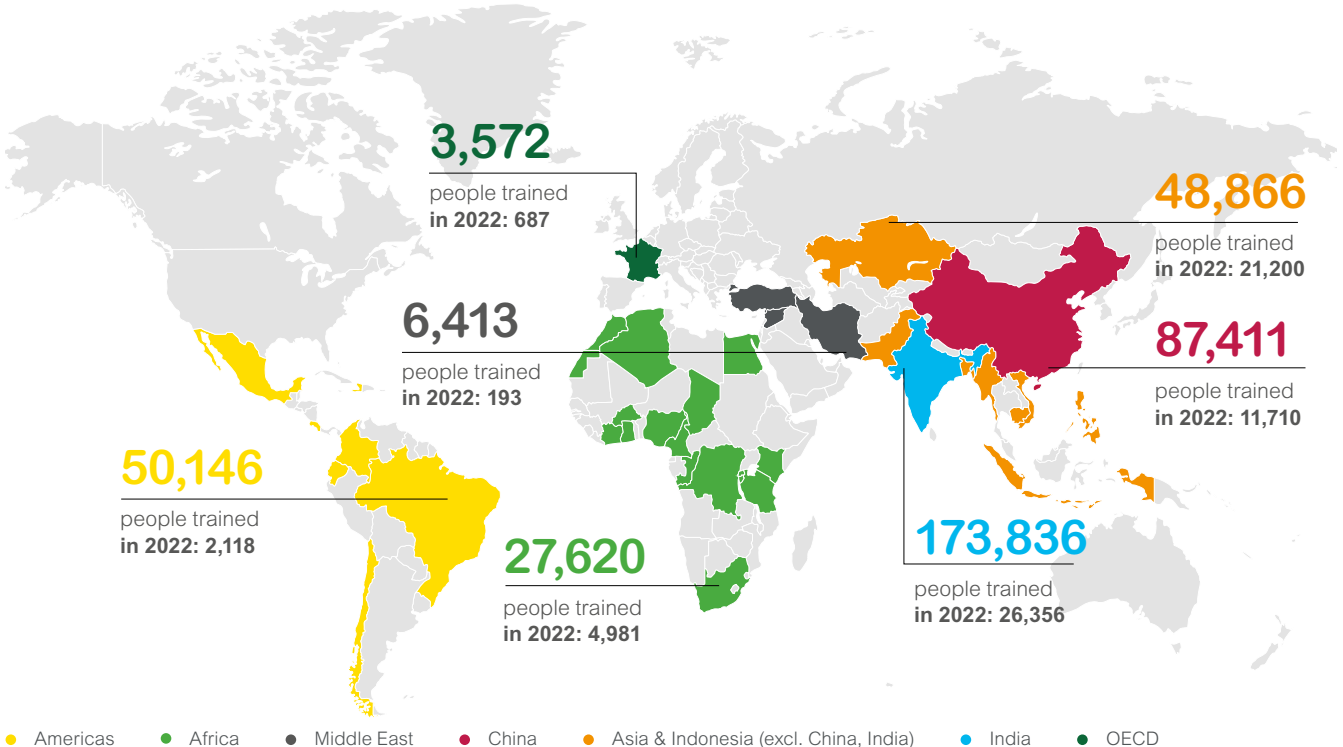
The Schneider Electric VolunteerIn Executive Board is composed of Schneider Electric leaders:

- Chairman, Chief Human Resources Officer;
- Vice-President,
- Secretary, in charge of the Training & Entrepreneurship program;
- Treasurer, in charge of the SEEA solidarity investment fund;
- Member, Vice President, Diversity, Equity, Inclusion & Well-Being;
- Member, volunteer representative;
- Member, Senior Vice-President Corporate Citizenship and institutional affairs.

Youth Education & Entrepreneurship program: key figures and 2025 targets



Breakdown of people trained by geography since 2009



One to two Executive Board meetings are organized each year.

The Schneider Electric Foundation draws on a network of around 85 delegates, covering 80 countries. Their role is to select local partners in the fields of vocational training in the energy sector, and to support entrepreneurship, sustainability awareness and volunteering initiatives, particularly mentorship. The delegates inform employees about their entity's activities, and also about the Foundation. 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. Following a project's launch, progress and reporting is monitored by the delegates.

The delegates manage a digital platform known as VolunteerIn, that brings together all the missions proposed by the Foundation locally and internationally. Available in 34 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 co-ordinate the organization of the Schneider Electric Foundation's campaigns for international mobilization. During 2022, these included the Tomorrow Rising fund and the Giving Tuesday dedicated for Mentoring scheme as well as the International Volunteer Day which focused on mentoring and will continue for the next two years. These campaigns showcase local initiatives to a global audience. Delegates also participate in campaigns following natural or other disasters. For example, in 2022 employees responded enthusiastically to the launch of the Tomorrow Rising Ukraine campaign. In 2023, an assignment campaign will be conducted to renew the Foundation delegates' mandates.

6.3.5 Tomorrow Rising Ukraine: an incredible spirit of solidarity

Context and Goals

The war in Ukraine has had profound humanitarian, geopolitical and economic ramifications for Europe and the world. In addition to disrupting global food and energy supplies, the conflict has claimed tens of thousands of lives. It has devastated critical civilian infrastructure and has displaced more than 13 million people.

Actions and Impacts

Schneider Electric employees have always demonstrated an incredible spirit of solidarity in the face of crisis. Through the Tomorrow Rising Campaign Schneider Electric employees have donated over EUR 500,000 matched by Schneider Electric which decided to add EUR 1 million to the fund. Schneider Electric Foundation also donated EUR 400,000.

A special steering committee is being established to take charge of organizing the appropriate release of funds to support Ukrainian colleagues and families, based on their needs. The actions of our employees from around the world are already contributing by providing material donations, hosting families and children, or supporting refugees and NGOs' missions.

The budget has been leveraged to provide more than 500 individuals (Schneider Electric Ukraine employees, agency workers and their families) with hardship allowance, settlement allowance, housing support, psychological support, foreign language lessons, and legal support over more than six months.

The project supported the following NGO initiatives:

- SOS Children village
 - Providing complex and long-term care for over 150 Ukrainian children and caregivers who were welcomed in SOS Children's Villages in Poland, Romania and Lithuania, and also revamping electrical installations
- SOS Attitude
 - Providing support to set up a refugee camp in Moldavia with tents and electrical equipment, and distributing food and water
- Global Compact Ukraine
 - Providing on-line psychological support

6.4 Schneider Electric Sister Foundations

The Schneider Electric Foundation operates in 100 countries across all continents. Its impact is reinforced in some regions through the activities of sister foundations in North America, India and Australia.

6.4.1 North America

The Schneider Electric North America Foundation provides monetary support, products, expertise, and volunteers to non-profit organizations that align with business priorities, values and geographies. We drive change in our communities through our Foundation. We also offer employee programs to support efforts in their communities:

- 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;

Generations

SSE #25





50,000 volunteering days since 2017

In 2022, employee participation in the activities of the Schneider Electric Foundation greatly increased.

Schneider Electric employees show a high level of commitment to give back. Mainly through digital and remote missions, they demonstrated their ability to adapt and to help the most vulnerable; especially young people in need of support and coaching. With more than 13,112 volunteering days in 2022, over 80% of the 2025 target for this indicator has already been reached.

2020 Baseline	2022 Progress	2025 target
18,469	<div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 100%; height: 15px; background-color: #003366; position: relative;"> </div> </div>	41,093 / 50,000

6 Delivering social impact for a just transition

- 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 donate time during their working hours.

The Schneider Electric North America Foundation has strategic partnerships that focus on supporting the Schneider Electric Foundation areas:

- Disaster Relief – Provides support to those impacted by disasters through American Red Cross and the Footprint Project. This year our partnership with Footprint Project won a Time Magazine award and was highlighted in a Microsoft Ted Talk video
- Habitat For Humanity – Supports sustainable and transformative housing with product donations, financial support, and more than 5,000 hours of work by volunteer employees
- FIRST Robotics – Inspiring future leaders through STEM education with employee mentors and financial support, we impacted over 1,200 students this year
- National Merit Society – Invests in the future by providing scholarships for children of employees

In 2022, the North America Foundation contributed over 6.6 million dollars in cash and product donations to over 1,700 charitable organizations.

6.4.2 India

During 2022, Schneider Electric India Foundation (SEIF), which is the CSR arm of all Schneider Electric business entities in India, focused on:

Training in energy management project

26,814 unemployed youth were trained, including 1,460 females, with 291 trainers also being trained. In addition, 140 entrepreneurs started their journeys in the energy profession through SEIF's skill development program, which is spread across 27 states in India.

Clean to sustainable livelihood project

2,400 indigenous farmer families were supported to ease access to reliable irrigation through solar powered pumps and grow two or three crops in a year under the 'Clean Energy for Sustainable Livelihood' project. This took place in the very remote villages of Bihar, Jharkhand and Odisha. The project impacted the community by doubling the annual income of women smallholders and farmers, and ensured food and nutrition security.

Conserve my planet project

To build responsible communities which are sensitive towards conserving energy and environment, we are training 6,045 school children, the future leaders of tomorrow, across five metro cities under the Conserve My Planet Program. Additionally, SEIF will provide scholarships to 55 meritorious engineering and diploma graduates from underprivileged backgrounds by the end of the year.

Planting trees project

More than 150,000 trees have been planted in order to help save the environment and increase Carbon Sequestration.

SEIF encourages in-house employees to participate in all the above initiatives, and during 2022 more than 450 volunteers contributed to 500 volunteering days. Approximately 300 Schneider Employees shared their knowledge with underprivileged young people training to be electricians by taking part in guest lectures delivered under the Teacher's Mission Initiative.

6.4.3 Australia

In 2022, Schneider Electric Pacific Fund contributed AU\$385,000 to major Australian charity partners – Live and Learn, Australian Wildlife Conservancy, Kokoda Track Foundation, Brotherhood of St Laurence and the Centre for Appropriate Technology. In New Zealand, NZ\$40,000 has supported Sustainable Coastlines and Te Pai Roa Tika. Through our Giving@SE program, a total of more than AU\$100,000 was donated to charities thanks to individual employees and matched donations from Schneider Electric (up to AU\$5,000/employee/year)

6.5 Social Impact in France

6.5.1 Empowering All generations through the Future Ready Program

Context and goals

Schneider Electric has been actively engaged in social corporate responsibility for many years with activities ranging from local economic development to youth empowerment. Thanks to this strong foundation and with the goal of addressing new challenges, the Corporate Citizenship team created the Future Ready Program in 2022, to expand the Group's positive impact globally and accelerate a just transition.

There is a growing gap between the skills and competencies needed to drive the energy transition and those that our ecosystem (e.g., workforce, partners, suppliers, NGOs, customers, etc.) currently has. These skills, including knowledge in electricity and digital, are becoming increasingly essential for the transformation needed and can be hard to acquire. Part of this gap is due to many groups (particularly young adults) in situations of unemployment and/or with no access to education (for diverse reasons of social inequality). Investments are required to close this gap and give everyone the opportunity to take control of their professional future. The group's workforce, as well as our external communities must be supported, trained, and knowledgeable.

The Future Ready Program is dedicated to empowering all, regardless of their generation, to build their desirable future based on their individual aspirations by providing opportunities for everyone, everywhere.

Youth Empowerment in France

Today's youth is the future, however, many of them are in situations of low education or unemployment and therefore have lower access to resources to build their skills. To support our conviction of empowering young adults especially those from disadvantaged backgrounds, Schneider Electric is significantly involved in three major National French programs dedicated to young people facing concerns related to education, apprenticeship, network, or unemployment.

The “paQte” and “La France une chance, les Entreprises s’engagent” both sponsored by the French Government, and “Le Collectif pour une Économie plus Inclusive,” gathering 39 major French companies engaged. These companies are deploying collective actions concerning youth employment (particularly in 10 French areas), inclusive offers and procurement. The actions on youth employment are being led by Schneider Electric and Engie.

15 years after having created it, Schneider Electric still strongly supports the NGO “100 Chances 100 Emplois (100 Opportunities 100 Jobs). This initiative (focused on coaching, mentoring, and networking) has already helped more than 9,000 young people make progress towards employment when they were previously facing difficulties and roadblocks, such as discrimination or/and a lack of network. “100 Chances 100 Emplois” is now engaged in an ambitious scale-up plan (launched in early 2022) aiming to provide its benefits to 6,500 young people (1,000 in 2022) in 100 areas (44 in 2022) to cover all French regions by 2026.

Schneider Electric is also focusing on this mission of empowering young adults by offering more opportunities for professional integration to apprentices, interns, and doctoral students.

Senior Talent Program

Within this journey to further develop our talent and enable all to take control of their career path, the Senior Talent Program was launched in 2021 connecting the people and sustainability together. Throughout all stages in an employee’s career, there is the potential and opportunity to continue growing one’s skill set, so Schneider Electric wants to offer all employees the chance to learn and design their professional journey. Accompanying employees in the later stages of their career can accelerate the transfer of knowledge and skills across all generations, which is a great enabler to a just transition. To learn more about this program go to section 2.5.3 “Talent attraction and development” pages 211 to 217 of the 2022 Universal Registration Document.

Contribution to local communities in France

To accompany employees in creating a future based on their individual aspirations, Schneider Initiatives Impact (which regroups Creation Pass, Solidarity Pass, and Competencies Pass) was created in France to offer three innovative pathways to support employees in designing their professional future. The Creation Pass (Schneider Initiatives Entrepreneurs) is an internal support system to help employees start their own business. Since 2010, 1,042 projects have been supported and 577 of them have resulted in the creation or takeover of a business. These businesses have created more than 699 jobs in France and range in sectors including electricians, organic trades, restaurants, consultants, asset managers, and tech start-ups. The second option is the Solidarity Pass which allows employees to experience a skill sponsorship for a certain period where they offer their skills, energy, and dedication to an NGO. There are approximately 38 assignments each year. Finally, there is the Competencies Pass where employees offer start-ups/SMEs their knowledge and skills to enable local economic development. There have been 11 assignments in the past 5 years. These final two options allow for a mutually enriching experience where employees share their competencies to the wider community and gain knowledge in a new area/working structure.

Schneider Initiatives Impact’s structure in France is totally connected and represented in local business networks such as Chambre de commerce et d’industrie, Réseaux Entreprendre, DIESE association made up of other major groups, local public stakeholders (Direction du Travail et de la Solidarité, Préfecture...) and local NGOs such as Emmaus Connect or La Cravate Solidaire.

In the next few years, the ambition is to continue offering these meaningful career opportunities to as many employees as possible, so the team is focused on expanding Schneider Initiatives Impact to other countries. In the first quarter of 2023, these programs will be deployed in Belgium and Germany.

6.5.2 The 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 continues to focus on vocational training in Schneider Electric areas of expertise, with innovative training approaches and close alignment 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 new vocational training was added to support the creation of its CFA (*Centre de Formation d’Apprentis*).

In July 2021, to meet the ever-increasing need for skills in the energy and electrical sectors, and against the backdrop of increasing concern about the professional future of young people, the CFA took a new step forward and expanded its range of training courses both geographically and in terms of content by forging new partnerships. In addition to the current BTS “Fluids Energies Home Automation” and the Licence professionnelle “Connected Buildings and Intelligent Energy Management” courses, which are currently offered by the CFA, there are now:

- The BTS CRSA (Design and Production of Automatic Systems) with the Vaucanson High School in Grenoble (France);
- The vocational baccalaureate MELEC (Electrical Trades and Connected Environments) with the Lycée Pablo Neruda in Saint-Martin-d’Hères (France);
- The BTS FED Home Automation and Communicating Buildings, extended to a new geographical area, with the Lycée Maximilien-Perret in Alfortville (France).

In 2022, the CFA has signed a new partnership to increase its footprint in France.



2022 was a successful year with 101 internships. Of these students, 92% graduated, 48% continued studies and 52% gained employment.

7 Methodology and audit of indicators

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7.1 Methodology elements on the published indicators

In conformity with regulations in place and in a spirit of transparency with its stakeholders, Schneider Electric regularly publishes Corporate Social Responsibility (CSR) data, which includes notably:

- Indicators of the Schneider Sustainability Impact (SSI), published quarterly and externally assured annually
- Indicators of the Schneider Sustainability Essentials (SSE), published and externally assured annually
- Other standard Human resources (HR), safety and environmental indicators published and externally assured annually for the most material ones.

Reporting Year

Annual CSR data is reported for the calendar year (CY) preceding the publication year, ie 2022 in this report, in line with the financial reporting calendar.

Reporting Perimeter

As a general rule and subject to any particular exception described below:

- Schneider Electric reports CSR data at Group level for all financially consolidated entities over which it has operational control
- New acquisitions are included in the reporting scope within 2 years, meaning that data is consolidated into Group at the latest from the third year post acquisition.
- Companies accounted for by the equity method are not included in the reporting.
- Within the above scope, small entities may exceptionally be excluded if their collective exclusion does not exceed 5% of consolidated revenues or total number of employees. Reporting coverage is provided together with indicators' tables.

Timing for inclusion may differ between indicators. Typically financial or HR data are deployed more rapidly as acquired companies usually have existing systems and teams in place, which is not necessarily the case for environmental systems.

Progressive consolidation of new acquisitions into the Group CSR reporting

All majority-owned, financially consolidated, entities shall participate in all relevant Schneider Electric's SSI, SSE and other environmental, social and ethical programs and adopt the required policies and reporting practices as per each respective Trust Standard. Unless otherwise agreed with Schneider Electric's Sustainability team for practical or cost-effectiveness reasons, the following calendar shall be respected:

- Year +1: strategic alignment and material KPIs selection
- Year +2: data cleaning and baseline and target setting
- Year +3: start of consolidated reporting into Group public reporting

When an entity is not fully integrated into Schneider's IT systems, the consolidation of CSR data is done manually and may take longer than the standard calendar above. For those entities, if the cost of reporting is deemed unreasonable compared to the size of the company, the entity may ask to opt-out from CSR reporting. This may be granted on a case-by-case basis. However these entities still need to follow applicable Trust Standards.

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.

Notable exclusions in 2022 (apart from SSI #1 Schneider Impact revenues which is calculated on the same scope as the financial perimeter due to data availability) are presented in the table below. Details for data coverage are specified in tables page 274 of the 2022 Universal Registration Document.

Company	Acquisition year	% Group employees	% Turnover	Comments
AVEVA (including OSIssoft)	2018 (2021)	4.3%	4.0%	AVEVA remained a listed company in 2022 and publishes its financial and extra-financial statements on a regular basis. It acquired OSIssoft in March 2021. Aveva was delisted on January 19th 2023. AVEVA has aligned its sustainability strategy with Schneider's and obtained an A rating from MSCI and Bronze medal from Ecovadis in 2021. Read more in AVEVA's 2022 Sustainability progress report (https://www.aveva.com/content/dam/aveva/documents/reports/AVV011_Sustainability%20Report_2022.pdf.coredownload.inline.pdf) AVEVA is excluded from all KPI calculations except SSI #1.
Larsen & Toubro	2020	3.3%	2.4%	Larsen & Toubro's integration is in progress. HR statistics are included in Group results, except for SSI #8, which is calculated on a constant scope.
RIB Software	2020	2.0%	1.0%	RIB Software's integration is in progress RIB Software is excluded from all KPI calculations except SSI #1.
Other exclusions	-	4.1%	2.7%	Other exclusions concern either non-integrated entities or recently acquired entities grouped here for readability.
				Total exclusion figures presented in this table represent the maximum exclusions for given KPIs. More precise reporting perimeter estimates are provided in each data table.
				Note that exclusions of software companies have limited impact on environmental KPIs, and no impact on product-related KPIs at Group level given the nature of their activities.
Total maximum exclusions	-	13.7%	10.0%	

The Group has set a plan to increase its reporting coverage progressively to at least 95%, as described in the previous page.

Internal control

Schneider Electric has drawn up a frame of reference with dedicated reporting protocols for Schneider Sustainability Impact (SSI), Schneider Sustainability Essentials (SSE) indicators and for other Human Resources, safety and environmental data. This frame of reference includes the scope, collection and consolidation procedures and definitions for these 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, the Global Environment and the Global Supply Chain functions. Data reliability checks are conducted at the time of consolidation (review of variations, inter-site comparison, etc.).

External Assurance

Once a year, an external auditor reviews the procedures in place and data accuracy in order to provide limited assurance on extra-financial information as required by Article R225-105-2 of French Commercial Code, notably the indicators of the Schneider Sustainability Impact, Schneider Sustainability Essentials and other Human Resources, Safety and Environmental indicators. This external assurance practice is in place at Schneider Electric since 2006.

In keeping with its commitment to continuous improvement, Schneider Electric asked the firm PricewaterhouseCoopers Audit to conduct an additional review in order to obtain a "reasonable" level of assurance for strategic indicators (Energy consumption, Scope 1 and 2 CO₂ emissions, Safety, Gender diversity – SSI #8).

7.1.1 Indicators from the Schneider Sustainability Impact

SSI #1: Grow Schneider Impact revenues to 80%

Schneider Impact 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 Impact 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, Sustainability Business (SB), and industry automation. Neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.
- 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;

7 Methodology and audit of indicators

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 environmental performance through specific environmental attributes (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).

Additionally, revenues derived from activities with fossil sectors and others are systematically excluded, including Oil & Gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting and sustainable finance practices, 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 SF₆ from offers by 2025, SF₆-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.

All revenues consolidated in financial accounts are taken into account. Calculation is based on revenues per line of business. Exclusion of fossil revenues is based on orders per customers' end-segment, with extrapolation to estimate destination of transactional sales.

This indicator was audited by PricewaterhouseCoopers.

SSI #2: Deliver 800 million tonnes of saved and avoided CO₂ emissions to our customers

This indicator measures CO₂ savings and avoidances delivered by Schneider Electric offers to customers.

CO₂ savings and avoidances are calculated for global sales of the reporting year and cumulated over the offers' lifetime. Net 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 2021 with the definition of the new sustainability strategy: Schneider is committed to save and avoid 800 million metric tons of CO₂ thanks to EcoStruxure™ for its customers.

The difference between "saved" and "avoided" emissions is key: saved CO₂ emissions correspond to brownfield sales that enable reduction of global CO₂ emissions compared to previous years, and avoided CO₂ 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.
- **Greenfield sales** correspond to the situation where the solution is installed into a new system, allowing a better performance with respect to the market alternative.

The calculation of CO₂ impact of offers over their lifetime is based on sales data per product range. The electricity emission factors are forward looking, integrating the decarbonization of the global energy mix as per scenario of the IEA. Market data and expert assumptions are used to determine the use-case scenario of offers and the associated CO₂ impact. This methodology is associated to typical uncertainties of CO₂ 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 PricewaterhouseCoopers.

SSI #3: Reduce CO₂ emissions from top 1,000 suppliers' operations by 50%

Under this program, also called Zero Carbon Project, the Group partners with 1,000 of its suppliers, who commit to reduce their company's CO₂ emissions (mandatory Scope 1 & 2; Scope 3 is optional) and not just on the proportion of sales to Schneider Electric. The active participation of upstream supply chain is critical because it represents multiple times GHG emission compared to Schneider Electric's own operations. The top 1,000 suppliers come from 64 categories across direct material, indirect material and project procurement and have been nominated by the respective procurement teams.

To ensure suppliers get adequate handholding during the implementation, several capacity building and engagement modules have been deployed. These initiatives sensitize the suppliers on various approaches and technical levers for decarbonization, including training on basic requirements and calculations. Moreover, Schneider attempts to support and drive collaborations with suppliers through services and EcoStruxure™ solutions.

As a first step in the long-term journey to decarbonize, top 1,000 suppliers are required to quantify their carbon emissions and take ambitious reduction targets and deploy roadmap to achieve them. Suppliers are required to share the carbon emission performance via the dedicated Schneider Supplier Portal-Supplier Relationship Management (SSPSRM). To measure the carbon emission reduction achieved, we calculate the average carbon intensity reduction achieved by responding suppliers, multiplied by the percentage of suppliers reporting carbon emission data. Carbon intensity is calculated as Scope 1 & 2 CO₂ emission divided by financial turnover.

This indicator was audited by PricewaterhouseCoopers.

SSI #4: Increase green material content in our products to 50%

A Green Material is defined as either of the following:

- a material with a lower environment footprint;
- 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.

For 2021, the scope of this KPI covers commodities identified as relevant in terms of volume (circa 29% of total products volume in 2019), environmental impact (carbon footprint and biodiversity assessment) and industry readiness, meaning:

- Steel and aluminum direct purchases;
- Thermoplastic direct and indirect purchases.

Overall, the materials in scope represent approximately 400,000 metric tons.

Cross-functional experts at Schneider Electric (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.

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 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 is qualified as “Green” when the supplier is bringing evidence that the product carbon footprint is below 8 tons 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 Aluminium Stewardship Initiative.

The scope will be yearly reassessed as the program maturity and the transparency of supply chains improve.

To consolidate the KPI, several sources of data are used. The volumes of green materials are identified using Prism extract for metals and Puma extract for thermoplastic, both tools are providing budgeted volumes. The total volume in scope (the denominator of the KPI) is determined using RMI extracts for thermoplastic, steel and aluminum providing purchased volumes in metric tons. For silicon steel there is no consolidation in RMI since silicon steel is not a market index, thus the volume is estimated based on a negotiation file RCM. Schneider Electric decided to identify reported and tracked Green Materials using ‘budgeted’ volume since the precision of the reporting tool is better compared to RMI extract. Actually, Prism and Puma allowed to track suppliers and material grade that make the two levers mentioned above possible to activate.

This indicator was audited by PricewaterhouseCoopers.

SSI #5: 100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard

This program has been designed to:

- Ensure legal compliance through the selection of our packaging materials and the availability of adequate take-back, collection and sustainable options for our customers.
- Support the achievement of our 2025 Green packaging commitment:
 - 100% of our primary and secondary packaging uses recycled cardboard.
 - 100% of our primary and secondary packaging is free from single-use plastic.
 - Define the best practices to offer differentiating green packaging solutions to our customers.

The scope includes tier-one strategic suppliers with a direct purchase of cardboard and plastics in the Schneider Electric procurement system. Geographically, all regions under the global supply chain will be covered, as well as Equipment & Transformers.

Cardboard is considered as recycled when it includes at least 70% of recycled fiber by weight. Temporary exemption is made for NAM, where an average of 50% of recycled fiber by weight is required to be considered recycled.

Every reporting period, the spend on cardboard and plastics is extracted from the system and each element is classified as sustainable or none based on criteria mentioned above. Verification is done for sustainable 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 sustainable sources and remove single use plastic usage with sponsorship from top management.

This indicator was audited by PricewaterhouseCoopers.

SSI #6: 100% of our strategic suppliers provide decent work to their employees

Schneider Electric has deployed a series of engagement on the topic of working conditions to correct mal practices, but also proactively work to implement measures which will prevent such violations in future. This philosophy is the foundation of the Decent Work program.

Taking inspiration from the pioneering work of ILO, Schneider has defined **10 pillars of Decent Work**:

1. Employment opportunities;
2. Adequate earnings and productive work;
3. Decent working hours;
4. Stability and security of work;
5. Social dialogue and workplace relations;
6. Fair treatment in employment;
7. Safe work;
8. Social protection;
9. Purchasing practices; and
10. Balancing work and family life.

7 Methodology and audit of indicators

The program requires strategic suppliers to develop a pro-active policy and provide a safe, attractive, inclusive workplace to their employees, and treat all workers as we treat our own workforce. Criteria defined for each Decent Work pillar may overlap with ISO26000 standard and are validated by Global Procurement, Human Resources, Supply Chain and Sustainability teams.

The suppliers will be assessed through remote questionnaires supported by relevant documentation as well as onsite visits, spot audits and their performance will be monitored by experts. All questions have a minimum acceptable answer defined. Suppliers responses will be evaluated against the minimum acceptable criteria to qualify as Decent Work compliant. Program deployment is ensured by Global Procurement Services to onboard, train and assess suppliers.

Through Decent Work standard setting and compliance, Schneider employment aims to enhance social integration, equity, security, dignity, satisfaction and overall improvement in the quality of life for the workers, and their family. For each Decent Work issue identified, the Global Procurement team will ask for corrective actions to be undertaken and supported by documentation. If the supplier effectively deploys corrective actions, it can be counted in the KPI calculation. Otherwise, it is still counted as non-compliant regarding the requirements of the program.

A pilot for this indicator will be launched early 2022. As such, this KPI is excluded from the 2021 SSI score computation, and will be integrated in 2022.

The methodology for this indicator was reviewed by PricewaterhouseCoopers.

SSI #7: Measure the level of confidence of our employees to report behaviors against our principles of Trust

Speak-Up helps to maintain high standards, a strong reputation, and a healthy and productive working environment, and protects Schneider Electric and its employees from multiple risks. Misconduct situations will be less likely to occur if people, employees and stakeholders feel safe to speak up about concerns, dilemmas or issues in good faith, respectfully and without fear of retaliation.

Our Trust Charter and Ethics & Compliance program participate to transform this belief into practical actions, notably offering multiple fair, neutral and confidential reporting channels to our employees to make them feel confident to report an unethical conduct.

In order to assess this KPI, the question "I can report an instance of unethical conduct without fear" is annually asked to all Schneider Electric employees included in the OneVoice survey scope. The percentage of "Agree" and "Strongly Agree" amongst the answers determines the level of confidence of Schneider Employees to report unethical conduct. Responses are anonymized and aggregated for compliance purposes.

This indicator was calculated for the first time in 2021 and reached an 81/100 performance. As such, this KPI is excluded from the 2021 SSI score computation, and will be integrated in 2022.

The methodology for this indicator was reviewed by PricewaterhouseCoopers.

SSI #8: Increase gender diversity, from hiring (50%) to front-line managers (40%) and leadership teams (30%)

Schneider Electric is strongly committed to building a diverse organization at every level, with a workforce that reflects the diverse markets in which we operate. This indicator measures female representation within Schneider, at the hiring, frontline manager, and leadership level.

It covers all new hires within the company, including both non direct variable costs (NDVC i.e. white-collar) and direct variable costs (DVC i.e. blue-collar) positions; managers who are in NDVC positions, at the junior and mid-management level and whose direct reports are individual contributors only; and all leaders in Senior Vice Presidents & Vice Presidents positions.

This is a composite indicator: the progress of each metric (new hires, frontline managers, leaders) is being evenly weighted (1/3) to calculate the achievement of this commitment.

At the end of each quarter:

- **Percentage of female new hires:** Count number of new hires that are women divided by total new hires in the current year *100.
- **Percentage of female frontline managers:** Count number of frontline managers that are women divided by total frontline manager population *100
- **Percentage of female leaders:** Count of women leaders divided by count total leaders *100
- **Blended achievement percentage:** Weighted 1/3, based on annual % progression from Base Year to total 5-year achievement.
 - 50% new hires progression: Subtract current period % of women who are new hires from 2020 base line and divide by targeted 5-year progression target (9%).
 - 40% frontline managers progression: Subtract current period % of women who are frontline managers from 2020 base line and divide by targeted 5-year progression target (15%).
 - 30% leaders progression: Subtract current period % of women who are leaders from 2020 base line and divide by targeted 5-year progression target (6%).
 - Calculate blended progression achievement %: 1/3 of each KPI current period progression

This indicator was audited by PricewaterhouseCoopers.

SSI #9: Provide access to green electricity to 50 million people

Schneider aims to provide access to electricity from renewable sources to 50 million people, thanks to the products and solutions that are developed and/or commercialized under the Access to Energy (A2E) program, from 2009 to end-2025.

Geographical scope are countries where the A2E program is operating, in APAC, Africa, Middle East, and South America. Within these A2E countries, the impact is calculated based on:

- **Individual and domestic electrification:** the number of units sold is counted out of the defined list of references providing access to green electricity, and a coefficient is applied to translate into an estimated number of people impacted.
- **Collective electrification:** the total power sold is counted out of the defined list of references giving access to green electricity; it is translated into a number of people impacted from an average energy consumption of a household in the targeted areas, estimated from external databases and studies.
- **Large A2E projects or electrification of public services:** as an alternative to the above method, actual or statistical number of people connected can be taken into account. In this case, the technologies sold by Schneider can go beyond the strict A2E references, but their value must be at least equal to the estimated price of the project's inverters.
- **Impact funds** (SEEA, SEEA Asia and EAV): 100% of the impact of companies that contribute directly to the Schneider A2E mission of providing green and reliable electricity in Africa and in Asia are taken into account, as well as 50% of the impact of companies that contribute indirectly. To this result, we apply the percentage of participation of SE in the fund.

An exhaustive list of products and solutions considered with reference codes is available and maintained. Considered products and solutions are those already available at the end of 2020, and the forthcoming products and solutions providing access to electricity. Products and solutions that are out of scope: A2E products and solutions that are sold out of A2E countries; other A2E products and solutions, not directly providing access to electricity (e.g. MPPT, EcoStruxure™ for Energy Access, batteries, etc.).

This indicator was audited by PricewaterhouseCoopers. The methodology and 2021 performance was audited, not values cumulated before 2021.

SSI #10: Create 2x opportunities for the next generation

The purpose of this initiative is to ensure Schneider Electric has a sustainable talent strategy to develop a Next Generation (Next Gen) pipeline of talent through full-time, temporary, and self-paced opportunities. Our goal is to provide access to professional opportunities for young adults, educating them about sustainability and how Schneider Electric plays a part in this endeavor.

To achieve this ambition to double opportunities, the Group accounts for the various ways it interacts with talent considered to be part of the next generation pipeline, including Student Opportunities and Recent Graduate Hires:

- **Student opportunities** are defined as the workforce on the cusp of entering the job market, engaged in a temporary relationship with Schneider Electric with a defined start and end date at the onset (i.e.: Intern, learning event about Schneider and sustainability).
- **Recent Graduate Hires** are recent graduates or early career professionals hires from a formal education program whose relationship with Schneider has a defined start date but open-ended end date (i.e.: Contract type: open ended contract, fixed term contract).

Calculations are based on actual external requisition positions filled in the Global Applicant Tracking System and opportunities tracked via connect Candidate Relationship Management.

This indicator was audited by PricewaterhouseCoopers.

SSI #11: Train 1 million people in energy management

The deployment of professional training programs in energy management enable 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 must benefit to disadvantaged people. They are defined according to a local reference and justifiable by the partner who must be able to justify the BoP nature of the people trained, related to the defined local benchmark.

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. As a technical partner, Schneider Electric does not pay operating expenses.

The minimum duration of these courses is three months (or totaling 100 hours). Schneider's Contributions may be (cumulative possible):

- funding of electrical and didactic equipment, donation of request equipment, first generation, for practical work;
- knowledge transfer through trainer training, and support for future entrepreneur training.

The KPI score is calculated with the number of students enrolled in trainings courses, supported by Schneider Electric through partnership agreement (supporting documents (list of young people) required)."

This indicator was audited by PricewaterhouseCoopers.

SSI #+1: 100% of Country and Zone Presidents define 3 local commitments that impact their communities in line with our sustainability transformation

Since its creation in 2005, the former Planet & Society barometer (now Schneider Sustainability Impact), has focused on measuring progress against key sustainability performance indicators at worldwide level.

In SSI 2021–2025 Schneider Electric introduces a new component to measure local impact because:

- There is a high internal demand for local communication on progress, as well as to locally empower collaborators to contribute to our meaningful purpose;
- Sustainability priorities are highly dependent on local context therefore it makes sense to not only deploy worldwide programs, but also local actions close to local context and needs.

In order to boost local impact towards communities close to Schneider Electric, Countries with at least 100 employees have set 3 commitments aligned with the Group's sustainability strategy, on different pillars: Climate, Resources, Trust, Equal, Generations and Local.

Methodology and audit of indicators

Progress against these commitments is measured by precise Key Performance Indicators (KPI). The assessment of this objective goes as follows: KPIs are validated by zone/ country presidents, and a local SSI lead is designated and communicated to the Sustainability Team. This local Lead is in charge of consolidating KPI performance on an annual basis.

This indicator was not audited by PricewaterhouseCoopers and is not included in the SSI score.

7.1.2 Indicators from the Schneider Sustainability Essentials

SSE #1: 150 Zero-CO₂ sites

A site achieves Zero CO₂ site status if it emits zero greenhouse gas emissions related to energy consumption and has in place Digital Energy Monitoring. Additionally, the site must have no SF₆ leaks. Exclusions for energy-related greenhouse gas emissions are considered for small sources (<3%) of a site's total energy where no feasible fossil-free solution exists today. Digital Energy Monitoring is defined as having energy data connected to a Schneider Electric solution (such as Power Monitoring Expert, EcoStruxure™ Building Operation, Resource Advisor, etc.). For larger sites, this requires a significant proportion of the site's energy to be measured and monitored through real-time connected meters. For smaller sites, this requires energy invoices to be available in Schneider Electric's Resource Advisor solution. This indicator relates to all sites within the Group's full real estate footprint.

This indicator was audited by PricewaterhouseCoopers.

SSE #2: 100% substitution with SF₆-Free medium voltage technologies

This indicator measures the ability of Schneider Electric to offer to the market (i.e. SELL gate of our Offer Creation Process) industrialized SF₆-Free solutions for all geographies.

The range considered for the calculation of this KPI are Primary & Secondary switchgears up to 40.5 kV, Indoor only:

- A** SF₆ free ranges ready in 2020: Vacuum components, Premset, primary AIS with vacuum CB, HVL, Masterclad...
- B** SF₆ ranges in 2020: RM6, FBX, Ringmaster, DVCAS, Flusarc, SM6, RN2C, GMA, GMAe GHA, WS, WSG, CGBS-0, CGBS-1, HVL-CC, Mcset, F400
- C** SF₆ free offers to be launched from 2021–2025: SM AirSeT, Air PacT, RM AirSeT, RingmasterX, GM AirSeT, HVLCCX, ...

Products above 40.5kV (WI, CBGS-2, Kite), Outdoor Equipment such as Pole mounted, Reclosers, Sectionalizers, Instrument transformers, as well as ranges manufactured by JVs and local offers adaptation are excluded.

The performance is measured as the percentage of the quantity of SF₆ free offer range available for order (A+C above) compared to the total quantity of the current ranges sold in the 2019 reference base (for both MV switchgears and components). The current range for 2019 reference base is defined as the sum of the current SF₆ and non-SF₆ (Air, Vacuum) ranges sold in quantities (A+B above).

For the calculation, as an example, 1 RMairSet = 1 RM6.

Calculation: $KPI \% = (A + C) / (A + B)$. Reference Base: total quantities by range sold in 2019.

This indicator was audited by PricewaterhouseCoopers.

SSE #3: 90% of electricity sourced from renewables

This program 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).

Four different types of renewable sourcing are taken into account:

- Renewable electricity produced onsite and consumed onsite;
- Renewable power purchase agreements (PPAs);
- Green tariffs; and
- Renewable certificates (depending on the country: REC, iREC, GO, EAC, 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 PricewaterhouseCoopers.

SSE #4: 15% CO₂ efficiency in transportation

Transport within Schneider Electric is a significant generator of CO₂ due to dependence on fossil-fuels. To achieve its net-zero target, the Group must engage with its transport providers on both efficiency opportunities as well as technical advancements in transport assets.

This KPI measures the Group progress against an annual 3% CO₂ emissions for its paid transportation footprint for each of the next 5 years, or 15% total reduction from 2020 to 2025. The scope of the program covers all shipments globally with all transportation providers and modes where the freight is paid by the Group. This equates to approximately two-thirds of the total freight CO₂ impact to the Group. The base calculation for CO₂ efficiency uses an activity-based method of weight multiplied by distance and by mode/equipment CO₂ factors. Progress is measured using CO₂ emissions per tonne shipped as unit.

This indicator was audited by PricewaterhouseCoopers.

SSE #5: 15% energy efficiency in our sites

This program measures the normalized energy reduction of the Group's largest energy-consuming sites against a baseline. The objective is to reduce energy consumption by ~3% each year, for a total reduction of 15% over the whole duration of the company program (2021–2025) using Schneider Electric solutions and services. The program focuses on Schneider sites within the scope of environmental reporting that consume >3 GWh of total energy, along with other sites the Group considers strategic (213 sites in 2021).

Energy savings are calculated versus a baseline year (2019) for the whole duration of the company program. In order to ensure a fair calculation of the savings, the actual consumption of a site is normalized versus the baseline year. This normalization is based upon a site-specific linear regression model enabling climate and changes in production levels to be taken into account. All energy consumption that can be modelled is taken into account and converted into MWh.

This indicator was audited by PricewaterhouseCoopers.

SSE #6: 80% of product revenues covered by Green Premium™

Schneider Electric provides environmentally conscious products to customers that support their sustainability goals and ambitions. The 2025 target is a transformation of the existing program, for products focused on green materials, low CO₂, circularity and digitization of data.

Green Premium products provide detailed information on their regulatory compliance, material content, environmental impact and circularity attributes. They deliver market driven value propositions through third-party labels, such as Green Building and product certifications, that support our customers' sustainability ambitions. All globally sold products are within the scope of Green Premium. The product must be identifiable by an individual commercial reference number sold under a recognized brand of Schneider Electric. The Group provides resources efficient products (energy at usage, low CO₂, material efficiency) whose footprints are fully available through the 'Product Environmental Profile' relying on Life Cycle Assessment; Green Premium offers also come with 'Circularity profiles', providing information on a product's Circularity through product end-of-life instructions and take-back services. Green Premium offers are regulatory compliant. Schneider is going beyond regulatory compliance with step-by-step substitution of certain materials and substances from our products. All this information is provided digitally to our customers.

This indicator was audited by PricewaterhouseCoopers.

SSE #7: One-third of corporate vehicle fleet comprised of electric vehicles

Schneider Electric has joined the EV100 initiative of Climate Group to reduce its carbon emissions by committing to electrify 100% of its fleet by 2030. The fleet reporting structures the fleet carbon emissions calculations, the calculation of EVs share in the fleet and allows to support countries in the transition. As a mid-term objective, by 2025, Schneider commits to switch a third (1/3) of its fleet to electric vehicles (EV).

Schneider Electric uses the definition by the Climate Group for electric vehicles, including:

- Battery Electric Vehicle (BEV),
- Plug-in hybrids (PHEV): Extended Range vehicle (EREV) and Fuel Cell Electric Vehicle (FCEV) - with at least 50km of electrical autonomy

Vehicles' count is a picture at 31/12. The share of electric vehicle in fleet is calculated by dividing EV count by total vehicle count.

Fleet leasers are the source of information; global leasers operate the largest share of Schneider Electric's fleet and provide data on multiple countries by region. A detailed reporting is asked to all countries to eventually correct, complete or complement the information (considering for instance vehicles under local leasers).

This indicator was audited by PricewaterhouseCoopers.

SSE #8: 100% of sites with local biodiversity conservation and restoration programs

This program measures, for each site in scope, the percentage completion of a set of biodiversity-related actions. The scope is Schneider Electric sites within full real estate footprint that have >50 people.

Initiatives are defined as "eliminate single-use plastic", and "local biodiversity action" (2 required for large ISO14001 sites, 1 for small sites).

Each site reports initiatives at completion. At Group level, performance is calculated by dividing completed initiatives by total required initiatives.

This indicator is audited annually by PricewaterhouseCoopers.

SSE #9: 200 'Waste-to-Resource' sites

A site achieves 'Waste-to-Resource' status if it recovers more than 99% (by weight) of its non-hazardous waste while leveraging waste-to-energy solutions for less than 10% of its non-hazardous waste. Additionally, if a site generates hazardous waste, it must ensure 100% proper handling and treatment of that 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 reduced, reused, or 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 within the Group's full real estate footprint.

This indicator was audited by PricewaterhouseCoopers.

SSE #10: 420,000 metric tons of avoided primary resource consumption through 'take-back at end-of-use' since 2017

The aim of this KPI is to measure Schneider Electric's Circular Economy efforts, meaning all the industrial activities that contribute to the Circular Economy model, such as repair, reuse, refurbish and recycling, thus avoiding waste, material & energy consumption, CO₂ emissions and/or water depletion.

Activities in this KPI will enrich on the basis of SE 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 (eg UPS, Drives);
- Volume of MV, LV and Transformers refurbished or recycled in our Ecofit Centers.

This indicator was audited by PricewaterhouseCoopers.

7 Methodology and audit of indicators

SSE #11: 100% of sites in water-stressed areas have a water conservation strategy and related action plan

This program measures the percentage completion of a set of water conservation actions that sites in water-stressed areas must complete. The scope is Schneider Electric sites within the scope of environmental reporting that are classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute (WRI) Aqueduct Water Risk Atlas. Actions are defined based on the amount of water that a site consumes along with the application(s) that the site uses water for. At the Group level, performance is calculated by totaling all completed site actions and dividing by the total required actions.

This indicator was audited by PricewaterhouseCoopers.

SSE #12: Deploy a 'Social Excellence' program through multiple tiers of suppliers

This indicator has not yet been deployed by Schneider Electric.

SSE #13: 100% of employees trained every year on Cybersecurity and Ethics

As per to our Ethics & Compliance and Cybersecurity programs, training of employees on ethics, corruption risks (for eligible employees) and cybersecurity is mandatory. To do so, Schneider Electric launched 3 new trainings as part of the Global Schneider Essentials training campaign reconducted every year with new content:

- Since 2018: Training on the Principles of Responsibility (PoR document replaced in September 2021 by Trust Charter Schneider's Electric Code of Conduct) and Anticorruption.
- Since 2020: Training on Cybersecurity.

The scope of this KPI is all employees registered in TalentLink (legal entities integrated in Talent Link, Core HR data system) as of November 15:

- **Principle of Responsibility and Cybersecurity e-learnings:** all active employees with Open Ended Contracts (OEC) (exception: Chinese and Bulgarian Fix Term Contracts – FTC – are included), present in the Group on December 31st and hired before December 1st
- **Anticorruption e-learning:** exposed employees identified based on the job description (Schneider Electric System of Reference – description of functions), active, with connectivity type online-corporate credentials, with OEC (exception: Chinese and Bulgarian FTC) present in the Group on December 31st and hired before December 1st

This KPI is calculated as followed: the number of employees who completed all required e-learnings assigned based on defined criteria (2 or 3) divided by the number of employees x 100.

This indicator was audited by PricewaterhouseCoopers.

SSE #14: 0.38 or below Medical Incident rate

Safety is one of the 5 pillars of Schneider Trust Charter, which emphasizes the importance Schneider Electric is placing on its employees, customers, and contractors. Schneider works with many VIP global customers, and they demand the highest standards of Health & Safety management and performance before they engage and continue to do business with Schneider Electric.

Moreover, at Schneider Electric our mission is to protect Occupational Health and Safety of employees, customers, contractors, and visitors to our locations. The Group also strives to provide employees safe, pleasant, and efficient workplaces for enhanced wellbeing and effectiveness. As such, we aim to reduce the Medical Incident Rate (MIR) to 0.38 by 2025.

The 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). Work related injuries and occupational illnesses requiring medical treatment are included. Work incidents may or may not have resulted in time off work.

All work-related incidents reported on Schneider Electric sites are counted (including therefore incidents affecting Schneider employees and other employees working under the supervision of Schneider, i.e. temporary workers). All Schneider sites within scope are considered. Medical incidents do not include: visits to a physician or other licensed healthcare professional solely for observation or counselling; 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.

This indicator was audited by PricewaterhouseCoopers.

SSE #15: Reduce total number of safety recalls issued to 0

When sustainability supports Customer Satisfaction, it translates into new processes and policies to allow returns of adapted products for reuse, remanufacture and refurbishment. The benefits can be seen at customer satisfaction level: by producing and delivering back order impacted by components in shortages, by serving new customers orders and on Sustainability level with anticipation of upcoming regulation compliance (Anti-Waste law), reducing carbon footprint of our supply chain and reducing cost of poor quality due to product recall.

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. As part of the Trust pillar of SSE 2021-2025, Schneider is committed to reduce total number of safety recalls issued to 0.

This KPI covers customer notification and containment actions from any suspected condition in Schneider's Offer that may cause customer bodily injury or property damage with Offer Safety Alert Committee (OSAC) Go decision.

This indicator was audited by PricewaterhouseCoopers.

SSE #16: In the Top 25% in external ratings for Cybersecurity performance

Schneider Electric is continuously and consistently monitoring the security of its digital footprint with the support of cyber scoring agencies and this discipline is applied across the extended ecosystem* (e.g. integrated and non-integrated entities).

Our primary scoring agency is BitSight which rates company security maturity between 300 to 820. This rating is calculated in real time with a proprietary algorithm that examines two classes of externally observable data:

- configuration information, which represents how diligent a company is in implementing best practices to mitigate risk.
- observed security events, which are evidences of cyber events like system compromises or data breaches etc.

Security incidents or identified vulnerabilities can negatively impact the company's rating. They are addressed in a timely manner and the Group strives to maintain the score above 800.

* Bitsight scores for non-integrated entities (e.g. Aveva) are not included and are monitored separately.

This indicator was audited by PricewaterhouseCoopers.

SSE #17: 4,000 suppliers assessed under our 'Vigilance Program'

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's vigilance plan reflects this ambition. It also complies with the provisions of 2017 French law on Corporate duty of vigilance: Duty of Vigilance introduced a new legal framework by which French authorities could hold corporations accountable.

Risks within our Supply Chain are multiple: potential violations of human rights and fundamental freedoms, serious bodily injury, Environmental damage, Health and Safety risks, etc. Impact are therefore quite various: reputation impacts, legal impacts, people health & safety, environmental pollution...

To mitigate these risks with suppliers, the 2021–2025 plan is to deploy on site and remote audits for 4,000 suppliers:

- 1,000 identified in "high risk" level (by a 3rd party methodology, RBA or other) with one site audits; and
- 3,000 others through remote self-declarative assessment. Suppliers answering are counted, removing, if any, suppliers that have been audited in the current year or in past.

The KPI adds the total number of audits performed. The baseline takes into account on site audits performed between 2018 and 2020 (i.e. 374 audits); this value has been audited and validated by PricewaterhouseCoopers in the previous years.

This indicator was audited by PricewaterhouseCoopers.

SSE #18: <1% pay gap for both females and males

Over the last five years, Schneider Electric has proactively worked to identify and address female pay gaps with appropriate corrective actions through a country driven approach. Given the progress made on Pay Equity and to support its inclusion philosophy, starting in 2021, Schneider Electric has engaged in best practices to maintain a pay gap below 1% by 2025 for both females and males.

Measurement of the individual pay gap is achieved by comparing each employee to a universal median total target salary "TTC" (base salary + target short term incentive) for all genders. In other words, an individual's TTC is assessed against the median TTC of their comparator group (individual TTC/median of comparator group TTC – 1). The comparator group is defined by the drivers of job level (grade) and salary structure within a country.

This indicator was audited by PricewaterhouseCoopers.

SSE #19: 60% subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)

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. Schneider Electric commits to achieve a 60% subscription rate among eligible employees in the yearly WESOP by 2025.

The scope concerns 29 recurring participating countries, representing 91% of the eligible headcount, which are all long-term employees of countries participating in WESOP with seniority of 3 month in the company. The KPI is calculated by collecting the number of subscribers from the subscription tool, divided by the number of eligible employees in the 29 countries as per data from our global HRIS system.

This indicator was audited by PricewaterhouseCoopers.

SSE #20: 100% of employees paid at least a living wage

In line with its Human Rights Policy and Trust Charter, Schneider Electric believes earning a living wage is a basic human right. Schneider Electric is committed to paying 100% of employees at or above the living wage to meet their families' basic needs. By basic needs, the Group considers basic household expenditures (food, housing, clothing, sanitation, education, healthcare, transport), plus discretionary income for a given local standard of living.

There is no universal benchmark or methodology on how to calculate a living wage, which is why Schneider Electric has been working with an external consultant since 2018 to calculate living wages for all its locations worldwide. To calculate a living wage, the external consultant estimates the basic household expenditures of employees, as well as the number of persons earning a wage in a "typical" household based on various sources of cost of living and macroeconomic data (national statistics, OECD, United Nations agencies, etc.).

7 Methodology and audit of indicators

To measure compliance with the living wage, a gap analysis is conducted every year post salary review for all our Schneider Electric employees treated as permanent workforce. The Reward team centrally compiles and analyses total employee remuneration data (base salary, bonus, and allowances) to compare it with agreed living wage. Employees are benchmarked to their work location living wage. To calculate employee remuneration, the Reward team uses data available in its global HRIS system, as well as local payroll. For final reporting of the year end results, Schneider Electric can disclose a final score that considers living wage gaps closed by countries until the end of the year after they have been identified.

This indicator was audited by PricewaterhouseCoopers.

SSE #21: 4x the number of employee-driven development interactions on the Open Talent Market

The purpose of this initiative is to create an integrated and digital Open Talent Market (OTM) that enables employees to drive their own career development. The platform is borderless, neutral, and uses AI to help achieve best matches. The ambition is to multiply the number of employee-driven interactions within OTM by 4 in the next 5 years.

Interactions are tracked in the tool for each feature of OTM. At the start of 2021, current features available to employees are:

- Positions;
- Projects; and
- Mentorships.

These 3 features work best when employee profiles are robust and rate a 3/4 for completeness. The scope of this initiative extends to the connected population of Schneider Electric as defined in January 2021, thus excluding non-connected workers (ie: plant), as well as contractors, and interns/apprentices.

This indicator was audited by PricewaterhouseCoopers.

SSE #22: >90% of employees undergo digital upskilling

The Group is committed to growing employee digital citizenship and aims to achieve digital upskilling for >90% employees by 2025. The progress combines white collars and workers populations KPIs.

- **For white collars**, the Group aims to achieve >90% eligible employees reaching Intermediate, Advanced or Expert Digital Citizenship level by 2025. The Digital Citizenship level of all employees will be assessed by their managers each year. Eligible employees in 2021 are active employees hired before January 31 2021, Open-ended and fixed-term contracts, and excludes employees in non-integrated entities & further exclusion defined by country.

- **For workers**, the Group aims to achieve >90% workers complete 2 hours of training per year offered by the GSC Academy on digital transformation, such as Smart factory program, Cybersecurity, Digital knowledge. The scope covers active workers populations and plant team leaders defined by specific job codes and hired before January 31 2021, Open-ended and fixed-term contracts (China only) in relevant operating units, and excludes workers on extended leave of more than 6 months during the year and factories which planned to be closed before Q2 of the following year.

The scope and exclusions of this indicator will be reviewed at the beginning of each year.

The KPI is an aggregated % based on the % of employees meeting the target defined for white collars and workers to the total employee population in scope (white collars & workers).

This indicator was audited by PricewaterhouseCoopers.

SSE #23: 90% of employees have access to a program that supports meaningful development in the later stages of their professional career

This indicator aims to support and recognize talent who are near or at the later stages of their professional career through a robust career plan and development options, in order to strengthen key skills, leverage expertise and ensure knowledge exchange.

In 2021, the strategy and approach were defined. Pilot programs will start fully in 2022. As such, this indicator was not measured in 2021.

From 2022, the indicator will be calculated as total headcount in the countries which meet the global minimum standard for a program, compared with overall Schneider Electric headcount. All countries with >250 employees are in scope. The minimum standard for a program include:

- **Training, coaching or one to one** support available for employees (and their managers) in the later stages of their professional career enabling them to have a career check-in/next-step conversation that results in a meaningful career development plan.
- **A selection of support options** available in the employees' country that may include flexible work, upskilling and career growth options, career pivot options, personal planning options or workplace adjustments.

The methodology for this indicator was reviewed by PricewaterhouseCoopers.

SSE #24: 75% employee engagement score

A high Employee Engagement index is linked to higher sales growth, higher operating income and ultimately higher customer satisfaction and loyalty toward the company. This index is calculated once a year through a survey called OneVoice, sent to 100% of Group employees, and serves a starting point to adapt the Group's people strategy, and action plans.

The computation of this KPI includes all Schneider employees treated as permanent workforce (i.e. open ended and fixed term contracts over 3 months), thus excluding interns or third party contractors.

The Kincentric employee engagement model is used, composed of 6 questions, 2 per item (SAY, STAY, STRIVE), scored on a 6 points scale by employees:

- Employee Engagement Index: is the percentage of people for which the average of the 6 questions is equal or higher than 4.5
- Employee Disengagement: percentage of people for which the average of the 6 questions is equal or lower than 3.5
- Neutral: is the percentage of people for which the average of the 6 questions is scored between 3.5 and 4.5

This indicator was audited by PricewaterhouseCoopers.

SSE #25: 50,000 volunteering days since 2017

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 fall into actions benefiting young people, underprivileged families, the environment and are organized depending on the personal or professional skills of the volunteers as well as 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. Local and spontaneous initiatives organized by the Schneider Electric Foundation delegates and their partners in which employees engage are also taken into account.

In 2021, the Schneider Electric Foundation and partner NGOs increased the number of digital missions offered to employees, enabling employees to continue on engaging even under restrictions due to the pandemic. 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. However, due to the pandemic this type of mission has not been organized in 2021 for safety reasons. Only missions lasting a minimum of 0.5 days are considered.

This indicator was audited by PricewaterhouseCoopers.

7.2 Methodology elements on EU taxonomy indicators

Regarding the calculation of the proportion of activities considered eligible and aligned in accordance with the Disclosure Delegated Act in turnover, capital expenditure (CapEx) and operating expenditures (OpEx), Schneider Electric provides the following additional details:

Calculation of Taxonomy-eligible and -aligned turnover

This calculation is using two combined approaches, including an offer-based approach (i.e. by nature of technology), whereby each line of business' products are reviewed against the definition of economic activities as defined in the EU Climate Delegated Acts, and an end-segment approach, whereby the amount of revenues generated from offers fitting with the economic activities description sold to Taxonomy-eligible end-segments (Green Transport and Renewables mainly) is reviewed. Double-counting between offer-based approach and end-segment-based approaches are then removed before consolidation.

As detailed in Annex 1 of the Delegated Act on Article 8, the denominator of Taxonomy eligible turnover is equal to the net turnover recognized pursuant to IAS 1.82(a) after removal of intra-group transactions. At Schneider Electric, this represents EUR 34,176 million, as disclosed in the first line of the consolidated statement of income in the 2022 Universal Registration Document (URD, page 344).

For 87% of revenues (excluding entities having their own reporting framework), eligibility calculation combines two approaches:

- For 86% of revenues, eligibility and alignment calculation is using an offer-based (by nature of technology) approach, whereby workshops are conducted with offer management teams for each line of business to define whether products are in line with the definition of economic activities included in the EU Climate Delegated Act. The analysis is performed at the level of each product category, which enables a granular segmentation between Taxonomy-eligible and Taxonomy-non-eligible revenues. Compliance with the technical screening criteria is assessed along with the eligibility by the offer technical experts at product category level. For example, Building Management Systems (BMS) generally include energy efficiency systems, which are Taxonomy-eligible, and fire safety and access control systems, which are not. In this example, the analysis enables to account only for energy efficiency systems installed as part of a BMS. An eligibility ratio is then consolidated for each product line (which includes multiple product categories).
- For 1% of revenues eligibility and alignment calculation is using an end-segment-based approach, whereby commercial teams indicate for each product line if it matches with the economic activity's as described in the Annex 1 of the EU Climate Delegated Act and provide with the related amount of revenues generated from Taxonomy-eligible end-segments (Green Transport and Renewables mainly). Potential double-counting between the two approaches is avoided in applying the end segment-based approach to only 1% of revenues issued from eligible businesses sold to end segments supporting climate change mitigation and the offer-based approach to the remaining 86% of revenues.

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For the remaining 13% of revenues (related to entities having their own reporting frameworks), an offer-based analysis is conducted separately following a review of each entity's product line reporting.

In order to determine the amount of eligible and aligned revenue (numerator), the following assumptions are made:

- At the granularity level of product categories, data is based on net sales before rebate instead of net sales after rebate. Therefore, the eligibility and alignment ratios are calculated by dividing respectively the amount of eligible net sales before rebate by the total amount of net sales before rebate, and then applied to the net sales after rebate.
- At the granularity level of product categories, a non-significant share of revenues (<5%) is not allocated per product category. These are not considered in the calculation of Taxonomy eligibility and alignment per product line (the product line's average eligibility and alignment ratios are applied to those revenues).
- End-segment sales data is based on net sales before rebate. A correction factor is applied to assess the value of net sales after rebate per end-segment.

A rigorous assessment of the compliance with the technical screening criteria is performed for each activity. Under activity 3.6 (Manufacture of low carbon technologies), GHG emission savings are calculated using Schneider's saved and avoided emission methodology. This calculation method was audited by an independent third-party in accordance with ISO14067:2018 standard. Under activity 4.9, taxonomy-eligible revenues made in countries where the carbon intensity is above the threshold stipulated in the technical screening criteria (TSC), or contributing to connect to the grid a power generation source with carbon intensity above the threshold stipulated in the TSC are considered as not aligned.

Proportion of turnover from Taxonomy-eligible and -aligned activities in the template required by EU Taxonomy Delegated Act on Article 8 available page 258 of the 2022 Universal Registration Document.

Calculation of Taxonomy-eligible and -aligned Capital Expenditure (CapEx)

As per specification of CapEx as detailed in Annex 1 of the Delegated Act on Article 8, the denominator of Taxonomy-eligible CapEx KPI is equal to additions to tangible and intangible assets of the financial year 2022 (including IFRS 16 rights of use), considered before depreciation, amortization and any re-measurement, including those resulting from revaluations and impairments for the financial year 2022 and excluding fair value changes. The denominator also covers additions to tangible and intangible assets resulting from business combinations that occurred during the financial year 2022.

At Schneider Electric, total tangible assets resulting from the above definition represents EUR 727 million over 2022, including EUR 721 million from additions, as disclosed in the note 11 of the Group financial statements in this URD, and EUR 6 million from business combinations.

The total covered IFRS 16 rights of use over 2022 represents EUR 356 million, as disclosed in the note 11 of the Group financial statements.

The total intangible assets resulting from the above definition represents EUR 490 million over 2022. This amount is split as follows: EUR 386 million from additions, as disclosed in the note 10 of the Group financial statements – this includes EUR 357 million of capitalized Research and Development (R&D) projects, as disclosed in the note 10 of the Group financial statements, and EUR 104 million from business combinations.

As per specification of CapEx as detailed in Annex 1 of the Delegated Act on Article 8, all capital expenditures based on IFRS 16 related to long-term leasing of buildings are considered eligible. None of these are aligned since the Group rental real estate portfolio does not meet all Taxonomy-alignment criteria described in EU Taxonomy activity 7.7. CapEx related to assets, processes and business combinations associated with Taxonomy-eligible and aligned activities were calculated using allocation keys of eligible, and respectively aligned, turnover per business and operations, except for Research and Development (R&D) and IFRS 16 CapEx. As described more exhaustively in section 2.3.4 of the 2022 Universal Registration Document. R&D projects of the Group aim at and demonstrate substantial life cycle GHG emission savings and substantial carbon footprint saving. Thus, all 2022 R&D capitalized expenditures directly linked to capitalized R&D projects are considered both eligible and aligned according to EU Taxonomy activity 3.6.

The Group launched in December 2022 a reporting process to track additional EU Taxonomy -eligible and -aligned individual CapEx from 2023. Taxonomy analysis is now required for each non-financial capital expenditure, through a Group tool dedicated to investments validation and follow-up.

To not only simplify the reporting exercise but also to support the divisions in their sustainable transformation, providing them with more visibility on the proportion of their activities qualified as sustainable under the European Taxonomy regulation, Schneider Electric is automating the reporting of the turnover KPI.

Calculation of Taxonomy-eligible and aligned Operating Expenditure (OpEx)

To determine the Group's European Taxonomy-eligible and -aligned operating expenditure, only non-capitalized costs related to Research and Development (R&D) are analyzed for the establishment of the numerator of the OpEx KPIs.

The denominator of Taxonomy-eligible and -aligned OpEx KPI represents EUR 1,716 million over 2022, corresponding mainly to non-capitalized Research and Development costs of the Group for EUR 1,488 million presented before offsetting with the R&D Tax Credit for EUR 51 million, as disclosed in the note 4 of the consolidated financial statements in the URD. This includes non-capitalized costs relative to R&D projects but also, among others, costs incurred in relation with support and platforming, costs of IT global applications dedicated to R&D, costs relative to continuous engineering costs for quality, productivity and obsolescence.

The rest of the denominator corresponds to OpEx related to building renovation measures, short-term leases, maintenance and repair and other expenditures relating to the day-to-day servicing of assets. The total of these categories represents less than EUR 178 million and is therefore considered as non-material for Schneider Electric business, so excluded from the OpEx analysis and OpEx KPIs numerators.

As described more exhaustively in section 2.3.4 of the 2022 Universal Registration Document. R&D projects of the Group aiming at and demonstrating substantial life cycle GHG emission savings and substantial carbon footprint saving, Taxonomy-eligible and -aligned OpEx KPIs numerator corresponds to operating expenditure directly associated to Group's R&D projects: these OpEx are both Taxonomy-eligible and -aligned under the European Taxonomy activity 3.6.

Detailed templates required by EU Taxonomy Delegated Act on Article 8 are available page 258 of the 2022 Universal Registration Document.

Does Not Significantly Harm (DNSH)

As defined in Article 3 of the Taxonomy regulation, an activity shall qualify as environmentally sustainable only if it does not significantly harm any of the other Taxonomy objectives. For activities specified in Annex 1 of the EU Climate Delegated Act, this means that they must not do significant harm to:

Climate change adaptation: Schneider has assessed physical climate risks that are material to its activity. The Group has put dependencies analysis at the heart of its risk management and performed a forward-looking climate risk and vulnerability assessment to identify and price the materiality of physical climate risks that may affect Schneider Electric sites, extended supply chain and economic activities under different IPCC scenarios and different timelines (short-, medium- and long-terms). In line with these assessments, the Group has implemented adaptation solutions consisting of several resilience initiatives as detailed in previous sections.

Read more about the Group climate risk management and adaptation measures in the chapters 2.3.1.1 and 2.3.1.2 of the 2022 Universal Registration Document.

The sustainable use and protection of water and marine resources:

Schneider Electric regularly assesses water-related risks. In 2022, the Group conducted a water footprint analysis along the value chain, covering water consumption, scarcity, eutrophication, ecotoxicity, and acidification. Due to the nature of most of its industrial processes (manual and automatic assembly), water withdrawal of the Group's operations is considered limited. The Group has implemented initiatives to preserve water quality and avoid water stress – read more about the Group's water management in the section 2.4.4.3 of the 2022 Universal Registration Document.

Transition to a circular economy: Schneider Electric assesses the availability of and, where feasible, adopts techniques that 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.

Requirements related to construction and demolition waste management in low carbon mobility infrastructures are not applicable to Schneider as the Group only operates as an electrical and automation solution provider in those projects.

Read more about the Group's transition to a circular economy in section 2.4.5.2, of the 2022 Universal Registration Document.

Pollution prevention and control: On the manufacture, placing on the market or use of chemicals, Schneider Electric provides the following precisions:

- Regarding regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury and repealing is not applicable to Schneider Electric as we do not use mercury in our products nor in our manufacturing activities.
- Regarding the directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS), Schneider reports only 1% of its eligible revenues not aligned with this requirement. The Group has deployed significant efforts to measure and further comply, even outside of the European Union (i.e. beyond the scope of the regulation).
- Regarding substances laid down in Article 57 of Regulation (EC) 1907/2009 and identified in accordance with Article 59(1) of that Regulation, as the concept of essential use has not yet been defined by the EU Commission, Schneider has considered the worst-case scenario, and declared as non-aligned all revenues coming from products using substances meeting those criteria. 3% of Schneider Electric's eligible revenues are generated by products including substances part of the candidate list for eventual inclusion in Annex XIV.
- Regarding substances laid down in Article 57 of Regulation (EC) 1907/2006, the Group notes that obtaining material declarations and data from suppliers beyond tier 1 is particularly challenging and is not in a position to quantify the impact of excluding products using substances that may be included in the list of substances subject to authorization but not currently identified in the candidate list. The Group plans to improve the traceability of the components of each products beyond tier 1 year over year, and to make this information digitally available to its customers.

Other requirements are met and included in Schneider Electric Global Environmental Directives and all restrictions are applied globally.

Requirements related to pollution prevention and control on overground high voltage lines and noise, vibration, dust and pollutant emissions reduction during construction and maintenance of low carbon mobility infrastructures are not applicable to Schneider as the Group only operates as an electrical and automation solution provider in those projects.

The protection and restoration of biodiversity and ecosystems:

As Schneider Electric is not a project developer as defined in the Environmental Impact Assessment Directive (2011/92/EU) but only operates as a contractor of projects listed in Annex 1 and 2 of this directive, the Group is not subject to completing an Environmental Impact Assessment or screening. For the same reason the requirements related to the biodiversity risk mitigation on low carbon mobility infrastructures are not applicable to Schneider. Schneider's assessments and actions on biodiversity are detailed in section 2.4.1 of the 2022 Universal Registration Document.

7 Methodology and audit of indicators

Minimum safeguards

As defined in Article 3 of the Taxonomy regulation, an activity shall qualify as environmentally sustainable only if it is carried out in compliance with the specific minimum safeguards detailed in the regulation. Schneider Electric takes reference from the *Final Report on Minimum Safeguards* by the Platform on Sustainable Finance as a guidance to report against minimum safeguards, which looks at 4 key areas: Human Rights, Corruption, Taxation, and Fair Competition.

Human rights

The company has established an adequate human rights due diligence process as outlined in the UNGPs and OECD Guidelines for MNEs. For further details, please see the 2022 Universal Registration Document.

Corruption

The company has anti-corruption processes in place. For further details, please see the 2022 Universal Registration Document.

Taxation

The company treat tax governance and compliance as important elements of oversight, and there are adequate tax risk management strategies and processes in place. For further details, please see the 2022 Universal Registration Document.

Fair competition

The company promote employee awareness of the importance of compliance with all applicable competition laws and regulations. For further details, please see the 2022 Universal Registration Document.

The Group provides below a mapping of Schneider activities eligible under the current EU Taxonomy in order to provide a better understanding for its stakeholders. In 2022, two activities have been added (6.14 and 6.17) compared to 2021 and one removed (4.15 – District heating/cooling distribution).

Activity name as specified in Annex 1 of the EU Climate Delegated Act	Activity definition as specified in Annex 1 of the EU Climate Delegated Act	Corresponding business activities of Schneider Electric
3.1 Manufacture of renewable energy technologies	Manufacture of renewable energy technologies, where renewable energy is defined in Article 2(1) of Directive (EU) 2018/2001.	<ul style="list-style-type: none"> Manufacture of renewable energy technologies, equipping wind and solar power generation capacities
3.5 Manufacture of energy efficiency equipment for buildings	Manufacture of energy efficiency equipment for buildings.	<ul style="list-style-type: none"> Building management systems (except fire safety and access control) Power metering systems for buildings Smart monitoring and regulation of electricity or heat in buildings, such as thermostats and controls for lighting systems Cooling systems
3.6 Manufacture of low carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered in activities 3.1 to 3.5 of the Annex.	<ul style="list-style-type: none"> Manufacture of variable speed drives Manufacture of medium voltage switchgear SF₆-free technology
4.9 Transmission and distribution of electricity	<p>Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system.</p> <p>Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.</p>	<ul style="list-style-type: none"> Equipment and projects for the construction of transmission and distribution infrastructure Services for the operation of transmission and distribution infrastructure Communication and control technologies for the controllability and observability of the electricity system, such as advanced automation software
6.14 Infrastructure for rail transport	Construction, modernization, operation and maintenance of railways and subways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems including the provision of architectural services, engineering services, drafting services, building inspection services and surveying and mapping services and the like as well as the performance of physical, chemical and other analytical testing of all types of materials and products.	<ul style="list-style-type: none"> Equipment, projects, as well as modernization and maintenance services for rail transport infrastructure

Activity name as specified in Annex 1 of the EU Climate Delegated Act	Activity definition as specified in Annex 1 of the EU Climate Delegated Act	Corresponding business activities of Schneider Electric
6.15 Infrastructure enabling low-carbon road transport and public transport	Construction, modernization, operation and maintenance of infrastructure that is required for zero tailpipe CO ₂ operation of vessels or the port's own operations, as well as infrastructure dedicated to transshipment.	<ul style="list-style-type: none"> Port infrastructure for shore-side electrical power to vessels at berth and electrification and efficiency of ports' operations
6.16 Infrastructure enabling low-carbon water transport	Construction, modernization, operation and maintenance of infrastructure that is required for zero tailpipe CO ₂ operation of vessels or the port's own operations, as well as infrastructure dedicated to transshipment.	<ul style="list-style-type: none"> Equipment, projects, as well as modernization and maintenance services for low carbon port infrastructure
6.17 Low carbon airport infrastructure	Construction, modernization, maintenance and operation of infrastructure that is required for zero tailpipe CO ₂ operation of aircraft or the airport's own operations, as well as for provision of fixed electrical ground power and preconditioned air to stationary aircraft.	<ul style="list-style-type: none"> Energy management equipment, projects, as well as modernization and maintenance services for low carbon airport infrastructure
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	<ul style="list-style-type: none"> Service plans related to building management and power metering systems in buildings
9.3 Professional services related to energy performance of buildings	Professional services related to energy performance of buildings.	<ul style="list-style-type: none"> Technical consultations such as energy audits, simulations and trainings Energy management services Energy performance contracts

7 Methodology and audit of indicators

Proportion of turnover from Taxonomy-aligned activities

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	Percent	Percent	Percent	Percent	Percent	Percent
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of renewable energy technologies	3.1	64	0%	0%	-				
Manufacture of energy efficiency equipment for buildings	3.5	589	2%	2%	-				
Manufacture of other low carbon technologies	3.6	235	1%	1%	-				
Transmission and distribution of electricity	4.9	4,227	12%	12%	-				
Infrastructure for rail transport	6.14	53	0%	0%	-				
Infrastructure enabling low-carbon road transport and public transport	6.15	182	1%	1%	-	not applicable in FY2022			
Infrastructure enabling low carbon water transport	6.16	50	0%	0%	-				
Low carbon airport infrastructure	6.17	30	0%	0%	-				
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	459	1%	1%	-				
Professional services related to energy performance of buildings	9.3	1,044	3%	3%	-				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		6,934	20%	20%	-				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of renewable energy technologies	3.1	76	0%						
Manufacture of energy efficiency equipment for buildings	3.5	751	2%						
Manufacture of other low carbon technologies	3.6	581	2%						
Transmission and distribution of electricity	4.9	1,433	4%						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,841	8%						
Total (A.1 + A.2)		9,775	29%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities (B)		24,401	71%						
Total (A+B)		34,176	100%						

■ = not applicable in FY2022 reporting

DNSH criteria ("Does Not Significantly Harm")										
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum Safeguards	Taxonomy-aligned proportion of turnover Year N	Taxonomy-aligned proportion of turnover Year N-1	Category enabling activity	Category transitional activity
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
	Y	Y	Y	Y	Y	Y	0%		E	
	Y	Y	Y	Y	Y	Y	2%		E	
	Y	Y	Y	Y	Y	Y	1%		E	
	Y	Y	Y	Y	Y	Y	12%		E	
	Y	Y	Y	Y	Y	Y	0%		E	
	Y	Y	Y	Y	Y	Y	1%		E	
	Y	Y	Y	Y	Y	Y	0%		E	
	Y	Y	Y	Y	Y	Y	0%		E	
	Y	Y	Y	Y	Y	Y	1%		E	
	Y	Y	Y	Y	Y	Y	3%		E	
							20%			
							0%			
							20%			

7 Methodology and audit of indicators

Proportion of CapEx from Taxonomy-aligned activities

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	Percent	Percent	Percent	Percent	Percent	Percent
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of renewable energy technologies	3.1	1	0%	0%	-				
Manufacture of energy efficiency equipment for buildings	3.5	10	1%	1%	-				
Manufacture of other low carbon technologies	3.6	243	15%	15%	-				
Transmission and distribution of electricity	4.9	89	6%	6%	-				
Infrastructure for rail transport	6.14	1	0%	0%	-				
Infrastructure enabling low-carbon road transport and public transport	6.15	65	4%	4%	-	not applicable in FY2022			
Infrastructure enabling low carbon water transport	6.16	1	0%	0%	-				
Low carbon airport infrastructure	6.17	0	0%	0%	-				
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	3	0%	0%	-				
Professional services related to energy performance of buildings	9.3	6	0%	0%	-				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		419	27%	27%	-				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of renewable energy technologies	3.1	1	0%						
Manufacture of energy efficiency equipment for buildings	3.5	15	1%						
Manufacture of other low carbon technologies	3.6	20	1%						
Transmission and distribution of electricity	4.9	26	2%						
Infrastructure enabling low-carbon road transport and public transport	6.15	0	0%						
Acquisition and ownership of buildings	7.7	356	23%						
Data-driven solutions for GHG emissions	8.2	17	1%						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		435	28%						
Total (A.1 + A.2)		854	54%						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities (B)		719	46%						
Total (A+B)		1,573	100%						

☐ = not applicable in FY2022 reporting

DNSH criteria ("Does Not Significantly Harm")										
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum Safeguards	Taxonomy-aligned proportion of CapEx Year N	Taxonomy-aligned proportion of CapEx Year N-1	Category enabling activity	Category transitional activity
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
	Y	Y	Y	Y	Y	Y	0%		E	
	Y	Y	Y	Y	Y	Y	1%		E	
	Y	Y	Y	Y	Y	Y	15%		E	
	Y	Y	Y	Y	Y	Y	6%		E	
	Y	Y	Y	Y	Y	Y	0%		E	
	Y	Y	Y	Y	Y	Y	4%		E	
	Y	Y	Y	Y	Y	Y	0%		E	
	Y	Y	Y	Y	Y	Y	0%		E	
	Y	Y	Y	Y	Y	Y	0%		E	
	Y	Y	Y	Y	Y	Y	0%		E	
							27%			
							0%			
							27%			

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Proportion of OpEx from Taxonomy-aligned activities

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	Percent	Percent	Percent	Percent	Percent	Percent
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of other low carbon technologies	3.6	856	50%	50%	-				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		856	50%	50%	-				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
						not applicable in FY2022			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%		-				
Total (A.1 + A.2)		856	50%		-				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities (B)		860	50%						
Total (A+B)		1,716	100%						

☐ = not applicable in FY2022 reporting

DNSH criteria ("Does Not Significantly Harm")										
Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum Safeguards	Taxonomy-aligned proportion of OpEx Year N	Taxonomy-aligned proportion of OpEx Year N-1	Category enabling activity	Category transitional activity
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
	Y	Y	Y	Y	Y	Y	50%		E	
							50%			
							0%			
							50%			

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7.3 Sustainability Accounting Standard (SASB) Correspondence 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
	Number of recalls issued, total units recalled		Number	RT-EE-250a.1
Product Safety		Quantitative		
	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 behaviour 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 81% of Group energy consumption): (1) 3,526,189 GJ (979,497 MWh) (2) 33.4 % (327,171 MWh) (3) 65.4 % (610,643 MWh)	Energy Management
Hazardous waste generated: 8,091 tons. Hazardous waste channeled according to legal requirements and Schneider Electric expectations: 8,091 tons. Zero reportable spills in 2022, therefore no recovered quantity to report.	Hazardous Waste Management
24 product recalls have been issued in 2022. 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. No material loss at the Group level.	Product Safety
Around 70 to 80% 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 2.4.3 "Lead with transparency: provide environmental data to customers" page 186 of the 2022 Universal Registration Document.	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 Impact Revenues measure (see below).	
Schneider Electric measures "Impact 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 2022, 72% of Group revenues qualify as Impact revenues. The Group aims to grow its Impact revenues to 80% by 2025 (SSI #1).	
Details regarding our sustainable procurement practices are provided in section 2.2.11 "Relationships with project execution contractors" page 135 of the 2022 Universal Registration Document, in particular our Conflict Minerals and Extended Minerals programs. Schneider Electric is actively working with its suppliers and closely monitors its supply chain to comply with the Conflict Minerals regulations and meet the Customers' expectations as much as possible. Based on our current knowledge, 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, nor supported illegally operating or sanctioned entities. Rare earth material supply risk related to potential scarcity in the market has been fully assessed and is acknowledged in our design roadmap. Top strategic partnerships with key suppliers have been reinforced through long-term agreements and C-Level connections, with a particular focus on electronic semiconductor players. A procurement and planning hub will be implemented in next two years to establish a direct connection to critical material sources and manage strategic stocks, demand, and supply.	Materials Sourcing
As stated in its Trust Charter and Anti-Corruption Policy, Schneider Electric is committed to complying 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 has a zero tolerance policy with regard to corruption and considers that "doing the right thing" is a key value-creation driver for all its stakeholders. This commitment materialized through a strong and continuously developing Anti-Corruption Compliance program (section "Zero tolerance for corruption"), which is part of the Ethics & Compliance program.	Business Ethics
No material losses.	
No material losses.	
A breakdown of revenues by activity is provided page 8 and page 491 of the 2022 Universal Registration Document.	
134,931 (spot 2022 year-end headcount, excluding supplementary workforce). More workforce statistics in section 2.7.2 "Social Indicators" page 281 of the 2022 Universal Registration Document.	Activity metrics

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7.4 Task-Force on Climate Related Financial Disclosures (TCFD) correspondence 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 Code of Conduct (Trust Charter). 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 2022 references	Brief description (please refer to CDP Climate Change response and other sections of the 2022 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 DEU – chapter 2 (2.1.7; 2.3.1); chapter 3 (3.3.4)	The process for designing a new Schneider Sustainability Impact program (SSI) includes a sustainability risks and opportunities assessment (including climate), which leads to the design of concrete transformation initiatives to align the company on the challenges identified. The risks and opportunities are then monitored and managed on a continuous basis. Several governance bodies are involved in this process:
1. b) Describe management's role in assessing and managing climate-related risks and opportunities.	CDP – C1.2, C1.2a DEU – chapter 2 (2.1.6, 2.3.1)	<ul style="list-style-type: none"> • The Board of Directors has oversight of climate-related issues notably through its Human Resources & CSR Committee. This Committee has 6 Director members who report to the Board of Directors, and reviews Schneider's CSR strategy, SSI performance and the Group's positioning vs. its peers. • The Executive Committee has a dedicated Function Committee, which meets two to three times a year and decides on the sustainability strategy and validates the SSI and carbon pledge. • The SSI Steering Committee was formed in 2020 to propose precise and measurable transformation programs for the 2021 – 2025 SSI, which were then submitted to the Group Sustainability Committee for approval. • The Sustainability Department coordinates the overall sustainability strategy of the Group and rollout of action plans. • Three Committees involving Group Executive Vice-Presidents and Senior Vice-Presidents are dedicated to oversee the implementation of the Group's decarbonization roadmap, respectively focusing on the supply chain, low-carbon product design, and the decarbonization of Schneider's operational emissions. <p>Additionally, environmental transformations are driven by a network of leading experts in various environmental fields such as eco-design, energy efficiency, circular economy, or CO₂. Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design and marketing.</p>
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, C2.2a, C2.3, C2.3a, C2.4, C2.4a URD – chapter 2 (2.1.6, 2.3.1)	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: <ul style="list-style-type: none"> • 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 CO₂ footprint, aiming for a net-zero CO₂ supply chain by 2050, with precise steps for 2025, 2030 and 2040.
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, C3.2, C3.2a, C3.3, C3.4, C3.4a URD – Chapter 2 (2.3)	In 2022, 72% of the Group revenues qualify as Impact revenues, following Schneider Electric's definition, meaning revenues from offers that bring energy, climate, or resource efficiency to customers, while not generating any significant harmful impacts to the environment. The Group aims to grow its Impact revenues to 80% by 2025. Additionally, maintaining the best offers on the market for greener, more efficient products and services that support the transition to a low-carbon economy needs adapted investments in Research and Development in the short term. Schneider Electric invest about 5% of its annual revenues in R&D each year. It is estimated that more than 90% of its innovation projects contribute to solutions contributing to climate change mitigation.

Recommended Disclosure	CDP Climate Change & URD 2022 references	Brief description (please refer to CDP Climate Change response and other sections of the 2022 Universal Registration Document for further details)
2. a) and 2. b) (continued)		<p>Schneider Electric has defined short and medium-term financial investments priorities in order to set the course towards its SBTi validated Net-Zero Commitment, and more broadly to meet its long-term commitments for climate, and to preserve natural resources. For further details, please see the 2022 Universal Registration Document.</p> <p>Two main climate-related risks are identified:</p> <ul style="list-style-type: none"> • Reputational risk: as Schneider Electric has been working to reduce its own GHG emissions for over 15 years and has a proven track record of success with its past commitments related to reducing its own emissions, the Group does not anticipate significant reputational risk related to emissions from its own operations. Yet, the risk that the Group's actual or perceived failure to achieve its environmental sustainability targets, or commitments could negatively impact its reputation or otherwise materially harm its business. This risk is also tied to growing and moving environmental regulations. • Supply chain disruption: Schneider Electric has over 200 industrial and logistics sites globally and is exposed to the physical effects of climate change in the form of more frequent and severe acute weather events. This could result in damage to assets, disruption to business operations, and human consequences. Extreme weather events do not only threaten Schneider's assets and properties but also the overall supply chain. Shortages or logistic bottlenecks in the upstream and downstream supply chain can translate directly into revenue losses, higher costs, and increased working capital requirements. Delays in production and delivery can impact customer experiences. <p>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 CO₂ on customers' end by 2025, since 2018.</p>
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 – C3.2, C3.2a URD – chapter 2 (2.3)	<p>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 2050 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 operates.</p> <p>In 2022, Schneider Electric published a set of scenarios exploring the feasibility of a 1.5°C trajectory in a report called "Back to 2050", demonstrating that a net-zero carbon future, aligned with IPCC's 1.5°C scenarios, is still possible, and the Group is uniquely positioned to embark its ecosystem onto an inclusive, zero-carbon transition.</p> <p>Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, BNEF, the IRENA, among others.</p> <p>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.</p> <p>As part of the analysis, the Group identified that a growing demand for greener, low-carbon products and services creates a strong business opportunity for Schneider Electric. Key takeaways from the analysis is the dominant role of:</p> <ul style="list-style-type: none"> • Electrification: the world is becoming more electric, with demand growing potentially up to 3x by 2050; • 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, notably around efficiency in energy and resource use and circularity, as well as increased resiliency and security. <p>All these findings, and their potential financial impact on its business have helped the Group to fine-tune key development areas that will allow its active contribution to the low-carbon transition, enabling notably the development of its sustainability portfolio of offers.</p>

7 Methodology and audit of indicators

Recommended Disclosure	CDP Climate Change & URD 2022 references	Brief description (please refer to CDP Climate Change response and other sections of the 2022 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, C2.1a, C2.1b, C2.2, C2.2a URD – chapter 2 (2.1, 2.3)	Environment and climate-related risks are included in Schneider's Enterprise Risk Management framework and risk taxonomy (more details in section 2.3.1.2 Risk Monitoring and Management p.151 of the 2022 Universal Registration Document). Risks are identified and assessed at Group level through interviews with experts and leaders, run by the Internal Audit Department and the Group Risk Management Department each year. In 2022, around 40 of the Group's top managers were interviewed in addition to board members. In addition, a materiality analysis is conducted by the Sustainability department every 3 years to identify and prioritize material ESG issues through engagement with various stakeholders.
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)	<p>Schneider places dependency analysis at the heart of its risk management and performs a forward-looking climate risk and vulnerability assessment to identify and price the materiality of physical and transition climate risks that may affect its own operations and sites, its extended value chain (upstream and downstream), and overall economic activities in the short-term, medium-term and long-term, using scenario analysis. The Group has developed a scenario-based analysis of climate physical and transition risks, applying climate-related risk scenarios entailing different emission pathways between 1.5°C and >4°C temperature rise by 2100, with a digital-twin of the company including financial projection, market breakdown, supply chain, and carbon footprint to quantify financially the physical and transition risks for the Group.</p> <p>The different governance bodies involved in the definition and monitoring of Schneider's 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 EcoStruxure™ Resource Advisor. Performance against those programs is tracked and published quarterly in the Schneider Sustainability Impact (SSI), and annually in the Schneider Sustainability Essentials (SSE) and URD. Each program of the SSI has a dedicated pilot in charge of driving the transformation and is sponsored at the Senior Vice President and Executive Committee level to ensure management control and oversight.</p> <p>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 analyzed at site level is flooding risks. Typically, all critical industrial sites are externally audited onsite at least every two years.</p> <p>In addition, an Integrated Management System (IMS) covers the Group's main plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and OSHAS 18000/ISO 45001 – management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally.</p> <p>With suppliers, sustainability risks (including natural and climate-related hazards), are embedded into Supplier Risk Assessment. This process enables to define risk mitigation action plans with suppliers, as well as prioritize double sourcing strategies. Leveraging external data providers, the Group monitors events across 10,000 nodes (such as ports and critical supplier locations) to shorten reaction time when events occur and minimize business impact.</p> <p>At present, the impact of climate-related matters is not material to the Group's financial statements.</p>

Recommended Disclosure	CDP Climate Change & URD 2022 references	Brief description (please refer to CDP Climate Change response and other sections of the 2022 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, 2.8)	<p>Each year, Schneider Electric measures and discloses transparently its end-to-end carbon footprint (Scope 1, 2 and 3) and obtained in 2022 a “reasonable” assurance from an independent third-party verifier on Scopes 1 and 2 emissions, and a “limited” assurance on scope 3. The carbon footprint of the Group helps to pinpoint and understand the magnitude of climate-related risks and opportunities, and is also used to monitor progress. Scope 3 emissions represent more than 99% of the Group’s carbon footprint, of which 85% are due to the use phase and the products’ end of life, and around 12% come from the purchase of raw materials, equipment, and services. Emissions induced, saved, and avoided by Schneider’s products and services during their use phase and end-of-life are also quantified. For further details, please see the 2022 Universal Registration Document.</p>
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, 2.8)	<p>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 CO₂ equivalent, taking into account all greenhouse gases included in the Kyoto Protocol.</p>
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)	<p>The Group has launched several concrete programs aiming at either directly or indirectly reducing GHG emissions, under the Climate and Resources pillars of its 2025 strategy. These programs are presented under Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021–2025 programs in pages 80 and 81 of the 2022 Universal Registration Document. These programs cover the performance of the Group’s operations (such as energy efficiency, renewable electricity procurement, fleet electrification), suppliers (such as The Zero Carbon Project, green materials or sustainable packaging) and customers (Green Premium offers, SF₆-free alternative offers, CO₂ savings and avoidance quantification on customer’s end thanks to EcoStruxure™).</p> <p>The overall performance of the SSI represents 20% in the short-term incentives for 64,000+ employees worldwide (collective share). The Schneider Sustainability External and Relative Index (SSERI), which measures Schneider’s performance in 4 major ESG external ratings (CDP Climate Change, Vigeo Eiris, DJSI and EcoVadis), also impacts 25% of the long-term incentives (LTI) for 2,300+ top leaders.</p> <p>In addition, Schneider is committed to embed a carbon pricing of EUR 50-130 / metric 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 CO₂ externality.</p> <p>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.</p> <p>In August 2022, Schneider Electric was one of the first companies to see its Greenhouse Gas (GHG) reduction targets validated by the Science Based Target initiative (SBTi), aligned with its “Corporate Net-Zero Standard” published in October 2021. As part of its Net-Zero Commitment, the Group has defined mid- and long-term targets. Ultimately, the Group is committed to be Net-Zero across its entire value chain by 2050, which means that the Group aims to reduce its 2021 footprint by an absolute 90% by 2050 and neutralize residual emissions with high quality and durability carbon removal credits.</p> <p>The Group aims to:</p> <ul style="list-style-type: none"> • By 2030, reduce value chain emissions by 25% and be “Net-Zero ready” in operations; • By 2050, reach Net-Zero CO₂ emissions across the entire value chain; • Reach carbon-neutral operations and a carbon-neutral value chain in 2025 and 2040 respectively

7 Methodology and audit of indicators

7.5 Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non financial statement

(Year ended December 31st, 2022)

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Schneider Electric SE
35, rue Joseph Monier
92500 Rueil-Malmaison (France)

In our capacity as Statutory Auditor of the company Schneider Electric (hereinafter the "Entity"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), (Cofrac Inspection Accreditation, n°3-1862, scope available at www.cofrac.fr), we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (code de commerce).

Conclusion

Based on the procedures we have performed as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Emphasis of Matter

We draw attention to section 7.1 page 170 – "Methodology elements on the published indicators", where it is stated that the scope of published indicators excludes certain Schneider Electric's entities. Our opinion is not qualified in respect of excluded entities.

Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarised in the Statement.

Inherent Limitations in preparing the Information

As stated in the Statement, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Entity

Management is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of

the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);

- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of directors.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express 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 pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- the Entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy)
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *Intervention du commissaire aux comptes – Intervention de l'OTI – déclaration de performance extra-financière, and acting as the verification programme and with the international standard ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.*

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and French Code of Ethics for Statutory Auditors (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

Means and resources

Our work engaged the skills of 13 people between septembre 2022 and March 2023 and took a total of 23 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 15 interviews with people responsible for preparing the Statement, representing in particular the following Directions: Sustainable development, Sustainability performance, Risk management, Environment and climate, Human resources, Safety, Responsible supply chain

Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information, we:

- obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- 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;
- 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 main 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;
- verified that the Statement presents the business model and a description of the main risks associated with of all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the main risks;
- referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including

the key performance indicators used, with respect to the main risks and the policies presented, and

- corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix; concerning certain risks (competition and corruption risks, cybersecurity and personal data, product quality, well-being in the workplace, human rights, value chain resilience and governance), our work was carried out on the consolidating entity, for others social and environment risks, our work was carried out on the consolidating entity and on a selection of sites and countries¹;
- verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring 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, implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing sites and covers between 16% and 38% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities;

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, March 22, 2023

One of the Statutory Auditors,

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou Emilie Bobin

Partner

Partner, Sustainable Performance

Appendix 1: List of information we considered most important

Key performance indicators and other quantitative results:

- Schneider Sustainability Impact Indicators (SSI) except SSI #+1
- Schneider Sustainability Essentials (SSE) indicators except SSE #12
- Workforce (including by gender), hires and terminations
- Number of training hours
- Lost-Time Injury Rate (LTIR)
- Lost-Time Day Rate (LTDR)
- Occupational Illness Frequency Rate
- Tonnages of waste generated and recovered, by type of waste
- Water consumption
- Energy consumption measured by energy source
- Sulfur hexafluoride consumption (SF₆) and associated leaks
- Complete carbon footprint according to GHG Protocol guidelines (Scope 1, Scope 2 market-based, Scope 2 location-based, all categories of Scope 3)
- Emissions of Volatile Organic Compounds (VOCs)

Qualitative information (actions and results) :

- Actions and results of policies on occupational health and safety, equity, diversity and inclusion, well-being in the workplace, and talent attraction and retention
- Actions and results of policies on the environment, greenhouse gas emissions, natural resource management and supply chain resilience
- Actions and results of policies on governance, cybersecurity and data protection, and product safety
- Actions and results in favor of human rights and fundamental freedoms
- Actions and results in the area of business ethics and prevention of corruption

(1) Schneider Electric France, Schneider Electric Germany (Regensburg Factory et Merten Wiehl GSC / BU) ; Schneider Electric Philippines (Cavite Admin, Cavite CCS, Cavite PDC, Cavite 2, Cavite 3) ; Schneider Electric India (Gagret LTI 1, Gagret LPT1, Gagret LPT2, Hyperabad).

7 Methodology and audit of indicators

7.6 Reasonable assurance report from one of the Statutory Auditors on the Identified Sustainability Information of Schneider Electric's non financial performance statement as for the year ended December 31st, 2022

To the Board of Directors of Schneider Electric,

In our capacity as Statutory Auditor of Schneider Electric (hereinafter the "Company") and in accordance with your request, we have undertaken a reasonable assurance engagement on the selected key sustainability performance indicators as for the year ended December 31st, 2022 (the "Identified Sustainability Information") presented below and included in the document *URD* presented in pages 73 to 259 of the 2022 Universal Registration Document (hereinafter "URD 2022")⁽¹⁾:

- KPI 1 : SSE #14 – Decrease the Medical Incident rate
- KPI 2 : Lost-Time Injury Rate (LTIR)
- KPI 3 : Lost-Time Day Rate (LTDR)
- KPI 4 : Occupational Illness Frequency Rate
- KPI 5 : SSI #8 – A Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)
- KPI 6 : Measured energy consumption by source
- KPI 7 : SSI #3 – Source electricity from renewables
- KPI 8 : Estimated Total Scopes 1 and 2 GHG emissions (market-based)

Our assurance does not extend to information in respect of earlier periods or to any other information included in the URD 2022.

Our Reasonable Assurance Opinion

In our opinion, the Identified Sustainability Information set out in the URD 2022 presented in pages 73 to 285 of URD 2022 for the year ended December 31st, 2022 is prepared, in all material respects, in accordance with (KPI 1 to 4 : GHSD017 ; KPI 5 : SSI 8 – SSI-SSE KPI Reporting Protocol SS8v2 ; KPI 6 to 8 : GED 001 and 1. Carbon footprint SE – Reporting Protocol) and the basis of preparation set out in the section 2.7.1 of the URD 2022 as for the year ended December 31st, 2022.

We do not express an assurance opinion on information in respect of earlier periods or on any other information included in the URD 2022.

Emphasis of Matter

We draw attention to section 2.7.1 of the 2022 Universal Registration Document – "Methodology elements on the published indicators", where it is stated that the scope of published indicators excludes certain Schneider Electric's entities. Our opinion is not qualified in respect of excluded entities.

Understanding how Schneider Electric has Prepared the Identified Sustainability Information

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure Identified Sustainability Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Identified Sustainability Information needs to be read and understood together with the reporting framework defined by the Company in internal methodological guidelines specific to each family of indicators (available at the Company's headquarter on request) and the basis of preparation set out in the section 2.7.1 - "Methodology of published indicators" of URD 2022 as for the

year ended December 31st, 2022 (together "the Reporting Criteria"), which Schneider Electric has used to prepare the Identified Sustainability Information.

Inherent Limitations in Preparing the Identified Sustainability Information

As indicated in the section 2.7.1 of URD 2022, the Identified Sustainability Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Moreover, some information is sensitive to the choice of methodology and the assumptions and/or estimates used for its preparation and presented in Schneider Electric's URD 2022.

In addition, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Schneider Electric's Responsibilities

Management of the Company is responsible for:

- selecting or establishing suitable criteria for preparing the Identified Sustainability Information, taking into account applicable law and regulations related to reporting the Identified Sustainability Information;
- the preparation of the Identified Sustainability Information in accordance with the Reporting Criteria;
- designing, implementing and maintaining internal control over information relevant to the preparation of the Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We are responsible for:

- planning and performing the engagement to obtain reasonable assurance about whether the Identified Sustainability Information is free from material misstatement, whether due to fraud or error;
- forming an independent opinion, based on the evidence we have obtained; and
- reporting our opinion to the Directors of the Company.

As we are engaged to form an independent opinion on the Identified Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Identified Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We performed our reasonable assurance engagement in accordance with the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement and the International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and, in accordance with the International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued

by the International Auditing and Assurance Standards Board.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the French Code of Ethics for Statutory Auditors (*Code de Déontologie*) as well as the provisions set forth in Article L.822-11 of the French Commercial Code (*Code de Commerce*) and the International Code of Ethics for Professional Accountants (*including International Independence Standards*) issued by the International Ethics Standards Board for Accountants (IESBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team with experience in sustainability reporting and assurance.

Summary of the Work we Performed as the Basis for our Assurance Opinion

A reasonable assurance engagement involves performing procedures to obtain evidence about the Identified Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error, in the Identified Sustainability Information. In making those risk assessments, we considered internal control relevant to the Company's preparation of the Identified Sustainability Information. A reasonable assurance engagement also includes:

- evaluating the suitability in the circumstances of the Company's use of the Reporting Criteria;
- evaluating the appropriateness of measurement and evaluation methods, reporting policies used and the reasonableness of estimates made by the Company; and
- evaluating the disclosures in, and overall presentation of, the Identified Sustainability Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Neuilly-sur-Seine, March 22, 2023

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Jean-Christophe Georghiou **Emilie Bobin**
Partner Partner, Sustainable Performance

8 Indicators

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8.1 Environmental and climate indicators

8.1.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability #	2021-2025 programs	Baseline ⁽¹⁾	2022 progress ⁽²⁾	2025 Target
Impact (SSI)	1. Grow Schneider Impact revenues ⁽³⁾	2019: 70%	72%	80%
	2. Help our customers save and avoid millions of tonnes of CO ₂ emissions	2020: 263M	440M	800M
	3. Reduce CO ₂ emissions from top 1,000 suppliers' operations	2020: 0%	10%	50%
	4. Increase green material content in our products	2020: 7%	18%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	45%	100%
Essentials (SSE)	1. Decarbonize our operations with Zero-CO ₂ sites	2020: 30	77	150
	2. Substitute relevant offers with SF ₆ -Free medium voltage technologies	2020: 26%	41.5%	100%
	3. Source electricity from renewables	2020: 80%	85%	90%
	4. Improve CO ₂ efficiency in transportation	2020: 0%	-7.7%	15%
	5. Improve energy efficiency in our sites	2019: 0%	7.8%	15%
	6. Grow our product revenues covered with Green Premium™	2020: 77%	80%	80%
	7. Switch our corporate vehicle fleet to electric vehicles	2020: 1%	13.8%	33%
	8. Deploy local biodiversity conservation and restoration programs in our sites	2020: 0%	17.6%	100%
	9. Give a second life to waste in 'Waste-to-Resource' sites	2020: 120	127	200
	10. Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	2020: 157,588	261,128	420,000
	11. Deploy a water conservation strategy and action plan for sites in water-stressed areas	2020: 0%	48%	100%

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.
 (3) Per Schneider Electric definition and methodology.

The indicators below concern all entities where Schneider Electric has operational control, and integrated in the Group for more than 2 years.

Within the Group perimeter, given the complexity to obtain robust and meaningful data, in particular for small leased offices, estimated coverage indicators are provided for each reporting table. All Group industrial and logistics sites, in addition to certain major tertiary sites are covered. As per the Group's Environmental Policy, all industrial and logistics sites with more than 50 people and 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.

8.1.2 Perimeter and Environmental Management Systems (ISO 14001)

Indicators	Units	2022	2021	2020	2019
ISO 14001 certified sites ⁽¹⁾	#	243	244	232	241
Industrial and logistics sites	#	204	211	212	220
Tertiary sites	#	39	33	20	21
% of sites certified ISO 14001 ⁽²⁾	%	86%	87%	90%	89%

(1) ISO 14001 certification is systematic for all large industrial, logistics and tertiary sites within two years of acquisition. A reduction in the number of ISO 14001 certified sites usually results from sites closing during the year.

(2) the percentage of sites certified ISO 14001 is calculated based on waste generation from certified sites vs total sites, as the majority of sites - in number - are small leased offices where certification is not relevant.

8.1.3 Group site consumption, emissions and waste

Materials

GRI	Indicators	Units	2022	2021	2020	2019
301-2	SSI #4 – Green material content in our products ⁽¹⁾	%	18% ▲	11%	7%	UP
301-2	SSI #5 – Primary and secondary packaging free from single-use plastic using recycled cardboard ⁽²⁾	%	45% ▲	21%	13%	UP
	SSE #6 – Product revenues covered by Green Premium™	%	80% ▲	78%	77%	55%
	SSE #10 – Metric tons of avoided primary resource consumption through 'take-back at end-of-use' ⁽³⁾	metric tons	57,052 ▲	46,488	60,149	53,867
	SSE #15 – Reduce total number of safety recalls issued to 0 ⁽⁴⁾	# recalls	24 ▲	14	25	UP

▲ 2022 audited indicators. UP = Unpublished

(1) SSI #4 coverage is about 30% of purchased materials volume for our products

(2) SSI #5 coverage is about 87% of total packaging purchases

(3) SSE #10 figures provided in the table are annual results. Cumulative performance since the start of the program in 2017 is 261,128 avoided metric tons.

(4) SSE #15, originally "Reduce scrap from safety units recalled" has been upgraded in 2022 in line with the Quality ambition of the Group

8 Indicators

Waste

GRI	Indicators	Units	2022	2021	2020	2019
	Estimated coverage (% waste generation)	%	86%	87%	90%	89%
306-3	Total waste generated	metric tons	131,402	136,816	125,292	152,171
	Total waste generated/Turnover	metric tons/ million €	3.84	4.73	4.98	5.60
306-3	Non-hazardous waste generated	metric tons	123,311 ▲	128,267	117,607	143,149
306-4	of which reused or recycled	metric tons	111,567 ▲	115,550	113,211	136,316
306-5	of which incinerated with energy recovery	metric tons	6,719 ▲	6,964		
306-5	of which landfilled or incinerated without energy recovery	metric tons	5,025 ▲	5,753	4,396	6,833
	Non-hazardous waste reduction ⁽¹⁾	metric tons	11,941 ▲	13,667	7,729	3,265
306-2	Share of non-hazardous waste recovered or reduced ⁽²⁾	%	96% ▲	95.9%	96.5%	95.3%
306-3	Hazardous waste generated	metric tons	8,091 ▲	8,549	7,685	9,022
306-5	Hazardous waste channeled according to Schneider Electric expectations ⁽³⁾	metric tons	8,091 ▲	8,549	7,667	8,727
	Hazardous waste generated/Turnover	metric tons/ million €	0.24	0.30	0.30	0.33
	Hazardous waste intensity reduction against 2017 ⁽⁴⁾	%	-44%	-30%	-27%	-21%
	SSE #9 - Number of 'Waste-to-Resource' sites	#	127 ▲	126	120	NA
306-3	# and aggregate quantity of reportable spills	kg	0	0	0	UP
306-3	Quantity of spills recovered	kg	NA	NA	NA	UP
	Number of significant fines (> EUR 10,000) related to environmental or ecological issues	#	0	0	0	UP

▲ 2022 audited indicators. UP = Unpublished. NA = Not Applicable

- (1) Waste reduction measures specific, targeted projects which reduce/avoid waste. Examples of waste reduction projects include creating a closed-loop system for pallets between the site and the supplier, or reducing packaging waste from incoming shipments. Normal operational decreases of waste due to reduced activity do not count as waste reduction.
- (2) Non-hazardous waste recovered or reduced is calculated as the ratio between waste reused/recycled, incinerated with energy recovery and reduced, divided by the total non-hazardous waste generated and waste reduced. The Group's waste recovery percentage without waste reduction is: 95.9%, 95.5% 96.3%, and 95.2% for 2022, 2021, 2020, and 2019, respectively.
- (3) 'Schneider Electric expectations' for hazardous waste means: 1) Waste meets/exceeds all local legal requirements for handling/treatment, and either 2a) waste is neutralized of its hazardous nature, or b) waste is handled/treated using the feasibly best available technique which provides the most environmentally beneficial impact.
- (4) 2017 hazardous waste intensity was 0.42 metric tons per million euros of revenues.

Biodiversity

GRI	Indicators	Units	2022	2021	2020	2019
304-1	Number of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA) ⁽¹⁾	#	260	260	UP	UP
	of which industrial sites or distribution centres	#	107	107	UP	UP
	of which office buildings	#	153	153	UP	UP

▲ 2022 audited indicators. UP = Unpublished.

- (1) Within 1-kilometre radius, 21% of our sites are in proximity of a protected area as defined by the IUCN and 3% of our 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)").

Atmospheric pollutions

GRI	Indicators	Units	2021	2021	2020	2019
	Estimated coverage (% VOC emissions)	%	90%	90%	90%	90%
305-7	VOC emissions (estimates)	kg	308,520 ▲	342,228	440,442	653,502
305-7	VOC/Turnover (estimates)	kg/million €	9.0	11,8	17.5	24.1

▲ 2022 audited indicators.

Water

GRI	Indicators	Units	2022	2021	2020	2019
	Estimated coverage (% water withdrawal)	%	83%	86%	88%	88%
303-3	Total water withdrawals (other than for cooling)	m ³	1,921,569 ▲	2,072,263	1,928,032	2,554,428
303-3-a-i	of which surface water	m ³	14,514 ▲	19,156	17,461	17,074
303-3-a-ii	of which groundwater	m ³	492,308 ▲	513,631	452,602	501,163
303-3-a-v	of which third party sources	m ³	1,388,474▲	1,507,606	1,446,391	2,021,168
	of which other sources ⁽¹⁾	m ³	26,273 ▲	31,870	11,578	15,023
303-3	Water withdrawn for cooling and restituted w/o impact ⁽²⁾	m ³	622,951 ▲	879,602	780,201	880,276
303-3	Water withdrawal/Turnover ⁽³⁾	m ³ /million €	56.2	71.7	76.5	94.1
	Water withdrawal intensity reduction vs 2017 ⁽³⁾	%	-48.0%	-33.6%	-29.1%	-12.9%
303-3-b	Total water withdrawals from areas with water stress ⁽⁴⁾	m ³	842,216	930,603	UP	UP
303-1	SSE #11 – Sites in water-stressed areas with a water conservation strategy and related action plan ⁽⁴⁾	%	48.0% ▲	8.5%	UP	UP

▲ 2022 audited indicators. UP = Unpublished.

(1) Other water sources include sources such as grey water and rainwater

(2) Water withdrawn for cooling and restituted without impact (i.e. returned back to the source with only a very small temperature change) are measured separate from total water withdrawals and excluded from performance calculations

(3) Excluding water withdrawn for cooling restituted without impact. The 2017 baseline value is 108.0 m³/million €

(4) Schneider Electric's ISO 14001 sites are designated as water stress sites based on the World Resources Institute's Aqueduct Water Risk Atlas. Using Baseline Water Stress criteria, a site is designated as water stressed if it is located in an area classified as 'high' or 'extremely high' stress.

Energy

GRI	Indicators	Units	2022	2021	2020	2019
	Estimated coverage (% energy consumption) ⁽¹⁾	%	95%	95%	96%	98%
	ISO 50001 certified sites	#	132	140	150	153
302-1, 302-4	Estimated total energy consumption	MWh	1,201,276	1,325,491	1,216,845	1,452,002
302-1, 302-4	of which measured energy consumption	MWh	979,497 ▲	1,080,366	1,034,003	1,201,669
	of which estimated energy consumption for sites out of reporting perimeter ⁽²⁾	MWh	221,779	245,125	182,842	250,333
302-1, 302-4	Estimated total energy consumption/turnover	MWh/million €	35.1	45.9	48.3	53.5
	Estimated total energy productivity	€/MWh	28,450	21,803	20,709	18,703
	Estimated total improvement in energy productivity vs 2005 ⁽³⁾	%	129.3%	75.7%	66.9%	50.7%
	Estimated total energy consumption from renewable sources	MWh	688,474	670,287	UP	UP
	Estimated total percentage of renewable energy	%	57.3%	50.6%	UP	UP
	Estimated total energy consumption from non-renewable sources	MWh	512,802	655,204	UP	UP
	Estimated total percentage of non renewable energy	%	42.7%	49.4%	UP	UP
	Measured energy consumption by source					
	grid electricity	MWh	108,263 ▲	132,771	148,969	406,200
	purchased renewable electricity ⁽⁴⁾	MWh	588,851 ▲	612,752	585,495	402,363
	self generated renewable electricity	MWh	20,719 ▲	15,861	12,464	9,161
	district heating	MWh	24,519 ▲	33,830	27,602	75,253
	fuel oil	MWh	6,520 ▲	6,967	6,941	8,595
	gas	MWh	229,552 ▲	276,954	251,377	298,319
	coal	MWh	0 ▲	0	0	0
	renewable fuel and heat	MWh	1,073	1,231	1,155	1,778

8 Indicators

Energy (continued)

GRI	Indicators	Units	2022	2021	2020	2019
	Measured renewable electricity generated on site and sold back to the grid	MWh	2,263 ▲	2,558	2,734	2,149
	SSE #3 – Measured electricity sourced from renewables	%	85% ▲	82%	80%	50%
	Estimated energy consumption by source ⁽¹⁾					
	grid electricity	MWh	107,019	148,720	UP	UP
	purchased renewable electricity ⁽⁴⁾	MWh	77,831	40,443	UP	UP
	self generated renewable electricity	MWh	0	0	UP	UP
	district heating	MWh	2,829	5,491	UP	UP
	fuel oil	MWh	855	797	UP	UP
	gas	MWh	33,245	49,674	UP	UP
	coal	MWh	0	0	UP	UP
	renewable fuel and heat	MWh	0	0	UP	UP

▲ 2022 audited indicators. UP = Unpublished.

- (1) Out of scope energy consumption concerns mainly AVEVA, RIB Software and Larsen & Toubro and to a limited extent other small non-integrated entities.
- (2) For sites below size thresholds for mandatory environmental reporting, energy consumption by source is estimated by multiplying site surface (m²) with energy intensity ratios (kWh/m²) measured in larger sites. For sites located in countries with country-level renewable electricity contracts, 100% of the estimated electricity consumption of the site is counted as renewable, as such supply contracts cover all sites within a country. 2022 includes 44,286 MWh of Energy Attribute Certificates (EACs) applied to sites in the estimated energy scope.
- (3) 2005 estimated energy productivity is 12,408 € per MWh
- (4) Renewable electricity reported here includes renewable electricity purchased through Power Purchasing Agreements (PPA) or green tariffs, and electricity covered by Energy Attributes Certificates (EAC). The 2022 EAC account for 35.9% of total measured purchased renewable electricity reported.

Greenhouse gas (GHG)

GRI	Indicators	Units	2022	2021	2020	2019
	Estimated coverage (% total GHG emissions)	%	99%	99%	99%	100%
305-1, 305-2	Estimated Total Scopes 1 and 2 GHG emissions (market-based) ⁽¹⁾	TCO ₂ e	229,347 ▲	294,051	287,865	437,293
305-5	Absolute reduction vs base year (2021) ⁽²⁾	%	-22%	0%	NA	NA
305-4	Total Scopes 1 and 2 per euro turnover	TCO ₂ e/ million €	6.7	10.2	11.4	16.1
305-1	Direct (Scope 1) GHG emissions ⁽¹⁾	TCO ₂ e	119,617 ▲	140,936	142,658	180,751
	of which fuel oil	TCO ₂ e	4,414 ▲	4,520	4,451	5,748
	of which gas	TCO ₂ e	47,271 ▲	56,776	52,197	61,733
	of which coal	TCO ₂ e	0 ▲	0	0	0
	of which vehicle fleet	TCO ₂ e	55,598 ▲	62,683	73,229	91,169
	of which SF ₆ emissions ⁽³⁾	TCO ₂ e	4,777 ▲	6,104	7,557	13,601
	SF ₆ leakage rate	%	0.08%	0.10%	0.14%	0.24%
	Target SF ₆ leakage rate	%	0.11%	0.19%	0.25%	0.25%
	of which estimated Scope 1 GHG emissions of sites out of reporting perimeter ⁽⁴⁾	TCO ₂ e	7,557 ▲	10,853	5,224	8,499
305-2	Energy indirect (Scope 2) GHG emissions ⁽¹⁾	TCO ₂ e	109,730 ▲	153,115	145,207	256,542
	of which grid electricity (market-based)	TCO ₂ e	49,674 ▲	66,692	70,145	134,122
	of which renewable electricity (market-based) ⁽⁵⁾	TCO ₂ e	703 ▲	701	694	795
	of which district heating	TCO ₂ e	8,358 ▲	14,714	11,550	35,020
	of which estimated Scope 2 GHG emissions of sites out of reporting perimeter (market-based) ⁽⁴⁾	TCO ₂ e	50,995 ▲	71,008	62,818	86,605
305-3	Other relevant indirect (Scope 3) GHG emissions ⁽⁶⁾	TCO ₂ e	60,952,497 ▲	68,901,866	65,921,222	74,256,245
305-5	Absolute variation vs base year (2021) ⁽⁶⁾	%	-11.5%	0%	NA	NA
305-4	Total Scope 3 per euro turnover ⁽⁶⁾	TCO ₂ e/ million €	1,783	2,384	2,620	2,733

GRI	Indicators	Units	2022	2021	2020	2019
305-3	Other relevant indirect (Scope 3 upstream) GHG emissions	TCO ₂ e	8,613,192 ▲	8,237,192	6,966,062	8,610,739
	1. Purchased goods and services	TCO ₂ e	7,572,974 ▲	7,278,733	6,137,388	7,388,926
	2. Capital Goods	TCO ₂ e	57,986 ▲	62,876	63,863	64,398
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	TCO ₂ e	43,544 ▲	53,167	55,151	67,993
	4. Transportation of goods paid by the Group	TCO ₂ e	670,840 ▲	616,519	497,761	753,253
	5. Waste generated in operations	TCO ₂ e	37,415 ▲	42,760	31,872	39,710
	6. Business travel	TCO ₂ e	56,501 ▲	30,778	33,304	139,054
	7. Employee commuting	TCO ₂ e	173,932 ▲	152,359	146,723	157,405
305-3	Other relevant indirect (Scope 3 downstream) GHG emissions ⁽⁶⁾	TCO ₂ e	52,339,305 ▲	60,664,674	58,955,160	65,645,506
	9. Transportation of goods not paid by the Group	TCO ₂ e	427,872 ▲	485,877	371,159	449,507
	11. Use of sold products ⁽⁶⁾	TCO ₂ e	47,285,918 ▲	55,224,389	53,998,500	60,447,799
	12. End-of-life treatment of sold products	TCO ₂ e	4,625,515 ▲	4,954,408	4,585,501	4,748,200
	SSE #1 – Number of Zero-CO ₂ sites	#	77 ▲	51	30	UP
	Saved GHG emissions thanks to sold products and services ⁽⁷⁾	TCO ₂ e	51,325,544 ▲	49,708,425	46,964,497	50,994,695
	Avoided GHG emissions thanks to sold products and services ⁽⁷⁾	TCO ₂ e	41,674,416 ▲	33,930,803	28,605,883	39,406,306
	SSI #2 – Cumulative CO ₂ saved and avoided thanks to sold products and services since 2018 ⁽⁷⁾	TCO ₂ e	439,960,929 ▲	346,960,969	263,321,741	187,751,362

▲ 2022 audited indicators. UP = Unpublished.

Note that Schneider Electric carbon footprint has been updated in 2021 to reflect changes in Global Warming Potential (GWP) values for SF₆ gas published by the IPCC in its 6th Assessment Report. Previous GWP value of 23,500 (AR5) has been updated to 25,200 (AR6) for 2021 and historical emissions and impacts Scope 1 and Scope 3 CO₂ equivalent emissions.

- The CO₂ emissions linked to energy consumption are considered estimates for two reasons: on the one hand, energy consumption and corresponding CO₂ emissions are estimated for sites not included in the energy reporting perimeter; on the other hand, the indirect emissions are calculated on the conversion factors per country and not with supplier-specific data. Scope 1 and 2 CO₂ 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 298,461 TCO₂e (audited value), and 385,574 TCO₂e on total estimated perimeter. Total Scopes 1 and 2 (location-based) CO₂ emissions (energy, vehicles, and SF₆ emissions in TCO₂e) on full perimeter are equal to 514,648 TCO₂e (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, 2020) for European countries, and average country emission factors for other countries (IEA, 2020).
- In 2017, direct (Scope 1) emissions, energy indirect (Scope 2) emissions and other relevant indirect (Scope 3) emissions amounted to 187,477 TCO₂e, 511,602 TCO₂e and 67,683,080 TCO₂e respectively. CO₂ reductions in 2022 compared to 2017 are 67% for Scopes 1 and 2, and 10% for Scope 3.
- SF₆ emissions are generated in a limited number of manufacturing sites that are the ones which are handling SF₆ for the relevant products: it corresponds to 13 sites in 2022 and in 2021, and 14 sites in 2020 and 2019.
- CO₂ emissions for sites not included in the energy reporting perimeter are estimated based on site surface and average CO₂ intensity of sites per region from our energy reporting.
- Greenhouse gas emissions from renewable electricity are due to CH₄ and N₂O emissions of renewable electricity from biomass. In addition, biogenic CO₂ 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 17,294 tCO₂b in 2022.
- These emissions correspond to products sold by Schneider Electric during the year of reporting and cumulated over their lifetime. These emissions are attributable to electricity consumption of products, either due to internal consumption or due to heat dissipation (Joule effect). The GHG emissions from electricity considered are forward-looking during the lifetime of products, based on a scenario from the International Energy Agency (IEA) that factors in the future decarbonization of the grids. Previously these emissions were based on the Reference Technology Scenario of the "Energy Technology Perspectives 2017" (IEA, 2017) which provided a baseline scenario based on existing (at the time of publication) energy- and climate-related commitments by countries, including Nationally Determined Contributions pledged under the Paris Agreement. For 2022 carbon footprint, the GHG emissions from electricity have been updated with the most recent scenario, to better reflect the current commitments of countries. The scenario is now the Stated Policies Scenario from the "World Energy Outlook 2022" (IEA, 2022), which is based on current policies, as well as policies announced by governments at the time of publication. This update in terms of energy scenario is the main driver for the reduction of the emissions by 14% year-on-year on this category. Using the same energy scenario for the emissions with sales of 2021 would lead to emissions of 48,479,617 TCO₂e i.e., a decrease of 2.5% year-on-year.
- Avoided CO₂ emissions 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 CO₂ emissions correspond to brownfield sales that enable reduction of global CO₂ emissions compared to previous years, while avoided CO₂ emissions correspond to greenfield sales that enable a limitation of the increase of global emission. Since new methodologies are developed every year, CO₂ saved and avoided from those offers is quantified for sales that occurred since 2018 and counted fully in the performance of the reporting year. In addition, methodologies are continuously improved, leading potentially to some adjustments with retroactive impact. In 2022, out of the 93.4 MTCO₂e saved and avoided, 0.92 MT (1.0%) came from 2018-2021 backdated performance.

8 Indicators

8.2 Social indicators

8.2.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability #	2021-2025 programs	Baseline ⁽¹⁾	2022 progress ⁽²⁾	2025 Target
Impact (SSI)	6. Strategic suppliers who provide decent work to their employees	2022: 1%	1%	100%
	7. Level of confidence of our employees to report unethical conduct	2021: 81%	+1pt	+10pts
	8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%) ⁽³⁾	2020: 41/23/24	41/27/28	50/40/30
	10. Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.33	x2.00
Essentials (SSE)	12. Deploy a 'Social Excellence' program through multiple tiers of suppliers ⁽⁴⁾	--	In progress	--
	13. Train our employees on Cybersecurity and Ethics every year	2020: 90%	95.5%	100%
	14. Decrease the Medical Incident rate	2019: 0.79	0.58	0.38
	15. Reduce total number of safety recalls issued to 0	2020: 25	24	0
	16. Be in the top 25% in external ratings for Cybersecurity performance	2020: Top 25%	Top 25%	Top 25%
	17. Assess our suppliers under our 'Vigilance Program'	2020: 374	2,083	4,000
	18. Reduce pay gap for both females and males	2020: F: -1.73% 2020: M: 1.00%	-1.6% 1.02%	<1%
	19. Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	2019: 53%	62%	60%
	20. Pay our employees at least a living wage	2019: 99%	100%	100%
	21. Multiply the number of employee-driven development interactions on the Open Talent Market	2020: 5,019	x1.9	x4
	22. Support the digital upskilling of our employees	2020: 41%	77%	90%
	23. Provide access to meaningful career development programs for employees during later stages of their career	2022: 43%	43%	90%
	24. Increase our employee engagement level	2020: 69%	70%	75%

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.
 (3) Calculation methodology for SSI #8 has been expanded in Q2 2022 to include blue collar managers in the scope of front line managers. Due to this methodological change, the 2020 baseline for front line managers has been recalculated to 23% instead of 25%.
 (4) SSE #12 'Social Excellence' program currently under development.

Indicators below have a Group scope as described in section 2.7, page 242 of the 2022 Universal Registration Document.

HR statistics presented below cover about 90% of the 149,812 employees from consolidated companies where HR IT systems have been deployed. About 14,400 employees are excluded, including 6,500 AVEVA and OSIsoft employees and 2,900 RIB Software employees. SSI #8 is calculated on constant scope and also excludes employees from L&T and Proleit, as they were acquired during 2020, which is the baseline year for this program. SSI #8 coverage is about 87% of Group employees in 2022. Total Group workforce, ie employees and non-employee interim workers is 164,183 people in 2022.

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 precisions on the variations of scope are contributed at the end of the tables below and indicated by footnotes.

8.2.2 General disclosure

Spot workforce at year-end

GRI	Indicators	Units	2022	2021	2020	2019
	Spot workforce at year-end including supplementary employees*	year-end HC	149,812	147,468	147,349	150,828
	Spot workforce at year-end excluding supplementary employees*(1)	year-end HC	134,931 ▲	128,384	128,770	135,307
	Open-ended contract	%	88.8%	87.2%	87.3%	87.3%
	Fixed-term contract	%	11.2%	12.8%	12.7%	12.7%
	Spot supplementary employees* at year-end	year-end HC	14,881	19,084	18,548	15,456
102-8	Share of temporary personnel (fixed-term contracts and supplementary personnel*)	%	22.3%	24.0%	23.7%	21.6%

▲ 2022 audited indicators.

* Supplementary employees are employees under short-term contracts to supplement short-term activities and work peaks.

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (134,931 employees, i.e. around 90% of employees excluding supplementary employees).

Workforce composition(1)

GRI	Indicators	Units	2022	2021	2020	2019
	Coverage (of total employees)		90%	93%	97%	UP
102-8	Organization of working time					
	Full-time	%	98%	98%	97%	98%
	Part-time	%	2%	2%	3%	2%
401-1	Hires(2)	HC	28,214 ▲	27,189	19,536	25,131
401-1	Departures(2)	HC	22,005 ▲	22,877	20,840	23,381
	Layoffs	HC	5,970 ▲	7,114	5,626	8,190
	Resignations	HC	12,757 ▲	11,944	8,729	10,600
	Other (retirement, end of contract, etc.)	HC	3,278 ▲	3,819	6,485	4,591
401-1	Total employee turnover	%	16.6%	18.1%	16.1%	17.6%
	Turnover by gender					
	Men	%	15%	17%	16%	UP
	Women	%	19%	21%	18%	UP
	Turnover by generation					
	Gen Z	%	47%	60%	64%	UP
	Millenials	%	17%	19%	18%	UP
	Gen X	%	8%	8%	9%	UP
	Boomer	%	18%	18%	18%	UP
	Silent	%	0%	39%	69%	UP
401-1	Voluntary turnover	%	9.6% ▲	9.5%	6.9%	8.0%
102-8	Breakdown of workforce by region					
	Asia-Pacific	%	34%	31%	32%	35%
	Western Europe	%	27%	27%	27%	26%
	North America	%	26%	26%	24%	20%
	Rest of the world	%	13%	16%	17%	19%

8 Indicators

Workforce composition (continued)

GRI	Indicators	Units	2022	2021	2020	2019
102-8	Breakdown of workforce by top 10 countries					
	United States	%	14%	14%	13%	13%
	China	%	12%	11%	11%	10%
	India	%	11%	8%	7%	7%
	France	%	11%	11%	11%	11%
	Mexico	%	11%	10%	10%	7%
	Germany	%	4%	4%	3%	3%
	Spain	%	3%	3%	3%	3%
	Indonesia	%	3%	3%	3%	3%
	United Kingdom	%	2%	3%	3%	3%
	Philippines	%	2%	2%	2%	2%
102-8	Annual change in workforce in top 10 countries					
	United States	%	5%	5%	-5%	-5%
	China	%	6%	-2%	-3%	-2%
	India	%	46%	8%	-3%	1%
	France	%	2%	7%	-4%	-2%
	Mexico	%	7%	8%	36%	0%
	Germany	%	2%	9%	-9%	-2%
	Spain	%	8%	0%	-5%	2%
	Indonesia	%	-2%	6%	-10%	-5%
	United Kingdom	%	-1%	-3%	-6%	-2%
	Philippines	%	10%	-9%	-2%	-2%
102-8	Women in our workforce					
	Overall workforce	%	33% ▲	34%	33%	33%
	Board of Directors	%	42%	42%	42%	42%
	Executive Committee	%	41%	44%	38%	25%
	All management (junior, middle, leadership)	%	33%	33%	23%	23%
	Leadership teams	%	28% ▲	26%	24%	23%
	Front line management	%	27% ▲	27%	25%	24%
	Middle management	%	24%	23%	23%	22%
	Junior management	%	37%	37%	34%	33%
	Management positions in revenue-generating functions	%	21%	16%	UP	UP
	Sales	%	22%	21%	19%	19%
	STEM	%	21%	19%	21%	20%
	White collar	%	52%	51%	50%	51%
	of which men	%	66%	66%	67%	67%
	of which women	%	34%	34%	33%	33%
	Blue collar	%	48%	49%	50%	49%
	of which men	%	67%	66%	67%	68%
	of which women	%	33%	34%	33%	32%

GRI	Indicators	Units	2022	2021	2020	2019
102-8	Breakdown of workforce by age ⁽³⁾					
	< 30 years	%	24%	23%	23%	22%
	30-50 years	%	59%	59%	59%	59%
	> 50 years	%	17%	18%	18%	18%
102-8	Breakdown of workforce by seniority					
	< 5 years	%	43%	40%	46%	46%
	5/14 years	%	31%	34%	33%	33%
	15/24 years	%	17%	16%	13%	13%
	25/34 years	%	7%	7%	6%	6%
	> 34 years	%	2%	3%	2%	2%
102-8	Breakdown of workforce by function					
	Marketing	%	4%	4%	4%	4%
	Sales	%	13%	13%	13%	13%
	Services and projects	%	19%	19%	19%	19%
	Support	%	24%	24%	29%	30%
	Technical	%	11%	10%	7%	6%
	Industrial	%	29%	31%	28%	28%

▲ 2022 audited indicators. UP = Unpublished.

* Supplementary employees are employees under short term contracts to supplement short term activities and work peaks.

- (1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (134,931 employees, i.e. around 90% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;
(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

Hires⁽¹⁾⁽²⁾

GRI	Indicators	Units	2022	2021	2020	2019
401-1	Breakdown by type of contract					
	Permanent contract	%	69%	64%	62%	70%
	Fixed-term contract	%	31%	36%	38%	30%
401-1	Breakdown by category					
	White collar	%	39%	34%	19%	37%
	Blue collar	%	61%	66%	81%	63%
401-1	Breakdown by gender					
	Men	%	59% ▲	59%	59%	60%
	Women	%	41% ▲	41%	41%	40%
401-1	Breakdown by age ⁽³⁾					
	< 30 years	%	61%	64%	UP	UP
	30-50 years	%	37%	34%	UP	UP
	> 50 years	%	2%	2%	UP	UP
401-1	Breakdown by region					
	Asia-Pacific	%	36%	34%	26%	44%
	Western Europe	%	16%	13%	9%	12%
	North America	%	37%	42%	55%	29%
	Rest of the world	%	11%	12%	10%	15%

▲ 2022 audited indicators. UP = Unpublished.

- (1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (134,931 employees, i.e. around 90% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;
(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

8 Indicators

Layoffs ⁽¹⁾⁽²⁾

GRI	Indicators	Units	2022	2021	2020	2019
401-1	Breakdown by type of contract					
	Open-ended contract	%	69%	70%	72%	79%
	Fixed-term contract	%	31%	30%	28%	21%
401-1	Breakdown by category					
	White collar	%	21%	22%	20%	33%
	Blue collar	%	79%	78%	80%	67%
401-1	Breakdown by Region					
	Asia-Pacific	%	35%	33%	28%	30%
	Western Europe	%	10%	9%	8%	8%
	North America	%	48%	47%	50%	44%
	Rest of the world	%	7%	10%	14%	18%
	Breakdown by gender					
	Men	%	60%	62%	63%	62%
	Women	%	40%	38%	37%	38%
	Breakdown by generation					
	Gen Z	%	34%	30%	UP	UP
	Millenials	%	44%	44%	UP	UP
	Gen X	%	16%	19%	UP	UP
	Boomer	%	6%	7%	UP	UP
	Silent	%	0%	0%	UP	UP

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (134,931 employees, i.e. around 90% of employees excluding supplementary employees);

(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation.

Resignations ⁽¹⁾⁽²⁾

GRI	Indicators	Units	2022	2021	2020	2019
401-1	Breakdown by seniority					
	< 1 year	%	36%	41%	41%	40%
	1/4 years	%	40%	36%	39%	34%
	5/14 years	%	19%	19%	16%	17%
	15/24 years	%	4%	4%	3%	5%
	25/34 years	%	1%	1%	1%	2%
	> 34 years	%	0%	0%	0%	2%

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (134,931 employees, i.e. around 90% of employees excluding supplementary employees);

(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation.

Departures⁽¹⁾⁽²⁾

GRI	Indicators	Units	2022	2021	2020	2019
401-1	Breakdown by gender					
	Men	%	62%	62%	63%	62%
	Women	%	38%	38%	37%	38%
401-1	Breakdown by age ⁽³⁾					
	< 30 years	%	50%	50%	UP	UP
	30-50 years	%	39%	38%	UP	UP
	> 50 years	%	11%	12%	UP	UP
401-1	Breakdown by region					
	Asia-Pacific	%	33%	31%	30%	34%
	Western Europe	%	15%	15%	17%	15%
	North America	%	42%	41%	39%	35%
	Rest of the world	%	10%	13%	14%	16%

UP = Unpublished.

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (134 931 employees, i.e. around 90% of employees excluding supplementary employees);

(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;

(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

Average supplementary employees*

GRI	Indicators	Units	2022	2021	2020	2019
102-8	Breakdown by category					
	White collar	%	10%	8%	10%	11%
	Blue collar	%	90%	92%	90%	89%
102-8	Breakdown by region					
	Asia-Pacific	%	54%	67%	64%	64%
	Western Europe	%	24%	16%	15%	16%
	North America	%	10%	6%	7%	7%
	Rest of the world	%	12%	11%	14%	13%

* Supplementary employees are employees under short-term contracts to supplement short-term activities and work peaks.

8.2.3 Dialog and social relations

GRI	Indicators	Units	2022	2021	2020	2019
	Coverage ⁽¹⁾	%	94%	92%	85%	92%
102-41	Employees represented by					
	Unions	%	60%	80%	66%	64%
	Works Council	%	55%	63%	70%	68%
403-1	Health and Safety Committee	%	76%	81%	89%	86%
102-41	Number of collective agreements	#	202	150	78	81
102-41	Employees covered by collective bargaining agreements	%	70%	72%	69%	70%

(1) Compared to employees recorded in our global TalentLink tool

8 Indicators

8.2.4 Health and safety of employees and subcontractors

GRI	Indicator	Units	2022	2021	2020	2019
	Number of ISO 45001 sites	#	211	180	184	UP
	Percentage of operational facilities that are ISO 45001 certified	%	87%	77%	80%	UP
403-2	Number of medical incidents ⁽¹⁾	#	171 ▲	186	154	233
	of which Schneider Electric employees	#	143 ▲	152	133	193
	of which temporary workers	#	28 ▲	34	21	40
403-2	Number of lost-time accident ⁽¹⁾	#	95 ▲	96	85	116
	of which Schneider Electric employees	#	80 ▲	76	74	94
	of which temporary workers	#	15 ▲	20	11	22
403-2	Number of fatal accidents	#	0	2	1	1
	of which Schneider Electric employees	#	0	2	1	1
	of which temporary workers	#	0	0	0	0
403-2	SSE #14 Medical Incident Rate ⁽²⁾	per million hours worked	0.58 ▲	0.65	0.58	0.79
	of which Schneider Electric employees	per million hours worked	0.57 ▲	0.63	0.58	0.77
	of which temporary workers	per million hours worked	0.64 ▲	0.73	0.55	0.91
403-2	Lost-Time Injury Rate (LTIR) ⁽²⁾	per million hours worked	0.32 ▲	0.33	0.32	0.39
	of which Schneider Electric employees	per million hours worked	0.32 ▲	0.32	0.32	0.38
	of which temporary workers	per million hours worked	0.34 ▲	0.43	0.29	0.50
403-2	Lost-Time Day Rate (LTDR) ⁽²⁾	per million hours worked	14.23 ▲	15.58	13.74	16.69
	of which Schneider Electric employees	per million hours worked	15.22 ▲	16.47	14.92	17.69
	of which temporary workers	per million hours worked	8.54 ▲	11.00	6.61	10.96
403-2	Number of lost days	#	4,195 ▲	4,477	3,662	4,909
	of which Schneider Electric employees	#	3,822 ▲	3,963	3,412	4,427
	of which temporary workers	#	373 ▲	514	250	482
403-2	Number of hours worked	#	294,742,174 ▲	287,369,013	266,582,055	294,202,028
	of which Schneider Electric employees	#	251,075,834 ▲	240,649,594	228,742,624	250,235,482
	of which temporary workers	#	43,666,340 ▲	46,719,419	37,839,431	43,966,546
403-2	Occupational Illness Frequency Rate (OIFR) ⁽²⁾	per million hours worked	0.003 ▲	0.017	0.019	0.014
	of which Schneider Electric employees	per million hours worked	0.004 ▲	0.021	0.022	0.016
	of which temporary workers	per million hours worked	0.000 ▲	0.000	0.000	0.000

▲ 2022 audited indicators. UP = Unpublished.

(1) Includes business travel, excludes home/workplace travel.

(2) 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 1 million 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 1 million hours worked.

8.2.5 Talent development and training

GRI	Indicator	Units	2022	2021	2020	2019
	Coverage	%	92%	91%	90%	92%
404-1	Number of training hours	#	2,988,795 ▲	2,881,627	2,869,111	3,117,348
404-1	Average hours of training per person	#	24.1	24.5	24.5	25.0
	of which white collar	#	25.3	25.1	24.9	27.1
	of which blue collar	#	22.4	24.0	24.0	22.9
	of which men	#	24.7	24.9	25.1	25.6
	of which women	#	22.9	23.7	23.2	23.7
404-1	Breakdown of hours by category ⁽¹⁾					
	White collar	%	57%	53%	52%	54%
	Blue collar	%	43%	47%	48%	46%
404-2	Employees taking one day training (7 hours or more)	%	81%	83%	81%	81%
	Breakdown by top 10 countries					
	United States	%	74%	75%	76%	78%
	China	%	81%	81%	84%	86%
	India	%	86%	86%	90%	84%
	France	%	78%	77%	69%	71%
	Mexico	%	90%	97%	74%	87%
	Germany	%	76%	70%	79%	80%
	Spain	%	86%	85%	84%	83%
	Indonesia	%	95%	96%	93%	76%
	United Kingdom	%	71%	72%	65%	69%
	Philippines	%	85%	93%	92%	92%
	Percentage of employees trained on the Trust Charter, Schneider's Code of Conduct		98%	96%	93%	96%
	Percentage of the eligible workforce who received training on anti-corruption practices	%	97%	97%	94%	UP
	SSE #13 – Employees trained every year on Cybersecurity and Ethics	%	95% ▲	96%	90%	UP
	Breakdown of hours by training type ⁽¹⁾	%				
	Sustainability ⁽²⁾	%	17%	17%	20%	22%
	Technical	%	5%	5%	6%	5%
	Languages	%	0%	0%	0%	5%
	IT	%	6%	6%	8%	8%
	Products, Solutions and Services	%	14%	12%	12%	13%
	Management and Leadership	%	8%	6%	4%	6%
	Personal Development	%	7%	7%	11%	8%
	Functional	%	22%	25%	24%	27%
	Mandatory/Compliance	%	8%	9%	4%	6%
	Supply Chain	%	9%	12%	9%	UP
	Wellbeing	%	2%	1%	2%	UP
	Agile	%	2%	1%	UP	UP

8 Indicators

GRI	Indicator	Units	2022	2021	2020	2019
	Total Learning & Development spend ⁽³⁾	million €	75.6	56.8	44.2	52.3
	Learning & Development cost per employee	€/employee	560.8	425.8	356.1	386.6
	Breakdown of costs by category ⁽¹⁾					
	White collar	%	63%	64%	52%	68%
	Blue collar	%	37%	36%	48%	32%
	Breakdown of costs by training type ⁽¹⁾					
	Sustainability ⁽²⁾	%	23%	31%	39%	9%
	Technical	%	10%	9%	10%	4%
	Languages	%	2%	2%	1%	13%
	IT	%	5%	6%	3%	11%
	Products, Solutions and Services	%	7%	12%	10%	28%
	Management and Leadership	%	18%	13%	12%	18%
	Personal Development	%	5%	6%	10%	5%
	Functional	%	13%	15%	9%	12%
	Mandatory/Compliance	%	7%	0%	1%	0%
	Supply Chain	%	5%	4%	5%	UP
	Wellbeing	%	1%	1%	0%	UP
	Agile	%	4%	1%	UP	UP
404-3	Employees having had a performance review ⁽⁴⁾	%	98%	98%	98%	98%
	Breakdown by category					
	White collar	%	76%	76%	75%	76%
	Blue collar	%	24%	26%	25%	24%
	Breakdown by gender					
	Men	%	70%	71%	72%	72%
	Women	%	30%	29%	28%	28%
	Breakdown of promotions by gender ⁽⁵⁾					
	Men	%	67%	UP	UP	UP
	Women	%	33%	UP	UP	UP
	Breakdown of promotions by generation					
	Gen Z	%	17%	UP	UP	UP
	Millenials	%	61%	UP	UP	UP
	Gen X	%	20%	UP	UP	UP
	Boomer	%	2%	UP	UP	UP

▲ 2022 audited indicators. UP = Unpublished.

(1) Based on spot workforce at year-end.

(2) Includes Sustainability, Environment and Health and Safety trainings.

(3) 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.

(4) The data relates to the eligible workforce for Performance interview at 12/31/2022 (TalentLink).

(5) Based on a change in grade level.

8.3 Societal indicators

Indicators are published on the basis of declarative information submitted by Foundation delegates. It covers about 90% of Schneider Electric Group employees and highlights the importance of company and employee participation in the Foundation's approach to involvement towards local communities. With EUR 23.7 million in 2022, 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.

8.3.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability #	2021-2025 programs	Baseline ⁽¹⁾	2022 progress ⁽²⁾	2025 Target
Impact (SSI)	9. Provide access to green electricity to 50M people	2020: 30M	+9.7M	50M
	11. Train people in energy management	2020: 281,737	397,864	1M
Essentials (SSE)	25. Increase the number of volunteering days since 2017	2020: 18,469	41,093	50,000

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.

8.3.2 Breakdown of the Foundation's financial commitments

Indicator	Units	2022	2021	2020
Foundation's intervention budget	€	4,000,000	4,000,000	4,000,000
Breakdown by program				
Training and entrepreneurship	%	81%	75%	63%
Raising awareness about sustainable development	%	12%	17%	10%
Employees' volunteering/skills-based sponsorship	%	2%	1%	1%
Emergency	%	3%	4%	19%
Other	%	2%	3%	7%
Breakdown by region				
Africa & Middle East	%	15%	8%	25%
America	%	6%	10%	4%
Asia & Pacific	%	31%	48%	45%
Europe	%	35%	18%	20%
Cross countries	%	13%	16%	6%

8 Indicators

8.3.3 Breakdown of contributions from employees and Schneider Electric entities to the Foundation's actions

Indicator	Units	2022	2021	2020
Total financial contribution	€	12,461,007	7,045,158	9,287,805
From employees	€	1,520,324	1,121,092	1,454,801
From the Schneider Electric entities	€	10,636,821	5,893,925	7,413,102
From partners	€	303,862	30,141	419,902

8.3.4 Breakdown of total contributions (Employees, Schneider Electric entities and Schneider Electric Foundation) to the Foundation's actions

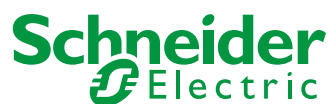
Indicator	Units	2022	2021	2020
Breakdown by region				
Africa & Middle East	%	5%	3%	8%
America	%	35%	34%	31%
Asia & Pacific	%	25%	29%	27%
Europe	%	31%	31%	30%
Transverse	%	4%	3%	4%
Donations in products or services for a partner/project of the Foundation	€	7,267,507	8,444,800	6,927,700

8.3.5 Total budget for the Foundation's actions

Indicator	Units	2022	2021	2020
Foundation budget, financial contributions and donations in kind	€	23,728,514	19,489,958	20,215,505

To access all Schneider Electric ESG data, please download the disclosure dashboard Schneider Electric Sustainability Disclosure Dashboard from the Sustainability Reports page on www.se.com

Life Is On



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