

SUSTAINABILITY-LINKED FINANCING FRAMEWORK

16 November 2020

Purpose and summary of this document

The purpose of this document is to describe Schneider Electric's Sustainability-Linked Financing Framework.

This Framework has been established in accordance with the five pillars of the Sustainability-Linked Bonds Principles (SLBP) 2020 as administered by ICMA¹, namely:

- 1) Selection of Key Performance Indicators (KPIs);
- 2) Calibration of Sustainability Performance Targets (SPTs);
- 3) Financial characteristics;
- 4) Reporting, and
- 5) Verification

This Framework covers Sustainability-Linked Bonds, Sustainability-Linked Convertible Bonds, or any other debt instruments whose financial characteristics are linked with sustainability performance targets.

Schneider Electric's Sustainability-Linked Financing Framework is based on **Schneider Sustainability Impact (SSI) 2021-2025**. Specifically under this Framework, Schneider Electric commits to achieve an average score of 9/10 for the three selected KPIs. Please see a summary of the Framework in the table below.

KPI	SPT (equivalent to a score of 10/10)	Horizon	2020 Baseline ² (equivalent to a score of 3/10)	Auditor
1. KPI 1: saved and avoided CO ₂ emission to our customers	SPT 1: Deliver 800 megatons saved and avoided CO ₂ emissions to our customers	2025	280 megatons CO ₂ emission saved and avoided to our customers	
2. KPI 2: Gender diversity from hiring to front-line managers and leadership teams	SPT 2: Increase gender diversity, from hiring to front-line managers and leadership teams: 2.a. 50% women hiring, and 2.b. 40% women among front-line managers, and 2.c. 30% women in leadership	2025	2.a. 43% women hiring, 2.b. 25% women front-line managers, 2.c. 23% women in leadership,	EY & Associés, or any such other qualified provider of third party assurance
3. KPI 3: Number of underprivileged people trained in energy management	SPT 3: Train 1 million underprivileged people in energy management	2025	268,000 people trained	

¹ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

² Estimated figures on 31st December 2020 until results are available.

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I. SUSTAINABILITY IS AT THE CORE OF SCHNEIDER ELECTRIC'S STRATEGY

Schneider Electric (the "Issuer" or "Schneider" or the "Company") is the global leader providing energy and digital solutions for energy efficiency and sustainability. Resolutely determined to contribute to the 17 United Nations Sustainable Development Goals (SDGs), Schneider Electric's innovative solutions aim to overcome the energy paradox: balancing the need to reduce the planet's carbon footprint with the inalienable human right to quality energy and access to digital. Schneider's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. At Schneider, we call this Life Is On.

Schneider Electric has made strong commitments for its entire ecosystem, ranging from helping its suppliers improve their sustainability practices, to reducing its customers' emissions through innovative solutions, as well as deploying an ambitious action plan for its own operational scope. In addition, the Group is convinced that in this journey for a better planet, no one should be left behind.

1. Towards long term positive impact

Sustainability is core to Schneider Electric's strategy and it encompasses continuous improvement of environmental, social and ethical dimensions across its entire value chain and stakeholders. For 15 years, Schneider Electric has measured its holistic sustainability performance through a dashboard called Schneider Sustainability Impact and has set specific governance bodies to ensure that sustainability is positioned within every part of the Group's strategy from the Board of directors level (via the Human Resources & CSR Committee) to the Executive Committee level (via the Group Sustainability Committee) and diffuses to operational levels as well.

Today, Schneider Electric is a recognized worldwide sustainability leader, and a member of several initiatives and partnerships to advance on the 17 United Nations Sustainable Development Goals.

With only ten years left to reach such goals, Schneider Electric is stepping up its commitments to accelerate the transformation by making bold commitments to drive real and meaningful impact over the next five years.

2. Climate, Diversity & Inclusion, and Access to Energy in Schneider's DNA

i. Plan for a Net-Zero CO₂ world

Schneider Electric has been a leading contributor to the fight against climate change, for the past 15 years by implementing its own energy management and industrial automation services, by supporting its clients in achieving their low-carbon and efficiency objectives and by allowing more than 27 million people to gain access to electricity. Schneider also takes an active part in a variety of multi-stakeholder organizations to promote solutions, call for a price to CO₂ and strengthen CO₂ governance globally. Finally, Schneider contributes since 2011 to the Livelihoods funds, which proposes innovative investment models to simultaneously address environmental degradation, climate change and rural poverty, while helping businesses become more sustainable.

At COP25, the Company reaffirmed its ambition to be a role model in the fight against climate change:

- Be carbon neutral in the Group's operations by reducing CO₂ emissions with energy efficiency, renewable and electrification and offsetting remaining emissions no later than 2025;
- Demonstrate that Schneider Electric is carbon positive together with its customers and partners, thanks to CO₂ savings delivered by EcoStruxure before 2025;
- Achieve net-zero operational emissions and reduce scope 3 emissions by 35% by 2030 (vs 2017) as part of its validated 1.5°C Science-Based Target;
- Become carbon neutral on full end-to-end footprint by 2040 (full scopes 1, 2 and 3), 10 years ahead of 1.5°C climate trajectory. This means that all Schneider products will be carbon neutral in 2040;
- Engage with suppliers towards a net-zero supply chain by 2050.

ii. Equal opportunities for everyone everywhere

In a world where change is the new norm and innovation is critical to ongoing business success, Schneider recognizes that it is crucial to attract and retain a diverse workforce and to build a high performing leadership pipeline. The Group's Diversity & Inclusion ambition is to offer equal opportunities to everyone everywhere. Schneider wants its employees — no matter who they are, or where in the world they live — to feel uniquely valued and safe to contribute their best. The Group believes that Diversity & Inclusion is a business imperative as greater engagement,

performance, and innovation is generated through diversity of people and an environment of inclusion.

In 2019, Schneider became the first multi-national company to achieve 100% commitment to the UN Women's Empowerment Principles (WEPs) across its global leadership team. In addition to the Group's Chairman and CEO, Jean-Pascal Tricoire, each of the country leaders have also personally signed the WEPs. This strong engagement from the Group's business leaders to act as change agents in their respective markets complements the Group CEO's personal commitment to transform Schneider towards gender equality.

iii. Access to energy and digital as fundamental human rights

For many years, Schneider Electric has led initiatives to reinforce its impact as a responsible and social company. Schneider Electric considers access to energy and digital as fundamental human rights. The Group wants all people on the planet to have access to modern energy – reliable, safe, efficient and sustainable – to access a better life through health, green agriculture, economic and community development, women's empowerment, education, and support in emergency situations, while fighting climate change.

Schneider Electric Access to Energy program combine three dimensions that enrich each other:

- A training and entrepreneurship program aimed at developing skills in the electricity trades and supporting entrepreneurs in this area, in particular women, as a necessary condition for sustainable and inclusive local development;
- A social and inclusive business, with products and solutions for rural electrification, creating local jobs in distribution, energy services, agriculture, etc., and promoting women's empowerment;
- Investment funds for impact on energy access to further support local economies.

To date, Schneider has provided energy access solutions to more than 27 million people, invested in 20 companies, trained more than 246,000 underprivileged people and supported more than 800 entrepreneurs. It targets enabling 50 million people access to electricity by 2025 (80 million by 2030), as well as 1 million people trained, 10,000 trainers trained, and 10,000 entrepreneurs supported by 2025.

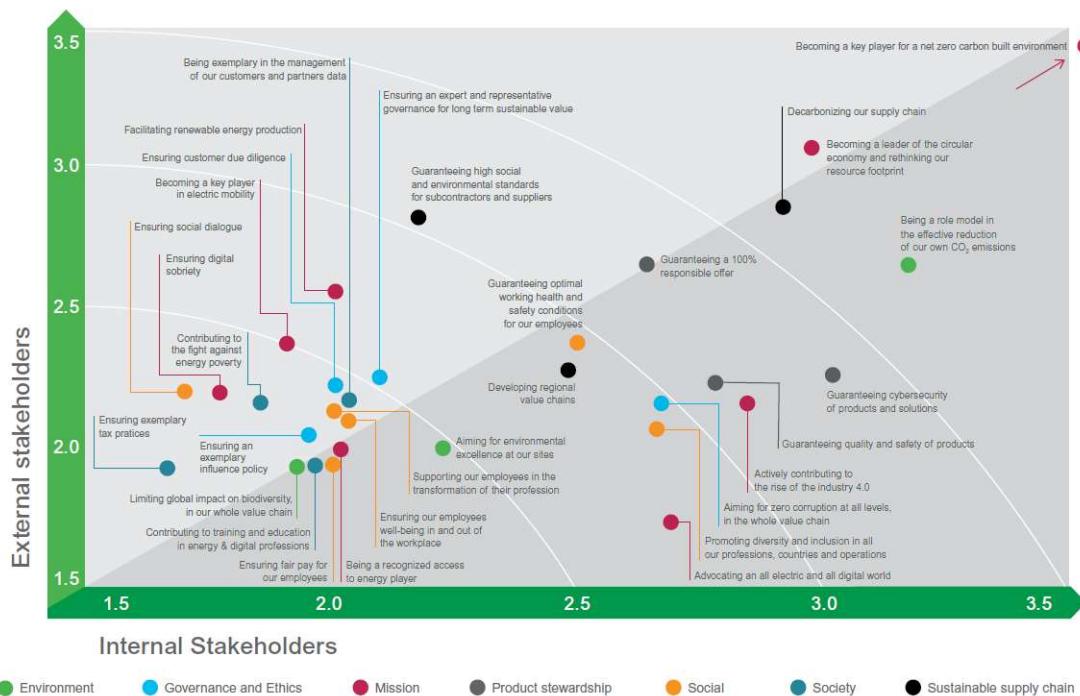
3. How we define and measure sustainable impact priorities

i. Materiality Matrix

In 2020, Schneider Electric has built its third materiality matrix by questioning external stakeholders (e.g. customers, suppliers, international organizations, trade associations, experts, shareholders, members of the board of directors, etc.), top and senior managers within the Group, including the Executive Committee. Nearly 200 stakeholders have been consulted in total. Participants were asked to assess the significance of 31 issues according to a quantitative scoring scale, and then were interviewed for qualitative evaluation and justification of the given scores.

The materiality matrix below presents the results of the analysis: climate action at all levels (through products and services for customers and through actions to decarbonize the entire value chain) clearly comes out as essential.

2020 materiality matrix

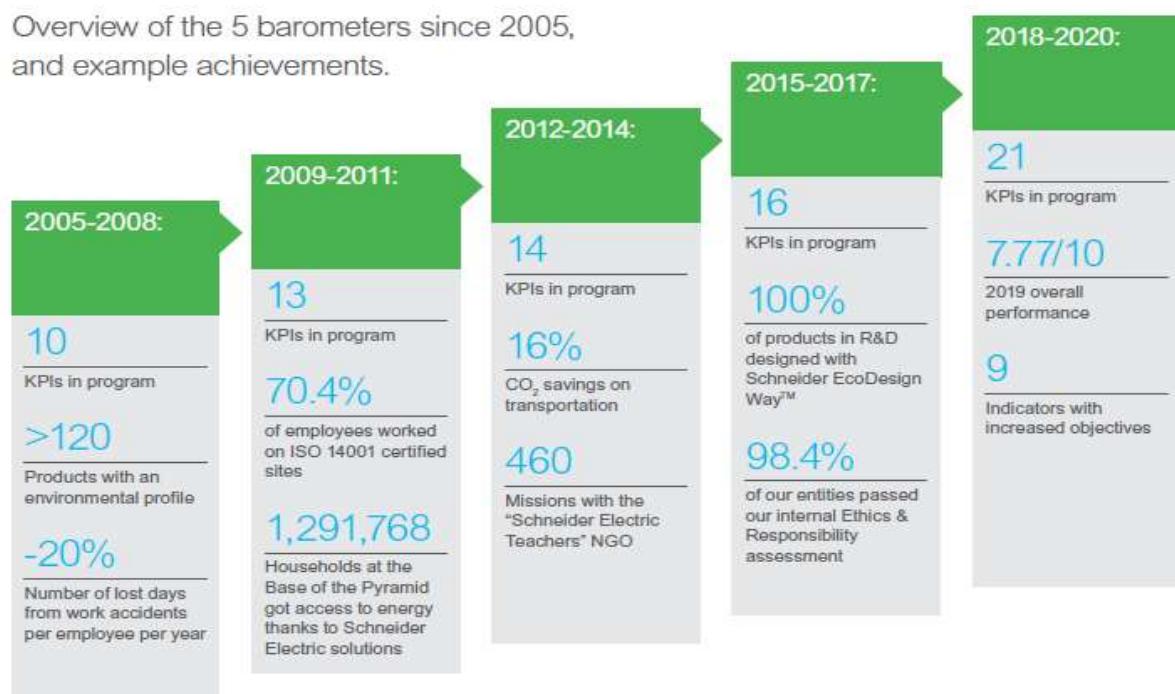


ii. The Schneider Sustainability Impact (SSI), a regular and objective measure of the Group's actions

Schneider Electric defines specific objectives and measures their results each quarter since 2005 in a dashboard commonly referred to as a “barometer”. In 2018, this barometer was renamed Schneider Sustainability Impact (the “SSI”). The action plans of the SSI are carried out at Group level. Schneider uses this tool to address its sustainability challenges and to improve each of the pillars of its strategy identified through its materiality matrix.

The tool enables Schneider Electric to anticipate and effectively manage its sustainability risks and opportunities by mobilizing key stakeholders around specific, measured objectives and reliable results.

Overview of the 5 barometers since 2005, and example achievements.



Each three to five years, the barometer update takes into account results obtained, progress still expected, the emergence of new topics and new priorities, and the experience gained. Thus, it is a powerful tool to move the Group forward on its major challenges and track the Group's sustainability trajectory.

The external auditor provides a limited assurance on the KPIs of the SSI – including the review of the processes used to consolidate the different KPIs. Quarterly results are also available on the Group's website³. The results are supervised by the Group Sustainability Committee at Executive level, which makes decisions on any corrective actions that may be necessary to reach objectives. This committee meets twice a year. Since 2014, quarterly results have been presented together with quarterly financial information to institutional investors by our Chief Financial Officer.

¹Schneider Sustainability Impact recurring process



The SSI score is also a key component of the variable compensation of global functions and Company leaders, further mobilizing the whole Company around sustainability goals.

iii. New 5-year Schneider Sustainability Impact 2021-2025

The new 5-year Schneider Sustainability Impact 2021-2025 features 11 global impacts + 1 local impact linked to 6 long-term commitments, in line with the Group's material topics identified through its materiality matrix and the SDGs.

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

³ [https://www.se.com/ww/en/about-us/sustainability/#xtor=CS4-241-\[Print\]--](https://www.se.com/ww/en/about-us/sustainability/#xtor=CS4-241-[Print]--)

All those indicators are core, relevant, and material to Schneider's business and measure the sustainability improvements of the Group. The dashboard uses a scoring scale of 10 and provides an overall measure of the Group's progress on sustainability objectives.

Schneider Sustainability Impact (SSI) 2021-2025

CLIMATE

- 1 Grow our green revenues to 80%
 - 2 Deliver 800 megatons of saved and avoided CO₂ emissions to our customers
 - 3 Reduce CO₂ emissions from top 1,000 suppliers' operations by 50%
-

RESOURCES

- 4 Increase green material content in our products to 50%
 - 5 100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard
-

TRUST

- 6 100% of our strategic suppliers provide decent work to their employees
 - 7 Measure the level of confidence of our employees to report behaviors against our Principles of Trust
-

EQUAL

- 8 Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30)
 - 9 Provide access to green electricity to 50 million people
-

GENERATIONS

- 10 Create opportunities for the next generation – 2X number of opportunities for interns, apprentices, and fresh graduate hires
 - 11 Train 1 million underprivileged people in energy management
-

LOCAL

- 100% of Country and Zone Presidents define 3 local commitments that impact their communities in line with our sustainability transformations
-

II. SCHNEIDER'S SUSTAINABILITY-LINKED FINANCING FRAMEWORK

This Framework has been established in accordance with the five pillars of the Sustainability-Linked Bonds Principles (SLBP) 2020 as administered by ICMA⁴, namely:

- 1) Selection of Key Performance Indicators (KPIs);
- 2) Calibration of Sustainability Performance Targets (SPTs);
- 3) Financial characteristics;
- 4) Reporting, and
- 5) Verification

This Framework covers Sustainability-Linked Bonds, Sustainability-Linked Convertible Bonds, or any other debt instruments whose financial characteristics are linked with sustainability performance targets.

1. Key Performance Indicators (the “KPIs”)

Under this Sustainability-Linked Financing Framework (the “Framework”), Schneider has decided to focus on three KPIs, tracked under the SSI⁵, and further described below. These KPIs were chosen because they are the most mature in terms of reporting and audit, and therefore the most adapted to match the requirement of the Sustainability-Linked Bond Principles administered by ICMA.

As a general rule and subject to any particular exception to be set out in the universal registered document (i) Schneider Electric reports extra-financial data at Group level for all entities over which it has operational control, within 2 years of acquisition (ii) Data is consolidated over all fully integrated companies within the scope of financial consolidation, including joint ventures over which the Group exercises exclusive control (iii) Units that belong to Group companies which are fully consolidated are included in reporting on a 100% basis and (iv) companies accounted for by the equity method are not included in the reporting.

⁴ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

⁵ Please see Part I of the Framework for further details on Schneider Sustainability Impact (SSI)

i. KPI 1: Saved and avoided CO₂ emission to our customers

With EcoStruxure, its IoT-enabled architecture, Schneider Electric helps companies become more efficient and reduce their CO₂ emissions. To demonstrate this positive impact, a new indicator was launched in 2018 to quantify CO₂ savings delivered to customers through the use of Schneider's offers.



Schneider has created an innovative CO₂ accounting methodology to quantify CO₂ savings delivered to customers. This methodology allows us to quantify CO₂ induced and saved by our solutions at our customers' premises. Detailed calculation rules are defined per offer, leveraging sales data, market expertise and technical knowledge.

The methodology is designed to become a shared industry standard, its principles are applicable across capital goods and consumer durables sectors. Attention was given to define rigorous calculations, with conservative assumptions. The methodology is public⁶ and was developed with an expert CO₂ accounting consulting company, Carbone 4, and reviewed by an independent third party, EY & Associés.

CO₂ savings are calculated for sales of the reporting year and cumulated over the offers' lifetime. Emissions are calculated as the difference between emissions with Schneider Electric's offer and emissions in the reference situation.

⁶ https://go.schneider-electric.com/WW_201905_Sustainability-As-Good-Business_MFLP.html?source=Advertising-Online&sDetail=Sustainability-As-Good-Business_WW

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, 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 GHG⁷ emissions of installed infrastructure versus the previous year. For “saved” emissions, the “brownfield reference situation” is defined as the situation before the new solution is sold and installed at the customer’s site. Only “saved” CO₂ emissions are published in this indicator for the time being, as part of the SSI 2018-2020, but both “saved” and “avoided” emissions can be calculated with the same methodology. The new SSI 2021-2025 will therefore cover both “saved” and “avoided” emissions using the same methodology.

The calculation of CO₂ impact of offers over their lifetime is based on sales data per product range. Market data and expert assumptions are used to determine the use-case scenario of offers and the associated CO₂ impact. This methodology is associated with typical uncertainties of CO₂ corporate accounting methodologies, and conservative assumptions are preferred.

The methodology is regularly completed with new offers.

From 2018 to 2019, Schneider solutions helped its customers save and avoid respectively 105 and 95 million tons of CO₂, i.e. 200 megaton CO₂ cumulatively. These figures are estimated and will be updated following the verification done by EY & Associés in the framework of the verification of the extra-financial performance declaration. Final figures will be made public in Q1 2021.

KPI 1 contributes to the following SDGs:



This indicator is reported at Group level as further described at the beginning of the section “Key Performance Indicators”. Scope and methodology are made available in Schneider Electric’s Annual Report⁸, reviewed by an independent third party (EY & Associés or equivalent).

⁷ Greenhouse gases

⁸ Annual Reports available on the Issuer’s website: <https://www.se.com/ww/en/about-us/investor-relations/regulatory-information/annual-reports.jsp>

ii. KPI 2: Gender diversity from hiring to front-line managers and leadership teams

The Group's Diversity & Inclusion ambition is to offer equal opportunities to everyone everywhere. Schneider wants its employees — no matter who they are, or where in the world they live — to feel uniquely valued and safe to contribute their best. The Group believes that Diversity & Inclusion is a business imperative as greater engagement, performance, and innovation is generated through diversity of people and an environment of inclusion.

The herein indicator is composed of:

- a. % of women hires, and
- b. % women among front-line managers, and
- c. % women in leadership teams.

Front-line managers refer to those who are Non Direct Variable Cost ("NDVC"), who are Junior and Mid-Management and whose direct reports are individual contributors only.

Leadership teams refer to total number of Senior Vice Presidents and Vice Presidents.

The objective is to reach 50% women at hiring (vs 40% in 2019), 40% women front-line managers (vs 24.2% in 2019) and 30% women in leadership teams (vs 22.7% in 2019).

KPI 4 contributes to the following UN SDGs:



Further details about the scope and methodology will be made available in Schneider's Annual Report⁹, and will be reviewed by an independent third party (EY & Associés or equivalent).

iii. KPI 3: Underprivileged people trained in energy management

The key challenge of training in the energy sector is to provide underprivileged people (further defined below) with the knowledge and skills to be able to carry out a trade in a safe and responsible way, providing them and their families with the means for satisfactory subsistence. It will also give them the ability, should they wish, to sell and maintain energy access offerings and to create their own small business in time. Furthermore, they are a vital and indispensable element for all responsible and sustainable rural electrification policies.

⁹ Annual Reports available on the Issuer's website: <https://www.se.com/ww/en/about-us/investor-relations/regulatory-information/annual-reports.jsp>.

KPI 3 is published on the basis of declarative information submitted by the Schneider Electric local Training Leaders. The Access to Energy program is managed by the Sustainability department. To achieve its goals, the program operates through its local presence in the countries concerned by energy access issues. With rare exceptions, all projects initiated benefit from monitoring by employees of Schneider Electric entities operating in the countries concerned. These employees constitute a network of key contact people for the design, management and monitoring of electrification projects.

In partnership with local and international Non-Governmental Organisations (NGOs) and local authorities, the Schneider Electric Foundation and the Company's local entities provide direct and indirect contributions to vocational training centres. These courses are defined according to a local reference and justifiable by the partner. The objective is to help them improve the level of vocational training courses with diploma or certification in energy management.

The minimum duration of these courses is three months (or totalling 100 hours) and may be adjusted to consider digitalization. These courses must benefit to underprivileged people. Each partner must be able to justify the BoP¹⁰ nature of the people trained¹¹, accordingly to the defined local benchmark.

As an example, in Ivory Coast, Schneider Electric has joined forces with the International Rescue Committee (IRC) to train 1,250 young people in solar and electrical trades who have failed at school or in their jobs, including 60% women, and to support 750 young people towards entrepreneurship. Two new centres will be supported in 2020.

The program started in 2008.

Cumulative number of people trained since 2008¹²: 148,145 in 2017, 196,162 in 2018, 246,268 in 2019, 263,630 as of Q3 2020.

KPI 3 directly contributes to the following SDGs:



Scope and methodology are made available in Schneider Electric's Annual Report¹³, reviewed by an independent third party (EY & Associés, or equivalent).

¹⁰ The base or bottom of the pyramid (BoP) is the largest but poorest socio-economic group.

¹¹ Note that Under 30 people trained per year, no local referential is demanded to the local manager of the projects.

¹² The 2017, 2018 and 2019 values have been verified by EY & Associés in the frame of the verification of the extra-financial performance declaration. The full 2020 value will be verified by EY & Associés in the coming months

¹³ Annual Reports available on the Issuer's website: <https://www.se.com/ww/en/about-us/investor-relations/regulatory-information/annual-reports.jsp>

2. Sustainability Performance Target (SPTs)

The SSI provides, on a scoring scale of 10, an overall measure of the Group's progress on its sustainability goals. This is done by converting each KPI's performance on a 10-point scale, considering that base year performance receives a 3/10 score, and the 2025 objective translates in a 10/10 score (please see tables below). For each KPI, the relevant score is obtained by linear interpolation, and rounded down to the second decimal. By construction, the score of an indicator cannot exceed 10/10, and cannot be lower than 0/10.

The overall score of the tool is the average of each KPI's score with equal weight. Over the last fifteen years, Schneider Electric demonstrated strong delivery and continuous improvement on its sustainability programs. Previous SSI performances on target year were 8/10, 9.38/10, 9.52/10 and 9.58/10.

Specifically, under this Framework, for the selected KPIs, Schneider commits to achieve at least an average score of 9/10 (the “KPI Minimum Score Threshold”), which represents an 85% target achievement for each KPI in average.

	2019 Performance	2020 estimated baseline <i>(equivalent of a score of 3/10)</i>	2025 Sustainable Performance Targets <i>(equivalent of a score of 10/10)</i>
SPT 1: Deliver 800 megatons saved and avoided CO ₂ emissions to our customers	200 MT CO ₂ *	280 MT CO ₂	800 MT CO ₂
SPT 2**: Increase gender diversity, from hiring to front-line managers and leadership teams: 2.a. 50% women hiring, and 2.b. 40% women among front-line managers, and 2.c. 30% women in leadership teams	2.a. 40.0% 2.b. 24.2% 2.c. 22.7%	2.a. 43% 2.b. 25% 2.c. 23%	2.a. 50%, <u>and</u> 2.b. 40%, <u>and</u> 2.c. 30%
SPT 3: Train 1 million underprivileged people in energy management	246,268 ▲	268,000	1,000,000
<small>▲ Figure already verified by an independent third party (EY & Associés).</small> <small>* 2019 performance of KPI 1 has been verified on the “saved” part only on historical scope (89 megatons CO₂)</small> <small>** the overall score of KPI 2 will be calculated as the arithmetic average of the three sub-indicator score, rounded down to the second decimal</small>			

The achievement of the SPTs is globally supported by a short-term incentive scheme, using the SSI as sustainability criteria to encourage and motivate employees to deliver on collective ambitions through a sense of accountability and collaboration. Under this scheme, the performance of the SSI weighs 20% in the collective part of the annual incentive for over 60,000 eligible employees.

Indicative correspondence between score out of 10 and performance.

The final table will be provided once audit of 2020 baseline will be completed as part of Schneider's 2020 Extra-Financial Performance Declaration, integrated in its Universal Registration Document.

Score /10	0	1	2	3	4	5	6	7	8	9	10
% achievement	-43%	-29%	-14%	0 %	14%	29%	43%	57%	71%	86%	100 %
KPI 1	Not relevant (cumulative)			280*	354	429	503	577	651	726	800
KPI 2.a.	40%	41%	42%	43%*	44%	45%	46%	47%	48%	49%	50%
KPI 2.b.	19.6 %	21.7 %	22.9 %	25%*	27.1%	29.3%	31.4%	33.6%	35.7%	37.9%	40%
KPI 2.c.	20%	21%	22%	23%*	24%	25%	26%	27%	28%	29%	30%
KPI 3	Not relevant (cumulative)			268,00 0*	372,57 0	477,14 0	581,71 0	686,29 0	790,86 0	895,43 0	1,000,0 00

* baseline to be confirmed as of December 2020, subject to external verification beginning of 2021, and expected to be published in March 2021

i. SPT 1: Deliver 800 megatons of saved and avoided CO₂ emissions for our customers
Factors that support the achievement of the Targets:

- The reaching of this objective implies at first to fully cover all relevant Group revenues with CO₂ savings and avoidance calculations
- The reaching of this objective also depends on the ability of Schneider Electric to grow businesses that deliver substantial CO₂ savings to customers, including acquisition of new businesses that would allow the acceleration towards low carbon
- ESS (Energy & Sustainability Services) are a key success factor, this market is foreseen to expand
- New markets (efficient, digital, services, consulting, software, renewables) are expected to take higher relative importance at SE

Factors that risk the achievement of the Targets:

- The performance of this indicator is directly correlated to Group sales and the ability to grow businesses that deliver substantial CO₂ savings to customers
- As markets and the performance of existing infrastructure evolve, incremental CO₂ savings and avoidance delivered by technologies will lower year-on-year

ii. SPT 2: Increase gender diversity from hiring to front-line managers and leadership teams: 50% women hiring, 40% women front-line managers, 30% women in leadership teams
Factors that support the achievement of the Targets:

- To build a robust gender balanced leadership pipeline, the Group has engaged in several actions. For instance, the Company launched the Schneider Women Leaders' Program

(SWLP) in 2019, supporting the Group's women talents' professional development through a virtual nine-month coaching program, ending with a three-day face-to-face global summit. As of the end of 2019, over 800 women have benefitted from this targeted leadership development

- Each country / entity setting actions to proactively attract and retain female talent at all level, holding leaders accountable for their progress
- An inclusive culture that promotes and supports women in their career development – equal opportunities
- Strong focus, especially by investors, on companies' progress to have more gender balance across all levels of an organization
- Strong emphasize by governments and world organizations for gender equality (regulations, transparency in reporting) to support SDG 5 – 2030 goal

Factors that risk the achievement of the Targets:

- Hidden bias in hiring & promotion
- Mergers and Acquisitions where percentage of women in the workforce is lower than Schneider's

iii. SPT 3: Train 1 million underprivileged people in energy management**Factors that support the achievement of the Targets:**

- Leveraging the company's philanthropy to provide financial and technical support to training projects of local partners: support of the Schneider Electric Foundation and VolunteerIn
- The Tomorrow Rising Fund: more funds are dedicated to the training of the youth, with top management support
- Synergies with Schneider Electric Operations in countries and appointment of local representatives
- Global coalition are created around vocational education and International Agencies are dedicating more funds
- Digitalization will allow new approaches for Education and should impact positively also Vocational Training
- Global warming will strengthen the needs for skilled people in renewable energies

Factors that risk the achievement of the Targets:

- Covid-19 impact: most countries have stopped training programs from early 2020 and will not resume before at least 2021, our partners are facing financial difficulties
- Difficulty to structure and develop partnerships with large impact in term of people trained: lack of facilities, multiple stakeholders' partnerships, long time implementation etc.
- Not yet a policy priority in many countries
- Most renewable energy jobs are outside of low energy access countries

3. Financial Characteristics

The proceeds of Schneider's Sustainability-Linked instruments will be used for general corporate purposes.

The failure by Schneider to meet the KPI Minimum Score Threshold as of 31 December 2025, as specified in the relevant documentation of the specific transaction, will trigger a step-up margin or a premium payment. The step-up margin amount or Premium Payment Amount, as the case may be, will be specified in the relevant documentation of the specific transaction (e.g. Terms & Conditions of the Sustainability Linked Convertible Bond).

4. Reporting

Reporting will be reported as part of Schneider Sustainability Impact on an annual basis and audited by an independent third party, who will provide a limited assurance.

Reporting may include:

- i. Up-to-date information on the performance of each selected KPI, including the baseline where relevant;
- ii. A verification assurance report ("Limited Assurance") relative to each KPI outlining the performance against each SPT and
- iii. Any additional relevant information enabling investors to monitor the progress of the KPI.

Information on evolution of KPIs will also be available on Schneider's website on a quarterly basis as part of our SSI quarterly publication.

Information may also include when feasible and possible:

- i. Qualitative or quantitative explanation of the contribution of the main factors behind the evolution of the performance on an annual basis;
- ii. Illustration of the positive sustainability impacts of the performance improvement; and/or
- iii. Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope, if relevant.

5. Verification

i. Post-issuance at Observation Date: Review of KPI against SPT

In addition to the Annual Report, as of 31 December 2025, the score of each selected KPI against each SPT will be verified by an External Verifier, along with the average score against the KPI Minimum Score Threshold.

“External Verifier” means EY & Associés, or in the event that EY & Associés resigns or is otherwise replaced, any such other qualified provider of third party assurance or attestation services appointed by the Company, to review the indicators included in the Schneider Sustainability Impact (SSI).

The External Verifier will provide a Limited Assurance.

ii. Pre-issuance: Review of the Framework

Schneider’s Sustainability-Linked Financing Framework has been reviewed by V.E. who provided a second party opinion (SPO), confirming the alignment with the Sustainability-Linked Bond Principles (SLBP) administered by the ICMA.

Both Framework and Second Party Opinion are available on the Issuer website.

Amendments to this Framework

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