Sustainability as a growth driver

Olivier Blum
Chief Strategy & Sustainability Officer
5 GUIDING PRINCIPLES

Performance
the foundation for doing good

All Stakeholders
in our ecosystem

All ESG
dimensions

Business
digital partner for Sustainability & Efficiency

Model & Culture
set up for global and local impact
We continue to accelerate our commitment to Sustainability

Leading ESG by example in our ecosystem

Be the digital partner for Sustainability and Efficiency for our customers
Leading ESG by example in our ecosystem
One year ago, we launched our new ESG strategy

6 Long-term Commitments

5 GLOBAL

Act for a climate positive world
Be efficient with resources
Live up to our Principles of Trust
Create equal opportunities
Harness the power of all generations

+1 LOCAL

Empower local communities
We are committed to address the biggest challenges of our time, Climate change and Social inequality

**Environment**
Accelerate transition to net zero in line with 1.5°C trajectory (SBTi) and achieve no net biodiversity loss in our operations by 2030

**Social**
Empower people across generations & regions and offer equal opportunities

**Governance**
Earn the trust of all stakeholders by living up to our principles

**IMPACT**
Company

Employees | Investors | Suppliers | Customers & partners | Local communities & institutions

©2021 Schneider Electric. All Rights Reserved I Page 6
We are on our way to meet our **2025 ESG targets**

**GLOBAL**

1. Grow our *green revenues* to 80%¹
2. Help customers save and avoid 800M metric of tons of CO₂ emissions
3. Reduce by 50% CO₂ emissions from top 1,000 suppliers' operations
4. Increase to 50% green material content in our products
5. 100% primary and secondary packaging free from single-use plastic and using recycled cardboard
6. 100% strategic suppliers who provide decent work to their employees
7. Level of confidence of our employees to report unethical conduct
8. Increase *gender diversity* in hiring (50%), front-line management (40%), leadership teams (30%)
9. Provide access to green electricity to 50M people
10. Double hiring opportunities for interns, apprentices and fresh graduates
11. Train 1M people in energy management

---

1. As per by Schneider Electric definition and methodology

©2021 Schneider Electric. All Rights Reserved | Page 7
Our carbon pledge

Carbon-neutral in our entire value chain by 2040

Employees
Carbon neutral in our operations

2025 IMPACT
Going beyond the scope of operations, we aim to mobilize our entire ecosystem to act for a climate positive world.

- **Employees**
  - Carbon neutral in our operations

- **Suppliers**
  - \( \div 2 \) emissions of highest emitting 1000 suppliers

- **Customers**
  - 800 Mt of CO\(_2\) saved and avoided delivered through our solutions

- **Communities**
  - 50M people access to green electricity
  - 1M people trained in energy management

- **Investors**
  - 80% green revenues\(^1\)
  - ESG disclosure & compliance

---

1. As per by Schneider Electric definition and methodology

©2021 Schneider Electric. All Rights Reserved
Be the digital partner for Sustainability and Efficiency for our customers
Despite challenges, **1.5° target is within reach**

We need to **save 3x more CO₂ emissions by 2030**

- **10-15 Gts CO₂ saved/yr**
- **4 Gts CO₂ saved/yr**
  Current pledged savings, post COP26, by 2030 leading to ~2.4° rise

**3 Transformations required on the route to net zero by 2050**

- Energy supply decarbonization: **45%**
- Process Electrification: **30%**
- Demand Optimization (Efficiency & Circularity): **25%**

Minimum required savings by 2030 to limit to 1.5° rise

Source: Schneider Electric™ Research Institute
Scenario: Back to 2050

©2021 Schneider Electric. All Rights Reserved | Page 11
Corporate focus on climate action is rising, but companies are struggling to deliver results

Companies with targets approved by SBTi

ONLY 16% Fortune 500 companies have set targets approved by SBTi (55% engage with Schneider)

Only 7% of companies are delivering on their Sustainability plan (source: Bain)

COMMON ROADBLOCKS

- Navigating reporting & assessment frameworks
- Tracking data
- Engaging ecosystem
- Structuring program

source: sciencebasedtargets.org  www.worldwildlife.org

©2021 Schneider Electric. All Rights Reserved | Page 12
Best-in-Class Companies

follow a 3-step approach from strategy setting to execution to deliver results in line with climate ambition
Our unique value proposition is to support our customers on climate, from strategy setting to execution.

3-step approach

**STRATEGIZE**
- MEASURE enterprise baseline
- CREATE decarbonization roadmap
- STRUCTURE program & governance
- COMMUNICATE commitment

**DIGITIZE**
- MONITOR resource usage & emissions
- IDENTIFY saving opportunities
- REPORT and benchmark progress

**DECARBONIZE**
- ELECTRIFY operations
- REDUCE energy use
- REPLACE energy source
- ENGAGE value chain

Major steps involved

Schneider Solutions Consulting (Agnostic)

Digital Platform & Services (EcoStruxure Resource Advisor) (Neo-Network)

SE Solutions + Partner Ecosystem (Energy efficiency Electrification / Smart grid Green Premium products Services for circularity)
Step 1: Define climate strategy to meet customer’s ambition aligned with Science-Based Targets initiative

MEASURE
enterprise baseline

CREATE
decarbonization roadmap

STRUCTURE
Program & governance

COMMUNICATE
commitment

- Enterprise Data Management Program
- 1.5° trajectory
- Decarbonization levers
- Roadmap & actions
- Strategy
- Governance
- Program Funding
- Internal engagement
- External communication
- ESG Reporting & Disclosures

EQT is First Private Markets Firm to Set Science Based Targets

- EQT accelerates its journey to address climate change
- Schneider Electric partnered with EQT to develop SBT strategy and roadmap for implementation

©2021 Schneider Electric. All Rights Reserved | Page 15
ROCA GROUP

Customer testimony
Step 2: Digitize to create a single source of truth for energy and sustainability data

**MONITOR**
resource usage and emissions
- Energy usage, resource consumption & emission tracking

**IDENTIFY**
saving opportunities
- Opportunity assessment for emissions & cost reduction

**REPORT**
and benchmark progress
- Goal progress tracking
- Streamlined ESG reporting
- Peer benchmarking

EcoStruxure® Resource Advisor

- 35B Digitized data points
- 125M+ Metric tons of CO₂ managed
- 100K+ Users across 140+ countries
Customer testimony
Step 3: Execute decarbonization strategy with 4 key levers

ELECTRIFY operations
- Mobility
- Industry & Building processes
- Microgrid

REDUCE energy use
- Digitization
- Efficiency
- Optimization

REPLACE energy source
- Integrated sourcing
- Renewable energy
- Carbon credits

ENGAGE value chain
- Supplier Decarbonization
- Circularity
- Design & Build for Sustainability
Complete portfolio of proven, digitally-enabled solutions to execute your Decarbonization roadmap

<table>
<thead>
<tr>
<th>ELECTRIFY</th>
<th>REDUCE</th>
<th>REPLACE</th>
<th>ENGAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>Energy Use</td>
<td>Energy Source</td>
<td>Value Chain</td>
</tr>
<tr>
<td>Mobility</td>
<td>Digitization</td>
<td>Integrated Sourcing</td>
<td>Supplier Chain Decarbonization</td>
</tr>
<tr>
<td>EV Solutions</td>
<td>Power Logic Power Meters</td>
<td>Energy Portfolio Management</td>
<td>Supplier Chain Decarbonization</td>
</tr>
<tr>
<td></td>
<td>EcoStruxure Power</td>
<td></td>
<td>NEO Network Platform</td>
</tr>
<tr>
<td></td>
<td>Home automation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td>Renewable Energy</td>
<td>Circular Energy</td>
<td></td>
</tr>
<tr>
<td>Industrial &amp; Building Process</td>
<td>Efficiency</td>
<td>Renewable Energy</td>
<td></td>
</tr>
<tr>
<td>Electricity 4.0</td>
<td>Efficiency</td>
<td>Renewable Energy</td>
<td></td>
</tr>
<tr>
<td>Consulting</td>
<td>Efficiency</td>
<td>Renewable Energy</td>
<td></td>
</tr>
<tr>
<td>Microgrid</td>
<td>Optimization</td>
<td>Carbon Credits</td>
<td></td>
</tr>
<tr>
<td>EcoStruxure Microgrid Operation</td>
<td>Optimization</td>
<td>Carbon Credits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unified Operations Center</td>
<td>Carbon Credits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market Strategy &amp; Advisory</td>
<td>Carbon Credits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MTWO Construction Cloud Software</td>
<td>Carbon Credits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Plant Design</td>
<td>Carbon Credits</td>
<td></td>
</tr>
</tbody>
</table>

©2021 Schneider Electric. All Rights Reserved | Page 20
Helping companies reduce their Scope 3 supply chain emissions which on average represents > 10x operational emissions\(^1\)

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Large number of diverse suppliers</td>
<td>• Define roadmap</td>
</tr>
<tr>
<td>• Lack of visibility of supply chain data</td>
<td>• Conduct supplier survey</td>
</tr>
<tr>
<td>• Lack of competence for decarbonization</td>
<td>• Create data plan</td>
</tr>
<tr>
<td></td>
<td>• Activate vision</td>
</tr>
</tbody>
</table>

- **STRATEGIZE**
  - Data collection
  - Performance Tracking
  - Reporting

- **DIGITIZE**
  - Supplier capacity building
  - Renewable energy aggregation
  - Energy efficiency
  - Carbon credits

- **DECARBONIZE**
  - Define roadmap
  - Conduct supplier survey
  - Create data plan
  - Activate vision

\(^1\) CDP report
Practitioner & provider of supply chain decarbonization programs

Gigaton PPA Program
- Avoid 1 Gt GHG emissions
- Renewable PPA aggregation

The Zero Carbon Project
- ± by 2 operational emissions of 1000 suppliers
- Supporting implementation of all decarbonization levers

Energize
- Major suppliers of pharma industry
- Design & implement the program

Sept 2020

Feb 2021

Nov 2021
Customer testimony
Providing **decarbonization services** to suppliers through NEO Network platform
Creating a marketplace for decarbonization solutions

Connecting SOLUTION PROVIDERS and BUYERS

Efficiency solutions
Renewable Energy
CO₂ credits

Orchestrated
>3.5 MM tons/yr
CO₂ saved or avoided

Walmart GPPA program
The Zero Carbon Project
Energize

©2021 Schneider Electric. All Rights Reserved | Page 25
Becoming the preferred partner of corporates at all stages of their Sustainability journey

STRATEGIZE

DIGITIZE

DECARBONIZE
Sustainability is a strong growth driver for Schneider Electric

2025 ambition

- **Sustainability Consulting**: Agnostic consulting
- **Digital Services**: EcoStruxure Resource Advisor™, NEO Network™
- **Product Portfolio**: Energy efficiency, Electrification / Smart grid, Green Premium products, Services for circularity

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability Consulting Consulting revenue</td>
<td>x4</td>
</tr>
<tr>
<td>Digital Services</td>
<td>+15 GW</td>
</tr>
<tr>
<td>Product Portfolio</td>
<td>80% Green Revenue</td>
</tr>
<tr>
<td>Baseline 2018</td>
<td>&gt;800M tons of CO₂ saved and avoided</td>
</tr>
</tbody>
</table>

1. Baseline 2020
2. As per by Schneider Electric definition and methodology

©2021 Schneider Electric. All Rights Reserved | Page 27